
3.A-2000: Tax Receipting Policy

1. Overview

These are the principles upon which St. Mary's University (University) will issue charitable donation receipts for gifts to the organization.

- 1.1 Canada Customs and Revenue Agency refers to charitable donations as gifts. To be considered a gift, there must be a **transfer of property** to a registered charity. The transfer is made **voluntarily** and the donor receives **no** benefit beyond "nominal value" in return.
- 1.2 Donations 'in kind' will not be accepted by the University unless the property proposed for transfer has been deemed necessary and of value to the university in conducting its business.
- 1.3 The decision to accept a gift 'in kind' will imply that the University would normally have approved a direct purchase of the item had it not been offered by the donor.
- 1.4 The recommendation to accept a donation of the item should be approved by the official of the University normally having responsibility for items of this nature, i.e. donations of books would fall under the accountability of the University librarian.
- 1.5 The University will in all cases defer to prevailing income tax legislation as mandated by the Canada Customs and Revenue Agency.

2. Issuing Receptions

Receipts will be issued to the name of the individual/company on the cheque/credit card for the full donation amount. If the cheque issuer is not the donor, a written explanation which

Approval Authority	Responsible Office	Effective Date	Date Last Revisited	Review Frequency
Board of Governors	External Relations	October 3, 2000	April 11, 2024	Annually

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details the source of the funds must accompany payment in order for the receipt to be made out to other name(s).

Tax receipts will not be issued jointly in the names of individuals and companies for corporate donations. Tax receipts will also not be issued to an individual if the payment was made by a corporation and vice versa.

In the event that a donation transaction was subsequently found to be invalid or incorrect the University will take the appropriate steps to rectify the problem.

Sponsorships of programs or events will **not** be issued a charitable donation receipt unless no recognition has been given beyond nominal value or as part of an alphabetical listing in a program or other medium.

3. Fair Market Value (for Gifts in Kind)*

Market Value (FMV) is usually the highest dollar value you can get for your property in an open and unrestricted market, between a willing buyer and a willing seller who are acting independently of each other. For gifts under \$1,000 in value, the retail marketplace (for example, the selling price of an equivalent item) will be used to determine its fair market value. the University's designate will value the item. A purchase receipt may be submitted by the donor and used as the basis for issuing the receipt. If the item is not sold in a retail environment, the University's designate may determine its value based on their knowledge of the value of similar items.

For gifts over \$1,000 in value that are sold in the retail market, this value will be used in issuing a receipt. For items not sold in the retail market, there will be an independent, qualified appraisal of the item at the time of the donation. The appraiser must be acting at arms-length from either the donor or the institution receiving the donation.

In cases where the cost of an appraisal is unreasonable or it proves difficult to find an independent appraiser, a qualified member of the University may appraise the gift provided the appraiser and the donor are at arms-length.

FMV will be defined as the highest retail price that the property would sell for at the time of transfer (for example, the selling price of an equivalent item), and will be used to determine

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its fair market value for tax receipting purposes. The University's designate will value the item. A purchase receipt may be submitted by the donor and used as the basis for issuing the receipt. If the item is not sold in a retail environment, St. Mary's University's designate will determine its value based on their knowledge of the value of similar items.

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3.1 Sources:

- McKinnon & Co. – Chartered Accountants
- Lo, Porter Hétu - Certified General Accountants
- Canada Customs and Revenue Agency bulletin IT288R2 – Gifts of Capital Properties to a Charity, and Others:
- Canada Customs and Revenue Agency publication – Gifts and Income Tax Rev. 99
- Synopsis of Improper Issuance of Charitable Receipts by Terrance Carter, lawyer specializing in charity law

*The deemed FMV rule states that, under certain conditions, a receipt issued for a non-cash gift must be issued for the lesser of the gift's FMV and its cost to the donor (or in the case of capital property, its adjusted cost base) immediately before the gift is made. The University's designate will assess the deemed FMV in instances where the gift was acquired less than three years before the time of donation; or the gift was acquired less than ten years before the time of donation, with one of the main purposes being to gift the property to a qualified donee (for example, a registered charity)

4. Gifts in Kind

4.1 Receipts **will not** be issued for:

- Donations of little or no value, (normally less than \$25 per item). These include gifts of used clothing, home baking, some library books, and hobby crafts.

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- Donations of any type of service. If a person or organization wishes to make a donation, they are to invoice the University for the service, the invoice will be paid and the supplier can donate the value of the services in cash.
- Donations of inventory from a business (examples: clothing with company logo, pens, pencils, stationary, etc.)
- Amounts received where a particular donor cannot be identified as making a specific donation. In order to be given a receipt, the onus is on the donor to ensure that the name required for the receipt is given to the University .
- Donations that are subject to a general direction from the donor that the gift be used in a particular program operated by the university whereby the gift would provide a benefit in some way to someone not dealing at arm's length with the donor.

