



# Charity Receipts

## Split Receipt Rules...Requirements...Calculating Donation Amounts

### Split Receipting

#### When can split receipts be issued?

Split receipting is an allocation between what can be considered a gift eligible for a charity receipt and what can be considered a payment for a good or service.

Split receipts are often issued when charities participate in fundraising dinners, charity auctions, lotteries, concerts, shows, sporting events, golf tournaments, membership fees, charitable annuities or mortgaged properties. In response to recent court decisions, the rules regarding charities participating in split receipting has been reviewed, and the following guidance has been provided:

- A gift or monetary contribution is an amount by which the fair market value of the property that is the subject of the gift exceeds the amount of the advantage (the good or service), if any, in respect of the gift.
- An advantage may be in the present, or in the future; may be property, a service provided or compensation; and may be received by the donor or a person not dealing at arm's length with the donor, and includes limited recourse debt.
- The value of the gift and the advantage must be ascertainable to qualify as an eligible gift.

### Exceptions to the Eligible Gift Rule

- The first exception is the 80% rule, whereby the value of the advantage must not exceed 80% of the contributed property.
- The second exception is the de minimis rule whereby the advantage is ignored if the advantage is less than 10% of the donation or \$75.

### Examples of Split Receipting

A charity holds a fundraising dinner, with 500 attendees each paying \$200 to attend the event. The meal cost is \$100 (excluding PST, GST and gratuities), and the door prizes are valued at \$3,500 in total. Pens and key chains, worth \$10, are given to each participant.

- As a result of applying the de minimis threshold, the value of the door prizes and the complimentary items received by a donor will not be viewed as an advantage in determining the eligible amount, since the total value of such prizes and items is \$17 per donor, which is less than the lesser of 10% of \$200 (\$20) and \$75.
- In this case, the amount of the advantage is \$100, which is not more than 80% of the ticket price (\$160). Accordingly, a tax receipt may be issued for the eligible amount of \$100.

As you can see the rules can be quite complex, and many factors must be considered. Please contact your Collins Barrow Ottawa LLP advisor if you require further assistance or if you would like us to assist you

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with the calculation of the appropriate eligible gift, for any of your charitable functions.

## Receipt Requirements

Beginning January 1, 2005, the Canada Revenue Agency (CRA) implemented new requirements for registered charities that issue official donation receipts. Registered charities have to include the name and Web site address of the Canada Revenue Agency ([www.cra-arc.gc.ca/charities](http://www.cra-arc.gc.ca/charities)) on all official donation receipts.

## Our NFP Team Members are:

**Dennis Medaglia**, CA, is a Partner of the firm and brings over 25 years of professional assurance expertise in various industry sectors including not-for-profit organizations, charities, local government, school boards, credit unions and various for-profit industries including high-tech, printing and manufacturing. Contact Dennis at: [dmedaglia@collinsbarrow.com](mailto:dmedaglia@collinsbarrow.com)

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## Why Collins Barrow Ottawa LLP

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