



**Canada Rugby League Association  
(CRLA)**

**Donation Receipt Policy  
By-law Adopted October 20, 2019**



## Canada Rugby League Association | Donation Receipt Policy

Canada Rugby League Association (“CRLA”), like all other Registered Canadian Amateur Athletic Associations (“RCAAA”), must adhere to the Canada Revenue Agency (“CRA”) Income Tax Act when issuing charitable tax receipts. Detailed guidelines can be found on CRA’s Canadian Amateur Athletic Associations website: <https://www.canada.ca/en/revenue-agency/services/charities-giving/other-organizations-that-issue-donation-receipts-qualified-donees/canadian-amateur-athletic-associations.html>.

### **A. BUSINESS**

#### **1. Gifts in Kind**

In general, there is no benefit to a business to obtain a charitable donation tax receipt for a donation of items from inventory. Such contributions are considered a business expense. The CRLA will provide a letter acknowledging the items donated. However, if a business requires a charitable donation receipt, the CRLA will accommodate the request.

A business that donates inventory can deduct the cost of the inventory as a business expense. If a charitable donation tax receipt is requested by the business, then they are required to include the fair market value of the donated property as income, which is then offset by the deduction of the charitable donation. As a result no benefit is obtained from the charitable donation tax receipt.

#### **2. Services**

CRA disallows donations of services for charitable donation tax receipts. Contributions of services (including Gift Certificates) are not property and do not qualify as gifts. The business can bill the CRLA for the service and receive payment (if approved within the



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budget of the Event), at which time the business can donate back the amount received for the service. The business (donor) must account for the services as business income.

### **3. Cash/Cheques**

A charitable donation tax receipt will be issued by the CRLA for regular donations of money, if requested. The minimum amount for a receipt is determined from time to time by the CRLA.

### **4. Sponsorship**

If a business sponsors a fundraising event, under the CRA rules, the CRLA cannot issue an official charitable donation tax receipt, because the sponsor is receiving a significant promotional benefit. The CRLA will provide a letter of acknowledgment as a receipt for the sponsorship.

## **B. INDIVIDUALS**

### **1. Gifts in Kind**

Where the CRLA agrees, a charitable donation tax receipt can be issued for items donated by individuals, which are accompanied by a receipt of purchase from the original supplier, or appraisal. If the item was purchased within three years, the receipt will be the lesser of the cost or fair market value. A charitable donation tax receipt will not be issued for auction items in which the value of the item is not clearly ascertainable. This includes dinners at a private resident or certain personal items such as sports paraphernalia.

The CRLA is responsible for reporting the fair market value of the gift in kind on the official charitable donation tax receipt. CRA indicates that the fair market value is the “highest



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price in dollars that the property would bring in an open and unrestricted market” between a willing buyer and seller who are both informed, prudent and knowledgeable and acting at arm’s length. In order to determine the fair market value of a gift in kind, an independent appraisal is required for items over \$1,000.00. For individuals who make artwork for a hobby, only the value of the inventory used to make the art piece is eligible for a charitable donation tax receipt. (Time cannot be factored in the value).

### **2. Art Donated to the CRLA for Auctions**

A charitable donation tax receipt can be issued for art over \$1,000 if there is a letter of appraisal from an independent retailer verifying the value. For art under \$1,000 a receipt of purchase must be provided to clearly indicate the fair market value. For art purchased within the past three years, the receipt will be the lesser of the FMV or the Purchase price.

For individuals who make art for a hobby, only the value of the inventory used to make the art piece is eligible for a charitable donation tax receipt. (Time cannot be factored in the value).

### **3. Services**

A charitable donation tax receipt cannot be issued for services, since CRA disallow it.

The individual can bill the CRLA for the service and receive payment, at which time the individual can donate back the amount received for the service. The individual must report the service as taxable income. Gift certificates for services cannot be receipted. The amount must be included in the budget for prize acquisition per event.