4.2 Receipts **will be** issued for:

- Donations of cash unless the donor requests no tax receipt.
- Donations of artwork and library books where a FMV can be established by an independent, qualified appraiser dealing at arms-length from the donor, and the University and has been documented in writing.

The donor will determine the amount of the donation as between the adjusted cost base (normally the purchase price) and the current FMV of the artwork. If the artist or author donates the work, it is their responsibility to determine FMV and to include the amount of the donation receipt less any cost of materials in their personal income for the year.

- Donations of used furniture and equipment where FMV can be determined.
- Donations of tickets to sporting or other events where the value of the ticket is shown on the face of the ticket. Proof of payment for event tickets is required and will be used as the tax receipt amount.
- When purchased by donors, donations of gift certificates from businesses where the value of the certificate is shown on the face of the certificate. Company gift certificates will not be tax receipted when donated by the issuing companies.
- Donations of gift baskets. The amount of the receipt will be the total retail value of the items in the gift basket.
- The amount of the value of the ingredients of a dinner prepared and donated by individuals.

4.3 Dinner, Ball or Life Event

Where a donor receives an advantage in exchange for a gift, a charity must be able to come up with an accurate figure for the FMV of that advantage.

Charitable donation receipts will be issued for the difference between the price of the ticket and the FMV of the advantage received for the event. The gift, minus the advantage, still has to constitute a voluntary transfer of property and meet the intention to make a gift threshold as defined by the CRA.

The FMV will be determined by calculating the actual advantage to ticket purchasers, or comparing the ticket price to the usual charge for attendance at a similar event or by estimating the charge as if it were carried out as a profit-making venture. If a speaker or entertainment is provided as part of the dinner, this is taken into consideration in determining the FMV of the event.

A "like event" will be considered to be one that provides consumable goods and services, the equivalent of which are readily determinable in the marketplace.

If door prizes are being offered as part of the purchase price, their value will be accounted for as a component of the advantage as defined by the CRA.

The intention to make a gift threshold as defined by the CRA must be met in order for a tax receipt for any part of the ticket purchase price to be tax receipted.

4.4 Golf Tournaments

If no hole prizes, prizes, skill prizes or tee gifts are offered as part of the golf tournament registration, the tournament will be considered a "like event" and the policy applying to like events will apply. (Tax receipt = yes)

If prizes of any kind or tee gifts of greater than nominal value are offered, no charitable donation receipts will be issued for any portion of the tournament fee. (Tax receipt = no)

Payment of an additional fee may be considered to be an entry for the chance to win prizes (example: purchase of a mulligan). Donation receipts may be issued for the

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difference between the ticket price and the fair market value of the golf game plus any other entertainment and meals received by the registrant in the tournament.

(Tax receipt = yes)

The intention to make a gift threshold as defined by the CRA must be met in order for a tax receipt for any part of the fee to be tax receipted.

4.5 Auctions

Auctions, silent or live; are not to be considered as "like events". If the auction is held in conjunction with a dinner or other "like event", it must be treated as a separate event, even if held on the same evening, and at the same place. The separation is required in order for a donation receipt to be issued for any portion of the ticket price to the dinner. Separate tickets should be sold to the dinner and to the auction. Tickets should be available to one or both of the events. If a dinner ticket is required to attend the auction, donation receipts cannot be issued for any portion of the price.

Contributions of items to auctions will be governed by the policies related to gifts in kind.

4.6 Gifts of Publicly Traded Shares

Gifts of publicly traded shares will be accepted by the University. These gifts will be the responsibility of the head of the Development Office of the University.

The amount of the receipt issued for the shares will be their value at the closing price on the day ownership of the shares is transferred to the University.

5. Donor Recognition

Donors will be recognized as per Canada Customs and Revenue Agency definitions of nominal value. The recognition will be the **lesser of**:

- a. \$75.00, or
- b. 10% of the amount of the donation

6. Documentation Related to Charitable Donation Receipts

Documentation will be retained with the copies of the charitable donation receipts issued by the University.

The following will be part of the required documentation:

- details of the valuing of gifts in kind
- details of events and the rationale for decisions made on issuing receipts in particular circumstances
- other documentation to support the issuing of the receipt

7. Policy Review

This policy will be reviewed on an annual basis or as required due to changes in Canada Customs and Revenue Agency policies and regulations.