

DONATION RECEIPTING

A registered charity may only issue official receipts for donations that legally qualify as [gifts](#). An official receipt must contain all the information specified in Regulation 3501 of the *Income Tax Act*.

Checklist

Do the donation receipts of the charity contain these mandatory elements:

For gifts of cash:

- a statement that it is an official receipt for income tax purposes;
- the name and address of the charity as on file with the CRA;
- the charity's registration number;
- the serial number of the receipt;
- the place or locality where the receipt was issued;
- the day or year the donation was received;
- the day on which the receipt was issued if it differs from the day of donation;
- the full name and address of the donor;
- the amount of the gift;
- (under proposed legislation) the value and description of any [advantage](#) received by the donor;
- (under proposed legislation) the [eligible amount](#) of the gift;
- the signature of an individual authorized by the charity to acknowledge donations; and
- the name and Web site address of the Canada Revenue Agency (www.cra.gc.ca/charities).

For non-cash gifts (gifts in kind), these additional elements:

- the day on which the donation was received (if not already indicated);
- a brief description of the property transferred to the charity;
- the name and address of the appraiser (if property was appraised); and
- (under proposed legislation) in place of the amount of the gift mentioned above, the [deemed fair market value](#) of the property.

Note

For gifts in kind, the eligible amount of the gift cannot exceed the deemed fair market value of the item. An [appraisal](#) is recommended for items valued at \$1,000 or more.

A registered charity cannot issue receipts for the following:

- for contributions of [services](#) provided to the charity (services do not qualify as gifts);
- on behalf of another organization or charity;
- in a name other than the name of the true donor.

NOTES

GIFT

In most cases, a gift is a voluntary transfer of property without valuable consideration to the donor. However, under proposed legislation, for gifts made after December 20, 2002 a transfer of property for which the donor received an advantage will still be considered a gift for purposes of the Income Tax Act as long as we are satisfied that the transfer of property was made with the intention to make a gift. The existence of an advantage will not necessarily disqualify the transfer from being a gift if the amount of the advantage does not exceed 80% of the fair market value of the transferred property.

For gifts made after December 20, 2002, it is the eligible amount of the gift that is used to calculate the donor's donation tax credit or deduction.

ADVANTAGE

An advantage is what a donor may receive in return for his or her donation (for example, a meal, tickets to a show), and it must be taken into consideration when determining the eligible amount of a gift for receipting purposes.

Determining the fair market value of an advantage is similar to determining the fair market value of a gift in kind. However, while only donations of property can be receipted as gifts in kind, the fair market value of any type of advantage (for example services, accommodation, meals) must be taken into consideration when determining the eligible amount of a gift for receipting purposes.

An advantage also includes any limited-recourse debt in respect of the gift.

ELIGIBLE AMOUNT OF GIFT

Under proposed legislation, this is the amount by which the fair market value (FMV) of the gifted property exceeds the amount of an advantage, if any, in respect of the gift.

The advantage is generally the total value of all property, services, compensation, or other benefits that a person is entitled to receive as partial consideration for, in gratitude for, or is in any other way related to the gift. The advantage may be contingent or receivable in the future, either by the donor or a person or partnership not dealing at arm's length with the donor.

An advantage also includes any limited-recourse debt in respect of the gift.

SERVICES

At law, a gift is a voluntary transfer of property without consideration. Contributions of services (*i.e.*, time, skills, effort) are not property. Therefore, they do not qualify as gifts for purposes of issuing official donation receipts.

RECEIPTING DONATIONS RECEIVED AFTER DECEMBER 31

A charity can issue a donation receipt for the year ended December 31 only if:

- the charity has physically received the donation by December 31; or
- the post-mark on the envelope of donations received after Dec 31 is **BEFORE** December 31.

It is recommended that charities keep the envelope of all donations received after December 31 where receipts are issued for the previous year.