

## Receipting: Advantage

### *Introduction* (Slide 1)

This module introduces the concept of advantages.

- ❖ What is an advantage?
- ❖ What is split receipting?
- ❖ Advantages and split receipting. How does it work?
- ❖ Fair market value and advantages

### *Advantage* (Slide 2&3)

Mr. Smith donates \$500 to your Charity. To show your appreciation, your Charity gives him a book. The book is considered an advantage.

An advantage refers to a benefit that the donor receives as a result of his or her donation.

Advantages are essential in determining:

- ❖ the intention to give (*Intention to Make a Gift* threshold)
- ❖ the *De Minimis* threshold
- ❖ the eligible amount on the tax receipt

The presence of an advantage triggers the application of the split receipting rule in determining the eligible amount on the official donation receipt.

### *Split Receipting* (Slide 4-7)

Split receipting is a legislative concept in which a donor can receive something in return (an advantage) for a gift, and still be eligible for a tax receipt.

Split receipting rules govern how the eligible amount for a tax receipt is determined. It allows the charity to give a donor certain advantages within the limits allowed by CRA.

Split receipting applies to all types of gifts (cash or gifts-in-kind) with advantages.

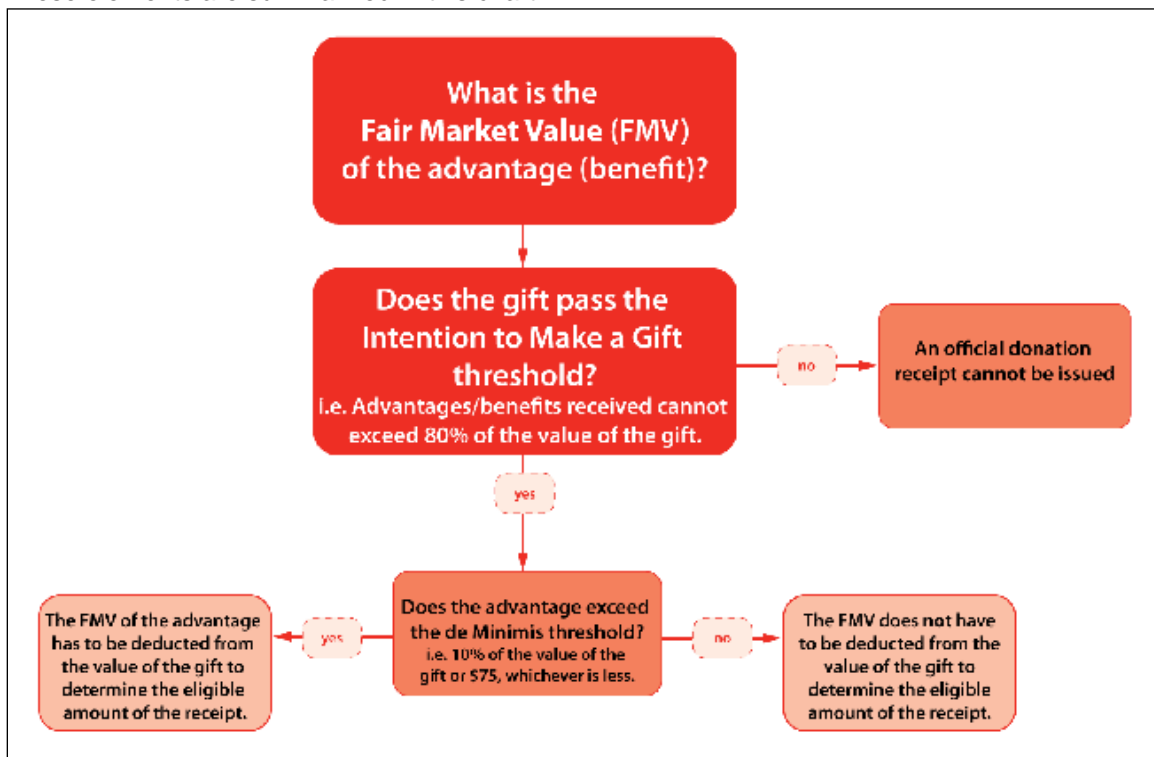
From the charity's perspective, the gift is split into two parts:

- ❖ the portion that the charity can issue a receipt for (that is, the eligible amount)
- and**
- ❖ the portion that the charity cannot issue a receipt for (that is, the advantage)

When you apply the rules of split receipting to determine the eligible amount for a receipt of a gift with an advantage, you'll need to consider three elements:

- ❖ fair market value (FMV) of the advantage  
more information is available at [www.charitycentral.ca/site/?q=node/53](http://www.charitycentral.ca/site/?q=node/53) )
- ❖ *Intention to Make a Gift* Threshold  
(more information can found at [www.charitycentral.ca/site/?q=node/57](http://www.charitycentral.ca/site/?q=node/57) )
- ❖ *De Minimis* threshold  
(more information can found at [www.charitycentral.ca/site/?q=node/58](http://www.charitycentral.ca/site/?q=node/58) )

These elements are summarized in this chart:



## *Advantages and Fair Market Value (Slide 8)*

In simple terms, fair market value (FMV) is the price that you as a consumer would have to pay for the property in an open market.

### **Importance of FMV and Advantage:**

If the FMV of the advantage cannot be determined, an official donation receipt cannot be issued.

For a detailed description on split receipting, go to [www.charitycentral.ca/site/?q=node/56](http://www.charitycentral.ca/site/?q=node/56)

## *Receipting and Fundraising Events (Slide 9)*

Specific fundraising examples can be found at [www.charitycentral.ca/site/?q=node/52](http://www.charitycentral.ca/site/?q=node/52)

These examples include:

- ❖ fundraising dinners/lunches
- ❖ door prizes
- ❖ raffles
- ❖ auctions
- ❖ gift certificates
- ❖ golf tournaments

## *Notice (Slide 10)*

Information in this module is provided for general educational purposes and not as legal or accounting advice. Consult a lawyer or accountant for professional advice.

Information is accurate as of January, 2009.

For changes after this date, consult Canada Revenue Agency.