

CHARITABLE DONATION RECEIPTS

United Way of York Region may issue receipts for donations of \$20 or more, providing the gift is **voluntary** and **without expectation of return**. Receipts for donations of less than \$20 are issued only upon request.

When is a gift receiptable?

Gifts that are receiptable	Gifts that are NOT receiptable
<ul style="list-style-type: none"> - Direct cash, cheque, money orders or credit card donations \$20 and over which may be in the form of: <ul style="list-style-type: none"> ▪ Payroll deductions (generally receipted on employee's T4 slip by employer) ▪ Sponsorship donations: events that are sponsored by a number of donors by the hour, mile or minute, such as a bike-a-thon ▪ Donations of merchandise/gifts in kind valued at \$100 or more (with no material advantage) 	<ul style="list-style-type: none"> - Donation of business or personal services - A gift where the donor has received some form of material or service incentive to give, i.e.: bake sales, BBQs - Payment for a lottery ticket or other chance to win a prize, i.e.: auctions or raffles of goods or services - Payment of a basic fee for admission to an event/program - Donation of merchandise with material advantage such as advertising - Donations of inventory - Gift Certificates - The purchase of goods/services from a charity

Gifts that are Partially Receiptable
 When an admission cost to a meal or entertainment event includes a "donation" component, that amount is receiptable.

General Rule:

Donations that are receiptable are considered **gifts**. A gift is a voluntary transfer of property without valuable consideration. A gift must meet the following three conditions:

1. Some property (cash, cheque or credit card) is transferred by a donor to a registered charity;
2. The transfer is **voluntary**; and
3. The transfer is made **without expectation of return**. No benefit of any kind may be provided to the donor, except where the benefit is of nominal value.
 - Where a charity offers an item, privilege or other benefit in return for a donation, the benefit is considered to have a **nominal value where its fair market value does not exceed the lesser of:**
 \$50, or 10% of the amount of the gift

For example, if the charity sells tickets to a golf tournament for \$250 and the tax receiptable portion of the ticket is \$150, then the most expensive prize the charity can offer any player will be worth \$15.

Direct Cash/Cheque/Credit Card Donations

Cash, cheque or credit card donations are receiptable for the tax year in which they are received.

Payroll Deductions

Donations through payroll deduction are receipted after year-end based on the total amount received during the year. Receipting may be completed in one of two ways:

- Your company will show the total annual contribution on the employee's T-4 slip or;

- Your payroll administrator will forward a list 2 weeks prior to last tax day (Feb. 28) of individual names and donations to United Way of York Region after the year-end and United Way of York Region will issue receipts.

Sponsorship Donations

Events that are sponsored by a number of donors, e.g. walkathons, bowl-a-thons, etc., are receipted under the same conditions as direct cash or cheque donations. This doesn't include corporate event sponsorship.

Donations of Merchandise/Gift in Kind

- a) **If an organization donates an item for use, for example a TV or a camera (not services) a "Gift in Kind" tax receipt may be issued to the organization who donated the item, if the value of the item is \$100 or more.** Requests for "Gift in Kind" tax receipts must be submitted in a separate campaign envelope and directed to the attention of Campaign Receivables. Such requests must be supported by the following details:

- detailed description of the donated item
 - fair market value and documentation supporting the value, i.e. receipt of purchase, appraisal, catalogue, independent third party, photocopy of the gift
 - date item was donated
 - name and address of donor
- signed letter from donor stating that the item was donated to United Way of York Region

Receipts can only be issued for amounts over \$100 (see previous page, "Gifts that are Receiptable") and the total of regular and Gift in Kind tax receipts cannot exceed the amount of the total special event proceeds remitted to United Way. The amount on the Gift in Kind receipt is the fair market value of the donation; PST and GST are not included.

- b) Receipts cannot be issued for **gift certificates**. A person or business that issues a gift certificate directly to a charity is not entitled to receive a tax receipt. The issuer of the gift certificate has potentially made a donation, but until the certificate has been redeemed it has no market value. Gift certificates can potentially be passed to another person and if never cashed, the issuer has not actually donated. Often gift certificates are not used by the end recipient.

A person who buys a gift certificate from the issuer and donates it to a charity may receive a tax receipt for the fair market value of the certificate to the extent that it is negotiable. The receipt must be issued to the donor but not to the issuer of the gift certificate.

- c) If an organization donates an item to United Way to be used in an auction or other event where the donor will receive a material advantage such as promotion or advertising, the charity cannot issue an official tax receipt. For taxation purposes, the business can use the cost of the donation as an advertising expense.

Services

Donation of Business Services

Income tax regulations do not permit charities to issue tax receipts for donated business services.

Donation of Personal Services

United Way relies on the services of thousands of volunteers. Income tax regulations do not permit any charity to issue receipts for voluntary services.

Donors Have Received an Incentive

Any gift where the donor has received some form of material or service-related "incentive" to donate, is not receiptable (i.e. buying a hot dog where the proceeds are being donated to charity, or donating a day off with pay).

Lottery Tickets and Auctioned/Raffled Items

The donor cannot receive any incentive to give. If any form of material incentive is offered or the potential to win material incentive, the gift is not receiptable.

Admission Cost to Event/Program

An income tax receipt can be issued for the donation component of the admission cost. For example, if the fair market value of a lunch is \$30, and the admission price is \$100, then a receipt can be provided for \$70. No receipts are to be issued where the price of admission included participation in a lottery or draw for prizes or awards which have more than a nominal value.

Donation of Inventory

Revenue Canada also states that donations from inventory are not receiptable. The rationale is that the business already has a tax-deductible expense from the cost of manufacturing or purchasing the merchandise. Donations out of inventory would include computers from a computer store, bread from a bakery, food from a grocery store, etc.

Purchase of Goods/Services from a Charity

United Way cannot provide a receipt for the purchase of campaign t-shirts or sweatshirts.

Questions about Receipting?

NOTE: Information provided in this document are guidelines based on federal and provincial laws governing charitable donations – however, as these laws are subject to change, guidelines in this document and United Way of York Region's practice and procedures may change at any time, without notice, to align accordingly. Please contact Revenue Canada with any questions.

Contact: Revenue Canada
1-800-267-2384
<http://www.cra-arc.gc.ca/tx/chrts/menu-eng.html>