



## **Donations, Sponsorships & Tax Receipts – Guidelines for Jewish Family & Child and The Jewish Family and Child Foundation**

Jewish Family & Child (JF&CS) and The Jewish Family and Child Foundation follow the guidelines set in place by the Canada Revenue Agency (CRA). Charitable tax receipts will be issued to those who qualify. The following are some frequently asked questions about gifts and tax receipts.

### **What kinds of donations are eligible for a tax receipt?**

- The donation must be given freely. If a donation is made as a result of a contractual or other obligation (for example, a court order), it is not eligible for a receipt.
- Only gifts of property are eligible for official donation receipts (for example, cash, computers, equipment).
- Gifts of service, and promises of service, are not gifts of property, and are not eligible for an official donation receipt.
- Gift certificates donated by the issuer of the certificate are not considered property and are only eligible for official donation receipts under specific circumstances. However, a gift certificate purchased and then donated, does constitute property, and may be receipted.
- Pledges do not constitute a transfer of property until they are fulfilled and, as such, are not eligible for an official donation receipt.

### **What is the eligible amount of the gift for receipting purposes?**

Once a registered charity has determined that a gift has been made, it must determine the [eligible amount](#) of that gift for receipting purposes in order to issue an official donation receipt.

To determine the eligible amount of a gift, a charity must know:

- The fair market value of the donated property; and
- The fair market value of any [advantage](#) provided to the donor.

When a donor receives an [advantage](#) for a donation, part or the entire donation may no longer qualify for a receipt. An advantage is the total value, at the time the gift is made, of all property, services, compensation, or other benefits that a person is entitled to receive in relation to the gift. Before the

charity can issue an official donation receipt, any advantage must normally be deducted from the fair market value of the donation. See [Split receipting](#) for more information on advantages. A receipt will not be issued if the advantage exceeds 80% of the value of the item/property transferred.

Examples of advantages might include:

- items such as calendars and t-shirts;
- use of property; or
- a dinner or performance at a fundraising event (see section on events)

## **Can I get a receipt for non-cash or gift in-kind donations?**

Non-cash or in-kind donations will only be eligible for a tax receipt if the donation involves the transfer of a physical object from the donor to the organization. The request for a tax receipt must be accompanied by documentation which officially indicates the fair market value of the item (for example, a store purchase receipt). Where a store receipt is not possible and the value of the in-kind donation is over \$1,000 an independent appraisal and supporting documentation of the in-kind donation must be provided. The fair market value of an item does not include taxes paid on purchasing the item. Taxes are a cost incurred by the purchaser and are payable to the Crown.

Gift certificates/gift cards issued directly by the company are not eligible for a tax receipt. An individual purchasing a gift certificate is eligible for a tax receipt with proof of purchase.

## **Can I get a receipt for a gift directed to a specific person, family, or other non-qualified donee?**

A donation subject to a general direction from the donor that the gift be used in a particular program is acceptable, provided that no benefit accrues to the donor. Donors cannot choose the specific beneficiaries of their donations but can still give to a particular program once the charity has identified a beneficiary. The donation recipient must be able to reallocate the donated funds within the program as it deems appropriate. If the donor retains too much control, the donation will no longer be considered a gift at law and an official donation receipt cannot be issued.

## **Can I get a tax receipt for a ticket to an event?**

If a guest purchases tickets to attend an event, the receiptable amount is equal to the total amount of the ticket less the value of any advantages/benefits received by the guest. The remaining part is considered a donation for which a charitable receipt will be issued.

All costs including, but not limited to, such things as food expenses, alcohol expenses, golf fees, cart fees, entertainment expenses, venue rentals and gifts given to guests must be calculated into cost of the event. The cost per ticket is determined when the total cost is divided by the number of participants expected.

Certain advantages are of nominal value, and are considered too minimal to affect the value of a gift. In applying the [de minimis](#) rule, advantages that have a combined value that does not exceed the lesser of \$75 or 10% of the value of the gift are considered too minimal to affect the amount of the gift. These advantages do not need to be deducted from the value of gifts when issuing receipts.

## **Can I get a tax receipt for an item purchased at an event auction or for a raffle ticket?**

It is CRA's position that there will not be an eligible receipt amount with respect to items obtained at charity auctions. Therefore, JF&CS does not issue tax receipts for gifts made to acquire items at event auctions.

JF&CS does not issue tax receipts for raffle tickets. Participants in raffles are primarily motivated by the chance to win the significant prizes that are offered. Therefore, while there may be an element of donative intent, in CRA's view the amount of the advantage cannot be reasonably quantified and no tax receipt can be issued.

## **Can a company receive a tax receipt for a sponsorship?**

According to the CRA, providing sponsorship to a charity or to a charitable event is not a gift, and a charity generally cannot issue a receipt for sponsorship. JF&CS does not provide a tax receipt when a business makes a sponsorship to a charity and, in return, receives more than nominal recognition (e.g, advertising or promotion of its brand, products or services).

## **Whose name will appear on the tax receipt?**

JF&CS can only issue an official donation receipt to the individual or organization that made the gift, and the name and address of the donor must appear on the receipt. We cannot issue an official donation receipt in the name of anyone but the true donor.

It is a question of fact whether property donated from one individual to a registered charity is the property of that individual and/or another. An individual can act as trustee or agent for another in making a gift to a registered charity. For example, a corporation may issue a cheque to a registered

charity representing contributions collected from its employees. Although the corporation's name appears on the cheque, the property donated was, in fact, that of the corporation's employees.

Where a charitable donation is provided by way of a cheque written on an account held jointly by spouses (both names appear on the cheque), JF&CS can issue the official donation receipt in either or both names, regardless of how the cheque is endorsed.

Where a registered charity receives a cheque from a corporation and is subsequently asked to issue the official donation receipt in the name of an individual who controls the corporation, the charity must refuse to issue the receipt to the individual. The charity may only issue a receipt to the individual if there is evidence to show that the individual is the true donor, for example, the donation is by way of that individual's personal cheque or by way of the corporation making the donation in the name or on behalf of the individual (for example, a corporation accounts for the donation from a shareholder in the shareholder's account). This guideline also applies to a gift from a partnership in which both spouses are business partners.

Where a charitable donation is made using a credit card, the name on the tax receipt must match the name on the credit card.

## **When does JF&CS issue tax receipts?**

There is no requirement in the *Income Tax Act* for a registered charity to issue a receipt within a certain timeframe. JF&CS strives to issue a receipt as soon as possible.

## **Can I get a receipt with a date from a previous year?**

JF&CS can only issue a receipt for a tax year if the donation was received in that year. However, if we receive a donation in 2014, for example, but the postmark on the envelope containing the donor's payment and the date on the cheque is on or before December 31, 2013 then a receipt is issued for 2013.

## **For more information:**

CRA website: <http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/gftng-rcptng-eng.html>

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