

Donations and the tax receipting process

The Army Cadet League of Canada, BC Branch

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Can we issue tax receipts?

- ▶ Yes, in certain circumstances. The Army Cadet League of Canada, BC Branch ("the League") is a registered charity so it can issue tax receipts. The Local Support Committees generally are not registered as separate charities so they can't issue tax receipts in their own name.
- ▶ The SC's are branches of the League so we can still issue a tax receipt for qualifying donations if the donation is made to the League for the benefit of the local corps, with the League forwarding the donation to the corps.

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What are qualifying donations?

- ▶ Donors may offer to cash, tangible goods or free services
- ▶ Under CRA rules gifts of services (for example, accounting or consulting services) are not eligible for a tax receipt
- ▶ In order to qualify the donation must not come with strings attached that would benefit the donor (such as "I will donate money to pay for my son to go on a battlefield tour").
- ▶ Under existing CRA rules we are not able to issue income tax receipts to other registered charities or in respect of gifts of services. (A gift of services, for example, would occur where a web page designer offers to design a web page and requests a tax receipt instead of their usual fee).

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Gifts in Kind

- ▶ Gifts of tangible goods (referred to as "Gifts in Kind") are subject to special rules that may limit the amount of the eligible tax receipt value and so the Branch Treasurer should be consulted before any gifts in Kind are accepted
- ▶ For example, an independent appraisal might be required for gifts in kind worth more than \$1,000
- ▶ The donor is not "arms length" so cannot conveniently be used to provide the appraisal
- ▶ Generally speaking, tax receipt can be issued in relation for tangible goods purchased at an arms length store if the store receipt is provided as evidence of the value of the donation
- ▶ If the gift in kind was not purchased at an arms length store then contact the BC Branch treasurer before accepting the gift to determine what value the CRA will accept for the tax receipt.

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Special Fundraiser Events

- ▶ The SC might decide to hold an event, such as a dinner gala, to raise funds.
- ▶ Typically a portion of the ticket price covers the cost of the event and the remainder becomes a donation
- ▶ The CRA rules regarding tax receipting for fundraisers like that are complex. Contact the BC Branch treasurer in advance for advice to avoid problems
- ▶ Don't find yourself in the position of explaining to donors why you suddenly can't issue a tax receipt they were expecting!

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Getting a tax receipt

- ▶ Since the League is the registered charity the donor needs to make the donation to the League and request the donation be used to support the activities of the specific corps the donor wants to help
- ▶ For cash donations the donor should make their cheque payable to "The Army Cadet League of Canada, BC Branch" and indicate "for the benefit of XXXX RCACC" on the cheque. They give the cheque to the SC who can forward it to the League.
- ▶ When the League deposits the funds into it's bank account it will then issue a cheque for the matching amount to the corps.

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Oops. What if the donor made the cheque payable to the corps?

- ▶ This creates more work for League and SC treasurer and so should be avoided. If it can't be helped, then the SC treasurer must:
 1. Photocopy the cheque and deposit the funds into the corp's bank account
 2. Send by email to the BC Branch treasurer:
 - ▶ a photocopy of the cheque
 - ▶ a copy of the deposit slip
 - ▶ a copy of the bank statement for the month of the deposit
 - ▶ The name and mailing address of the donor
 - ▶ A brief explanation of the donation

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Do we have to give a tax receipt?

- ▶ No. Sometimes the donor does not require a tax receipt or is not allowed to get a tax receipt (for example: the donor is another registered charity).
- ▶ If no tax receipt is required the corps can simply have the donor issue a cheque directly to the corps because the League does not need to get involved.

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Now what?

- ▶ The SC should send a **THANK YOU!** letter to the donor and publicly express gratitude
- ▶ If the donation is large it would be a good idea to indicate in the letter how the funds are being used
- ▶ The League will issue a tax receipt in due course.
- ▶ Note that most individuals don't require tax receipts until they file their personal income tax returns early in the following year. As a result most tax receipts prepared by the League are done in batches in the winter for efficiency purposes

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Any Questions about the tax receipting process?

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