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Tips for Non-Profits: Issuing Charitable Receipts

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Proper receipting is important for any registered charity, and failure to comply with receipting requirements carries with it hefty penalties.

For example, if a donation receipt includes incorrect or incomplete information, a penalty of 5 per cent of the eligible amount on the receipt may apply. A repeat offence within 5 years, increases the penalty to 10 per cent. If there is deliberately false information, the penalty climbs to 125 per cent of the eligible amount and if the penalty for issuing false receipts exceeds \$25,000, charitable status may be suspended for a year. Registration may even be revoked for violating receipting requirements.

A donor may only claim a tax credit where they have a properly issued donation receipt. Donation credits denied due to receipting issues may result in unhappy donors and reputational damage to the charity.

Changes to Receipting Requirements

Canada Revenue Agency's ("CRA") new website must appear on official donation receipts. The new address is canada.ca/charities-giving and must appear on receipts by March 31, 2019.

The following information must appear on donation receipts for cash gifts:

- a statement that it is an official receipt for income tax purposes
- the name and address of the charity as on file with CRA
- a unique serial number
- the registration number issued by the 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 the CRA

In addition to the previous information, receipts for non-cash gifts (gifts in kind) must also include:

- the date the gift was received (if not already included)
- a brief description of the gift received by the charity
- the name and address of the appraiser (if the gift was appraised)

The amount of a non-cash gift must be its fair market value at the time the gift was made. Please note that the fair market value reported may be impacted by certain deeming rules that may apply, for example where the donor acquired the property within 10 years of the gift. Professional advice should be sought if there is uncertainty as to whether any such rules may apply.

The CRA provides a number of sample receipts to use as reference tools. Please follow the link to view them:
canada.ca/charities-giving

This article has been prepared for the general information of our clients. Specific professional advice should be obtained prior to the implementation of any suggestion contained in this article. Please note that this publication should not be considered a substitute for personalized tax advice related to your particular situation.

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