

Tax Receipt Guide

## Types of Giving

### Donations:

* Any money received directly to CASA Mental Health in the form of cash, cheque or credit card
* Must be $20.00 or greater to receive a tax receipt
* Must have a pledge card associated with donation in order to receive a tax receipt

### Auction purchases:

* Because the donor is purchasing something, and therefore getting something in return for their donation, they are not eligible for a tax receipt.

### 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.

## Are Tax Receipts Needed?

As the Event Organizer you are responsible for communicating to communicate tax receipt procedures to event participants

Generally, a tax receipt is **not** issued if an individual or company receives any sort of benefit (i.e. food, drinks, entertainment) for their donation.

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| **Are tax receipts important to participants?** | |
| **NO** | **YES** |
| You will be saving yourself and CASA Mental Health many hours of work by deciding not to offer tax receipts. CASA Mental Health would be pleased to provide a thank you letter confirming any gift rather than issuing a tax receipt. | Be sure to review the following information about tax receipts and talk with CASA Mental Health’s Event Coordinator to confirm your plan. |

## Rules for Tax Receipts

1. The eligible amount of the donation is $20.00 or greater
2. There must be a pledge card associated with the donation that includes:
   1. Donor First and Last Name
   2. Address
   3. City
   4. Postal Code
   5. Telephone Number
   6. Amount Given
   7. Method of Payment
   8. Donor Signature
3. Tax receipts will be issued to donors, not event organizers as they are collecting funds on behalf of the registered charity
4. In order to issue a tax receipt for a partial receipt, the fair market value must be provided as this amount minus the cost is what will be receipted. For example:
   1. A dinner event sells tickets for $100.00, of which $30.00 is food + beverage cost (fair value). The remaining $70.00 is eligible to be tax receipted
   2. An auction purchaser is eligible for a tax receipt if an item is sold for more than its appraised value and the appraisal value is less than 80% of the selling cost
5. Must have approval from CASA Mental Health before any promises are made to event participants
6. CASA Mental Health reserves the right to add or modify these rules as needed

## Eligible Amount for the Tax Receipt

### 1: Determine if there are benefits associated with the gift

Benefits given to donors for their donation. These can include:

* Any goods or services received by the donor
* Food and drinks
* Entertainment
* Advertising

### 2: Determine the Fair Market Value (FMV)

The FMV is the highest dollar value that that the buyer and seller agree on. This value does not include taxes or other additional fees.

### 3: Determine the cost minus the FMV

According to the CRA, the difference between the ticket price and the benefit must be a minimum 20% of the price or $20.00, whichever is higher. Use the Expense Summary Sheet to determine your tax receipt amount.

## In Kind Gifts

Gifts from companies that are from company inventory are not eligible for any form of receipt. CASA Mental Health will only supply a thank you letter to the company for their In Kind donation.

Gifts from individuals are eligible for tax receipts as long as the FMV is established. The FMV can be shown by the following different ways:

* Proof of purchase - *ex. Invoice*
* Item appraisal by a third party - *at the donor’s cost*
* Current price list from a commercial enterprise that is separate from the donor

If the item was purchased within the past three years, the FMV is considered to be the lesser amount between the purchase price and the appraised amount.

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## Artwork Donations

In order to receive a tax receipt for artwork donation the following items must be included:

* An appraisal (at donor’s expense) signed by a certified appraiser.
  + *One page boiler plate appraisals, e-mail appraisals, scribbled appraisals, or appraisals written in pencil are not valid*
* List of appraiser credentials
* History of the artist
* Description, picture, and history of the artwork including any significant points of reference
* The method used to value the artwork
* Reference of recent market purchases to validate the value
* Statement that the artwork was not purchased solely for donation
* Date of acquisition

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## Donations from Corporations

Corporations will likely request a non-official tax receipt as they will claim 100% of it as a business expense. Official tax receipts made out to corporations result in them only being able to deduct the eligible amount of the gift up to 75% of net income, plus 25% of certain taxable gains and recaptured capital costs. This applies to sponsorships and donations.

## Non-Eligibility

## Official tax receipts will not be issued for:

* Personal services - *ex. entertainment, transportation, dining*
* Gift cards donated from the issuer or gift cards not purchased outright and donated
* Use of vacation property
* In Kind donations