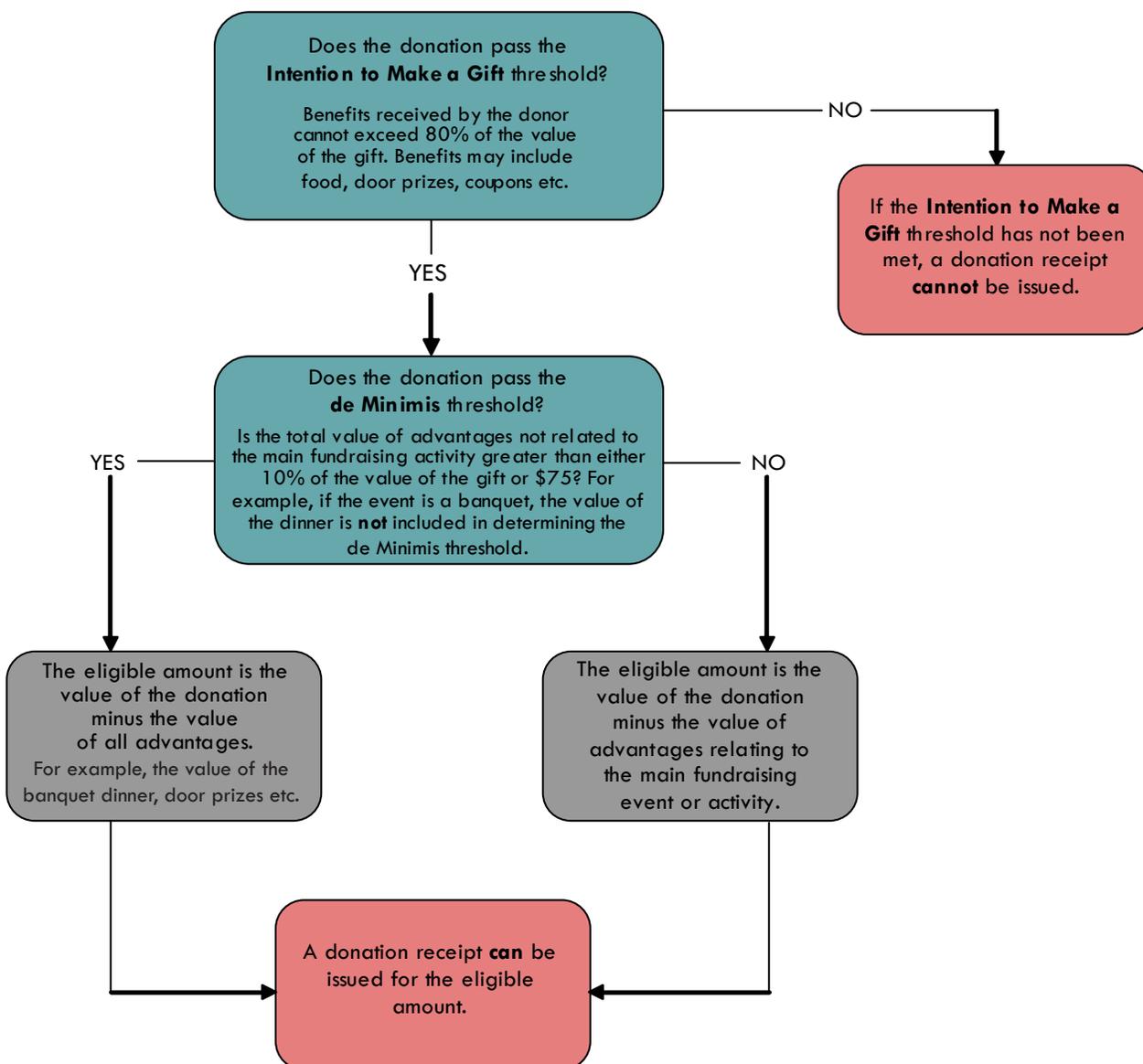


## Fundraising and Tax Receipts

Fundraising events such as luncheons, banquets, or golf tournaments involve giving benefits to the donors. These benefits are known as advantages under the *Income Tax Act*. When calculating the eligible amount for an official donation receipt, these advantages must be taken into consideration.

There are two thresholds that have to be met in determining the amount.

The following diagram gives you a general idea of how to apply the thresholds, while the example further illustrates the process.



Charity WYZ plans to sell 500 tickets for a fundraising lunch at \$100 per ticket. Each ticket comes with a book valued at \$20 and the value of the lunch is \$35. As well, raffle tickets will be sold during the luncheon @ \$20 each for three prizes with a total value of \$2,000.

The fundraising committee wants to know the eligible amount for the official donation receipt, in order to include it in their promotional materials.

**1. Determine the Intention to Make a Gift threshold**

- Will the ticket holder be receiving advantages? **Yes**
- Does the advantage exceed 80% of the ticket value? **No**

Calculation:

Value of lunch	\$35
Book	<u>\$20</u>
Total	\$55

**\$55 is 55% of the gift (i.e. the price of the ticket), so it passes the Intention to Make a Gift threshold.**

Note: Raffle tickets are sold separately and therefore are not included in the calculation.

**2. Determine the de Minimis threshold**

The object of the event should not be included in the calculation of the de Minimis threshold. In this case, the event is a luncheon, so the value of the luncheon (\$35) is not included in the calculation of the threshold.

Is the advantage more than either 10% of the value of the donation (i.e. the ticket), or \$75? **Yes**

Calculation: 10% of \$100 is \$10, and the advantage of the book is \$20

**The advantage of the book exceeds the de Minimis threshold. Therefore, it should be included in determining the eligible amount on the official donation receipts.**

**3. Determine the eligible amount on the official donation receipt**

Calculation:

Value of the ticket	\$100
Less the value of the lunch	\$35
Less the value of the book	\$20
<b>Eligible amount</b>	<b>\$45</b>

**The fundraising committee can advertise that an official donation receipt for \$45 will be issued per ticket.**