



HEART TO HEART
HAITI

Receipting Guidelines

As a registered charity, Heart to Heart has the ability to issue official donation receipts that provide donors with tax deductions or tax credits. Since the issuance of a tax receipt lowers the taxable income or tax payable of donors, there are many rules and guidelines to adhere to that keeps Heart to Heart's charitable status in good standing.

Heart to Heart's Treasurer is responsible for the issuance of all charitable official donation receipts. Determining the eligibility is done in consultation with Heart to Heart board members and the Canada Revenue Agency. Please contact Heart to Heart's Treasurer to determine the eligibility of a gift.

If you have any questions on charitable giving, please contact the following:

Colleen Sandberg
Heart to Heart
wcsandberg@shaw.ca
604-615-1141

Definition of a Gift - General Rule

A gift is a voluntary transfer of property without valuable consideration. Generally, a gift is made when all of the following conditions are met:

1. There is a transfer of property; usually cash to the charity.
2. The transfer is voluntary and
3. The transfer is made without any expectation in return. No benefit of any kind may be provided to the donor or to anyone designated by the donor.

Official Donation Receipts

Canada Revenue Agency (CRA) regulations require that each official receipt issued by a charity contain the following information:

1. A statement that it is an official receipt for income tax purposes;
2. The charity's registration number, name and address in Canada as recorded with Revenue Canada, Charities Division;

3. The place or locality where the receipt was issued;
4. The day on which or the year during which the donation was received or, where property other than cash is received, the actual date of receipt;
5. The day on which the receipt was issued when it differs from the date of the donation
6. Amount of the gift; and
7. The name and address of the donor

There is no regulation requiring the issuance of official receipts within a particular time frame, but it is suggested that they be issued at least by the last day of February following the year during which the gift was made.

Heart to Heart issues official donation receipts in February following the year the donation was made, however upon special request, receipts may be made at the time of the donation. All official donation receipts are mailed prior to February 28th of each year.

Gift in kind

The term **gift in kind** refers to property other than cash, however does not include a gift of service. A gift in kind can be issued an official tax receipt for the fair market value of the gift on the date it was donated (the date on which ownership is transferred from the donor to the donee). The generally accepted meaning of **fair market value** is the highest price that the property 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 any amounts paid or payable to other parties such as sales agents or sales taxes such as GST and/or PST.

An appraiser who did not or does not have a material interest in the property being given and is not associated with the donor or with the charity can value the gift. Dealers and other individuals whose work makes them knowledgeable about the market value of the item given can appraise it. If the gift is likely to be valued at \$1000 or less, the charity may prefer to have one of its qualified staff members evaluate the gift. Heart to Heart requests the donor to enlist the services of an appraiser for any gifts over \$1000 to establish fair market value on the gift and provide Heart to Heart with the necessary documents showing the value.

Items of little value, such as hobby crafts, used clothing or home baking will not qualify as a gift in kind for purposes of issuing a tax receipt.

Contributions of Services

Contributing services such as time and effort is not a transfer of property and therefore cannot be issued an official donation receipt.

Gifts of Business Inventory

A charity can issue an official donation receipt to a business for the fair market value of a gift out of inventory. Examples include a gift of bread from a bakery, or an item from the inventory of a dealer who buys and sells art, antiques, or other cultural property. Where a business donates goods out of its inventory to a charity, it has automatically received a deduction from income through its cost of goods sold. To claim a charitable tax credit or deduction, the business also has to include as income an amount equivalent to the gift's fair market value.

Business Receipts

Charities should not issue official donation receipts to other charities; charities do not pay taxes, therefore do not need an official donation receipt. In cases where a donation is received from a charity; i.e. a Foundation, a business receipt is sufficient to acknowledge the gift.

Business receipts are also used in the case of acknowledging other transactions that are not eligible for an official donation receipt such as contributions of service (recognition only). Determining whether a business receipt or official donation receipt will be issued must be discussed in advance with the treasurer.

Reference Sources :

Canada Revenue Agency
IT-110R3 Gifts and Official Donation Receipts

Canadian Taxation of Charities & Donations
Arthur B.C. Drache, C.M., Q.C.