



## **POLICY FOR ISSUING CHARITABLE DONATION INCOME TAX**

### **RECEIPTS**

NACCA, like all other registered charities, must adhere to the Canada Revenue Agency (CRA) Income Tax Act when issuing charitable tax receipts. Detailed guidelines can be found on CRA's Charities and Giving website: [www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts.html](http://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts.html).

NACCA will issue official tax receipts for amounts of \$25.00 or greater, upon email request only to [treasurer@naccacommunity.ca](mailto:treasurer@naccacommunity.ca). Email requests must be received prior to December 31 of the year in which the donation is made. All information as stated in section G (1) of this policy must be included in the request or a receipt will not be issued. Receipts will be emailed by February 28<sup>th</sup> of the following year.

### **A. BUSINESS**

#### **1. GIFTS IN KIND**

NACCA will provide a letter acknowledging the items donated. If a business requires a charitable donation receipt, NACCA will accommodate the request only if the business is able to provide NACCA with the fair market value of the items donated.

#### **2. SERVICES**

Canada Revenue Agency disallows donations of services for charitable donation tax receipts. Contributions of services (including Gift Certificates) are not property and do not qualify as gifts. The business can bill NACCA for the service and receive payment (if approved within the budget of the program or event), at which time the business can donate back the amount received for the service. The business (donor) must account for the services as business income.

### **3. CASH/CHEQUES**

A charitable donation tax receipt will be issued by NACCA for regular donations of money, as requested by email to treasurer@naccacommunity.ca. All information in section G(1) must be included in the written request.

### **4. SPONSORSHIP**

If a business sponsors a fundraising event, under the Canada Revenue Agency rules, NACCA cannot issue an official charitable donation tax receipt, because the sponsor is receiving a significant promotional benefit. NACCA will provide a letter of acknowledgment as a receipt for the sponsorship.

## **B. INDIVIDUALS**

### **1. GIFTS IN KIND**

Where NACCA agrees, a charitable donation tax receipt can be issued for items donated by individuals, which are accompanied by a receipt of purchase from the original supplier, or appraisal. If the item was purchased within three years, the receipt will be the lesser of the cost or fair market value. A charitable donation tax receipt will not be issued for items when the value of the item is not clearly ascertainable. To determine the fair market value of a gift in kind, an independent appraisal is required for items over \$1,000.00. For individuals who make artwork for a hobby, only the value of the inventory used to make the art piece is eligible for a charitable donation tax receipt. (Time cannot be factored in the value).

### **2. SERVICES**

Canada Revenue Agency disallows donations of services for charitable donation tax receipts. The individual can bill the charity for the service and receive payment, at which time the individual can donate back the amount received for the service. The individual must report the service as taxable income. Gift certificates for services cannot be receipted. The amount must be included in the budget for prize acquisition per event.

### **3. CASH/CHEQUES**

A charitable donation tax receipt will be issued by NACCA for regular donations of money, as requested by email to treasurer@naccacommunity.ca. All information in section G(1) must be included in the written request.

### **C. DONATIONS FROM A THIRD-PARTY FUNDRAISER**

As per Canada Revenue Agency (CRA), where a transfer of property constitutes a gift for tax purposes, the charity is entitled, pursuant to Income Tax Regulations 3501 (1h) to issue an official receipt for income tax purposes to the donor. The donor may only claim a tax credit in respect of a charitable gift made directly by him/herself.

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.

It is Canada Revenue Agency’s (CRA) view that where a Coordinator of an Event 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.

### **D. OTHER CHARITIES**

NACCA will not issue official charitable donation tax receipts to other charities (per Canada Revenue Agency regulation).

### **E. RECEIPTS FOR TICKETS TO FUNDRAISING EVENTS**

In accordance with Canada Revenue Agency, NACCA must calculate the portion of the purchase price that is eligible for an official charitable donation tax receipt by determining the fair market value of admission to the fundraising event.

NACCA cannot issue a charitable donation tax receipt to people who buy items at an auction, unless the payment exceeds 125% of the fair market value of the item and the value is clearly ascertainable and made known to bidders in advance.

Canada Revenue Agency allows the 25% “premium” paid as a charitable donation. A bid below 25% is considered by Canada Revenue Agency as the recipient receiving something in return and therefore there is no “gift of a donation”.

## **G. ISSUING CHARITABLE DONATION RECEIPTS**

1. The information on an official charitable donation receipt must be readable and not easily altered.

### **RECEIPTS FOR CASH GIFTS MUST HAVE THE FOLLOWING:**

- A statement that it is an official receipt for income tax purposes
- The name and address of NACCA as on file with Canada Revenue Agency (CRA)
- A unique serial number
- The registration number issued by CRA
- The location where the receipt was issued (city, town, municipality)
- The date or year the gift was received
- The date the receipt was issued
- The full name, including middle initial, and address of the donor
- The amount of the gift
- The amount and description of any advantage received by the donor
- The eligible amount of the gift

- The signature of an individual authorized by the charity to acknowledge gifts
- The name and website address of CRA

**RECEIPTS FOR NON-CASH GIFTS (GIFTS IN KIND) MUST HAVE THE FOLLOWING:**

- The date the gift was received
- A brief description of the gift received
- The name and address of the appraiser as indicated in Section B (1)
- The amount must reflect the fair market value of the gift
- If the fair market value of the gift cannot be determined, then an official donation receipt cannot be issued

2. The minimum amount required for a charitable income tax receipt for NACCA is \$25.00, unless otherwise requested.

3. NACCA is required to keep copies of receipts for two calendar years after the end of the calendar year to which the receipt applies.

4. NACCA is required to maintain proper books and records supporting any official donation receipts issued and provide access to those books and records to CRA upon request. If failed to do so, CRA can revoke the status of a qualified charity and suspend the receipting privileges.