

# **A guide to tax receipting events**



# The Foundation can provide tax receipts only if...

1. The tax receipt is being issued to the person who made the donation OR where the person issuing the cumulative cheque to the Foundation has acted as a donation collector, has provided along with that cheque necessary information see #3.
2. The eligible amount of the donation is \$15.00 or greater.
3. You provide a complete and legible list of donors . Tax receipts will not be issued until all information has been submitted.

*The following information needs to be completed:*

- first and last name
- full address, including city and postal code
- telephone number
- amount given

Please note: A business acknowledgement letter can be provided to sponsors or other corporate contributors as proof of payment. Most companies prefer to claim contributions as business expenses as there is a greater tax advantage for a business expense than a charitable donation.

# Types of giving

Individuals can give in the following ways:

## 1. Donations:

- If money is given directly to the Foundation, in the form of a cheque or cash donation, then we can issue a charitable receipt to the person who gave the donation.
- The donation must be \$15.00 or greater to receive a tax receipt.
- The full name and address (including postal code) must be submitted.

## 2. Auction purchases:

If someone purchases an item at an auction, they are receiving something (the purchased item, as well as the opportunity to participate in the auction) for their money and thus a tax receipt will not be issued.

## 3. Purchase of a ticket or entrance fee to an event (gala, show, sporting event or auction):

The person is receiving something in return for the donation, thus a tax receipt is not usually issued.

The **exception** to this is if the ticket or entrance fee price significantly exceeds the **Fair Market Value** (FMV) of the event. The difference between the ticket price and the benefit should be a minimum 20% of the ticket price or \$20 whichever is higher

For example: Gala Dinner ticket \$175.00 includes dinner, wine and entertainment which is valued at \$100.00 the amount eligible for a tax receipt is \$75.00. *See Benefits Page 3.*

## Coordinator of a Fundraiser

It is the CRA's view that where a Coordinator of a Fundraiser collects funds from the general public and pays the amount to a registered charity, the Coordinator would not be the person entitled to a charitable donation receipt. The Coordinator of a Fundraiser appears to be acting as an "Agent" for the persons (donors) whom the funds are collected. The property transferred to the charity is the property of the persons from whom the gifts were collected on the understanding it would be given to a charity. Those persons are entitled to a charitable receipt within the guidelines of charitable tax receipting rules applicable to events.

# What is the eligible amount for tax receipts?

The amount that may be receipted is the ticket cost/entry fee minus the aggregate fair market value benefit amount. Please note that in all cases, a receipt cannot be issued if the aggregate benefit amount exceeds 80% of the price paid.

## What are benefits?

- any products or services received by the donor
- entertainment
- food and drinks – cost that would be charged if the food and/or drink were purchased separately
- green fees - this would be the green fee charged to non-members playing on the course. Note that if a member of a club is participating in a golf tournament at his/her own club, and would not have to pay for the round, the green fee does not need to be deducted from his/her entry fee to arrive at the donation amount.
- Cart rental – cost of rental
- Door prizes/achievement prizes – The total retail value of the prizes, whether they are door prizes or prizes awarded for achievement, must be aggregated and then divided by the number of participants. The amount per participant, if it exceeds the lesser of 10% of the entry fee and \$75, must then be deducted from everyone's receipt amount.
- any other benefit to the participant.

## What is fair market value?

Fair market value is the highest price, expressed in a dollar amount that the property (item) would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are knowledgeable, informed and prudent and who are acting independently of each other.

Fair market value does not include taxes, commission, etc.

If the fair market value cannot be established (i.e., what is the value of meeting a celebrity?), then a tax receipt cannot be issued.

Even if a sponsor has paid to cover costs, or has donated or discounted the price of the entertainment, food, etc, the same rule applies and only the price beyond the fair market value would apply for a tax receipt.

For more detail regarding fair market value and determining benefits, please review the [CRA summary policy](#).

# Gifts in-kind for events

Generally, gifts in kind to be used at events are donated by companies and usually represent a gift from inventory. Income tax receipts will not be issued for these gifts, as it is understood that the business would not benefit by receiving an income tax receipt, as they would also be required to claim the fair market value in its revenues. Concordia will gladly provide the company with a thank you letter acknowledging the gift.

If an individual donates an item, the item needs to be of value to the hospital and the fair market value must be established for the item at the time of donation. This can be done by:

- Getting a purchase invoice or other proof of purchase
- Having an independent third party appraise and value the item at the donor's cost
- Obtaining a current price list for the item from a recognized commercial enterprise operating independently of the donor

If the item was purchased within the last 3 years, then the fair market value is considered to be the lesser of the purchase price and the amount revealed in the appraisal.

**Tax receipts will not be issued for gifts-in-kind below \$100. A tax receipt cannot be issued for personal services including: legal, entertainment, transportation, or dining services. Approval must be obtained in advance.**

## Donations of artwork for events

The following documents are required to issue tax receipts for donations of artwork:

- appraisal at donor's expense.
  - The appraisal must be signed by a certified appraiser.
  - One page boiler plate appraisals, e-mailed appraisals, scribbled appraisals, or appraisals written in pencil are not valid.
- a list of credentials for the appraiser
- a history of the artist
- a description, picture and history of the piece of artwork including significant points of reference
- the methodology used to value the artwork
- reference to recent market purchases used to substantiate market value
- proof of the date of acquisition of the artwork and a statement that the artwork was not purchased for purposes of donation

Concordia CANNOT issue official income tax receipts in the following situations:

- Contributions of services (not considered as property)
- Gift certificates where the donor was the issuer or the certificate was not purchased outright and then donated
- Use of vacation property

# Corporate contributions

Corporations can give in the following ways:

## 1. Donations:

- a. If the contributor is a corporation, 100 per cent of the contribution may be deductible as a business promotional expense.
- b. The practice of the Foundation is to issue a letter confirming the value and date of the donation upon payment.
- c. If the corporation receives no benefits (i.e. advertising in a brochure, logo recognition, tickets, etc.) and all other requirements are met, a tax receipt may be issued at the request of the corporation.

## 2. Sponsorships:

By virtue of being a sponsor, the corporation is receiving benefits in the form of recognition and advertising. A business confirmation letter will be issued which will support their contribution as a business expense.

## 3. Businesses donating inventory:

The Foundation can provide the donor with a gift-in-kind letter stating the value of the gift. We require backup to validate the value of the item(s).

## 4. Gift-in-kind donations:

Businesses can deduct the original cost of the inventory as a business expense and not lose the tax benefit associated with the transfer of property. The Foundation will issue a gift-in-kind letter that can be used to verify the write off of the inventory.

## 5. Donation of Services:

Tax receipts cannot be issued for services provided including: personal, professional, or legal services.

**For any additional questions regarding tax receipts for events, please contact our Development Coordinator at 204-661-7326**