

The Temiskaming Foundation

Receipting Policy

Purpose: to provide guidelines and rules for the issuance of charitable receipts in accordance with the provisions of the Income Tax Act (Canada), the Interpretation Bulletins of Canada Revenue Agency, and the Gift Acceptance Policy of The Temiskaming Foundation.

Basic Rule: Canada Revenue Agency Bulletin 1103R provides that a charitable receipt may be issued only for a donation that fits within their definition of a “gift”

A gift is a voluntary transfer of property without valuable consideration. Generally a gift is made if all 3 of the conditions listed below are satisfied

- 1 some property – usually cash – is transferred by a donor to a charity
- 2 the transfer is voluntary
- 3 the transfer is made without expectation of return. No benefit of any kind may be provided to the donor or anyone else designated by the donor except where the benefit is of nominal value. (See exception below for Split Receipting).

The Federal Court of Appeal of Canada, affirmed by the Supreme Court of Canada, stated it more simply:

A gift is a voluntary transfer of property owned by the donor to a donee, in return for which no benefit or consideration flows to the donor.

Specific Examples:

The donation is not voluntary if it made pursuant to a legal obligation or court order. Therefore no charitable receipt should be issued for donations to convince a court to drop charges or reduce sentence;

A gift must be a transfer of property not services. No receipt can be issued for services. The person giving the services could bill The Temiskaming Foundation, receive payment and donate back the payment and then be issued a receipt. Cheques must in fact change hands.

The property donated must belong to the donor. Money raised by selling items for fund raising do not belong to the fundraiser, but are held by him or her in trust for the purpose the people gave it. If people putting up the money bought cookies or other product, they receive a benefit and would not be eligible for a charitable receipt.

The purchase price of lottery tickets is never eligible for a charitable receipt.

A donation for which the donor receives a material advantage such as promotion or advertising is not eligible.

A donation made with a direction that the donation is to be transferred to a specific person or family or group is in fact a gift to that person, family or group and not to The Temiskaming Foundation and is not receiptable.

A donation with a direction that it be given to a non-qualified donee is not acceptable.

Gift certificates are not eligible if donated by the issuer, as it is only a promise, not property. They are eligible as gifts if donated by a 3rd party who purchased it for value, so that it is an enforceable contract.

A pledge is a promise to make a gift, not a gift itself. No receipt can be issued until payment is received.

Sponsorship of an event is not eligible if the business sponsoring receives advertising or promotion in return for its donation.

Capital Property:

When the donation is of art, furniture, equipment, etc., CRA has great concern about scams. It is necessary to obtain information as to:

- (a) did donor own the article less than 3 years; or
- (b) did donor obtain it within the last 10 years for the purpose of giving it; or
- (c) was it given to the donor;

if yes to any of the above, then the receipt is for the lesser of the fair market value or the donor's cost. This does not apply to real estate.

Split Receipting:

When the donor receives some advantage or benefit from the donation, the value of the benefit must be subtracted from the value of the donation. To do so, The Temiskaming Foundation must be able to accurately determine the fair market value of the benefit. If the balance is a voluntary donation of property with the intention of making a gift, a receipt can be issued for the balance.

If the advantage or benefit is more than 80% of the value of the gift, Canada Revenue Agency deems there to be no intention to make a gift, and no receipt can be issued.

If the value of the benefit or advantage does not exceed the lesser of \$75 or 10% of the value of the gift, no deduction is required.

The value of the advantage/benefit must be shown on the receipt.

If the donor does not attend the event and receive the advantage/benefit, it still must be deducted because it was available to him to take advantage of.

Example: Participants in The Temiskaming Foundation Funspiel pay \$100 to participate. The dinner included is valued at \$25, so the charitable receipt will be issued for \$75.

Must The Temiskaming Foundation issue a receipt?

Charities are not required to issue receipts unless there is some obligation like a promise by The Temiskaming Foundation to give a receipt in return for a donation. Many charities have a policy that receipts not be issued for donations less than a specific amount.

Effective February 28, 2012, no charitable receipts shall be issues by The Temiskaming Foundation for donations less than \$20.

To whom must the receipt be issued?

A charitable receipt may only be issued to the person actually making the donation. It cannot be issued to someone else at the donor's request. If the donation cheque has both names of husband and wife, the receipts may be issued to either or both.

If receipt is requested in the name of someone else other than the name on the cheque etc., we will require written confirmation that the money actually came from the other person.

Fair Market Value for which receipt is to be issued:

This applies to donations of property other than cash. See Gift Acceptance Policy.

Replacement Receipts:

A replacement receipt may be issued for lost receipts. It must contain all the required information plus the serial number of the lost receipt, and state on it that it cancels and replaces the lost receipt. The Temiskaming Foundation's copy should be kept and marked cancelled.

For spoiled receipts, a new receipt and be issued and both copies of the original receipt must be kept and marked as cancelled.

Electronic Receipting:

Is permissible; if sent by email, must be in unalterable form such as PDF.

How long to retain copies of receipts:

Canada Revenue Agency requires that copies of the receipts be kept for a minimum of 2 years after the year in which the receipt was issued.

Auctions:

A receipt may be issued, but the fair market value of the item must have been publically posted prior to the sale. A receipt may be issued for the amount that the sale price exceeds the fair market value, PROVIDED that the fair market value is less than 80% of the purchase price.

Penalties for improper receipting:

If the information is incorrect or incomplete, there is a fine of the amount of the receipt plus 5% increasing to 10% for a second offence within 10 years;

If the information was deliberately false, the penalty is 125% of the amount of the receipt;

The Temiskaming Foundation can be required to sign a Compliance Agreement with Canada Revenue Agency setting out what it is to do and not to do in the future.

Canada Revenue Agency can suspend the right to issue receipts

Canada Revenue Agency can revoke charitable status;

There will be considerable embarrassment and unfavourable publicity when the donors have their donations disallowed and have more tax to pay.

Signing Receipts:

Charitable receipts may be signed on behalf of The Temiskaming Foundation by any of the following:

President
Vice President
Secretary
Treasurer

Any person designated by the Board of Directors. At the date of the amendment of this policy, namely March 2014, Peter Ramsay has been so designated.

Conclusion:

The Charity Law Information Program, sponsored in part by Canada Revenue Agency, recommends:

If in doubt, don't receipt.

This policy shall be reviewed from time to time by the Investment Committee which shall report to the Board of Directors whether it should be amended or expanded, and shall provide its recommendations in regard to such amendment or expansion.