### **4. Cash/Cheques**

A charitable donation tax receipt will be issued by the CRLA for regular donations of money. All information regarding the donor must be attached.



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### **5. Securities:**

A charitable donation tax receipt will be issued by the CRLA for the closing value of the publicly traded security on the day the CRLA receives the security, net of any brokerage charges incurred.

### **C. DONATIONS FROM A THIRD PARTY FUNDRAISER**

As per CRA, where a transfer of property constitutes a gift for tax purposes, the charity is entitled, pursuant to Income Tax Regulations 3501 (1h) to issue an official receipt for income tax purposes to the donor. The donor may only claim a tax credit in respect of a charitable gift made directly by him/herself.

The Coordinator of a Fundraiser appears to be acting as an “Agent” for the persons (donors) whom the funds are collected. The property transferred to the charity is the property of the persons from whom the gifts were collected on the understanding it would be given to a charity. Those persons are entitled to a charitable receipt within the guidelines of charitable tax receipting rules applicable to events.

It is CRA’s view that where a Coordinator of an Event collects funds from the general public and pays the amount to the CRLA, the Coordinator would not be the person entitled to a charitable donation receipt.

### **D. OTHER CHARITIES**

The CRLA will not issue official charitable donation tax receipts to other charities (per Canada Revenue Agency regulation).

### **E. RECEIPTS FOR TICKETS TO FUNDRAISING EVENTS**



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### 1. Tickets

In accordance with CRA, the CRLA must calculate the portion of the purchase price that is eligible for an official charitable donation tax receipt by determining the fair market value of admission to the fundraising event.

A fundraising event should only have door prizes or gifts, which have a nominal value where the fair market value does not exceed the lesser of \$75.00 or 10% of the amount of the ticket.

The CRLA cannot issue a charitable donation tax receipt to people who buy items at an auction, unless the payment exceeds 125% of the fair market value of the item and the value is clearly ascertainable and made known to bidders in advance.

CRA allows the 25% “premium” paid as a charitable donation. A bid below 25% is considered by CRA as the recipient receiving something in return and therefore there is no “gift of a donation”.

### 2. Golf Tournaments

CRA considers fundraising golf tournaments as “like events” within the meaning of the Interpretation Bulletin 110R3. This means the CRLA can issue a tax receipt for the difference between the price of the admission ticket for the tournament and the fair market value of the golf games, plus any other entertainment and meals received by the players. Special rules apply if the person playing is a member of the club and would not have to pay green fees.

## F. ISSUING CHARITABLE DONATION RECEIPTS



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1. The information on an official charitable donation receipt must be readable and not easily altered.

### **Receipts for cash gifts must have the following:**

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

### **Receipts for non-cash gifts (gifts in kind) must have the following:**

- The date the gift was received
- A brief description of the gift received
- The name and address of the appraiser as indicated in Section B 1).
- The amount must reflect the fair market value of the gift



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- If the fair market value of the gift cannot be determined, then an official donation receipt cannot be issued
2. The minimum amount required for a charitable income tax receipt for CRLA is \$20.00, unless otherwise requested.
  3. The CRLA is required to keep copies of receipts for two calendar years after the end of the calendar year to which the receipt applies.
  4. The CRLA is required to maintain proper books and records supporting any official donation receipts issued, and provide access to those books and records to CRA upon request. If failed to do so, CRA can revoke the status of a qualified donee and suspend the receipting privileges.

### **Replacement of Lost or Spoiled Receipts:**

If the CRLA has issued a receipt that was lost or contained incorrect information, the CRLA may issue a replacement receipt. All replacement receipts must include:

- All of the information required on receipts as noted in Section F above
- The serial number of the original receipt
- A statement that the new receipt replaces the original receipt
- The CRLA will keep a copy of the original receipt and mark it “cancelled”

Should the receipt be unissued to the donor, and an error or incorrect information if noted, the CRLA will prepare a new receipt. The CRLA keeps both copies of the original receipt (charity and donor copy) and marks “cancelled” on both copies.