

Receipting: Gifts-in-kind – Basics

Introduction (Slide 1)

This module covers basic information on the topic of gifts-in-kind. The following information is provided:

- ❖ What is a gift-in-kind?
- ❖ What are the specific rules for determining Fair Market Value for some gifts-in-kind?
- ❖ What should a receipt for a gift-in-kind look like?

Gifts-in-Kind - The Basics (Slide 2)

A gift-in-kind is a voluntary transfer of property other than cash without consideration.

- ❖ It includes numerous types of property, in particular, inventory, capital property, and depreciable property.
- ❖ Donations of real estate, stocks and bonds or personal items are all considered gifts-in-kind.
- ❖ Items of little value, such as hobby crafts or home baking, do not qualify as gifts-in-kind for the purposes of issuing tax receipts.

Gifts-in-Kind – Fair Market Value (Slide 3)

There are specific rules about determining the Fair Market Value for some gifts-in-kind such as:

- ❖ Publicly Traded Securities www.charitycentral.ca/site/?q=node/60
- ❖ Certified Cultural Property www.charitycentral.ca/site/?q=node/59
- ❖ Ecologically Sensitive Land www.charitycentral.ca/site/?q=node/61
- ❖ Mortgaged Property www.charitycentral.ca/site/?q=node/62

For more information on gifts-in-kind from Canada Revenue Agency, see Interpretation Bulletin IT-297 "Gifts in Kind to Charity and Others" at: www.cra-arc.gc.ca/E/pub/tp/it297r2/README.html

Receipting and Gifts-in-Kind (Slide 4)

To issue tax receipts for gifts-in kind, the charity has to determine the fair market value (FMV) of the gift.

The FMV is the price that you, as a consumer, would have to pay for the property in the open market.

In most cases, the value of the gift-in-kind is the fair market value on the date the property (gift) is transferred to the charity.

Discussion on fair market value can be found at www.charitycentral.ca/site/?q=node/53

Sample Receipts (Slides 5&6)

This sample receipt is for a gift-in-kind where the donor did not receive any benefits in return.

Sample Receipt #3 — Gift-in-Kind (No Advantage)		
Official Donation Receipt for Income Tax Purposes		Receipt #0006
Charity name _____	Charity's Canadian address _____	Charity BN/Registration# _____
Date donation received: _____	Donated by: _____ (first name, initial, last name)	
Donor address: _____		
Eligible amount of gift for tax purposes: _____ (fair market value of property)		
Description of property received by charity: _____		
Appraised by: _____		
Address of appraiser: _____		
Date receipt issued: _____		
Location issued: _____		
Authorized signature: _____		
For information on all registered charities in Canada under the Income Tax Act please visit: Canada Revenue Agency www.cra.gc.ca/charities		

This is a sample receipt for a gift-in-kind where the donor received benefits as a result of their donation.

Sample Receipt #4 — Gift-in-Kind with Advantage		
Official Donation Receipt for Income Tax Purposes		Receipt #0006
Charity name _____	Charity's Canadian address _____	Charity BN/Registration# _____
Date donation received: _____	Donated by: _____ <small>(first name, initial, last name)</small>	
Donor address: _____		
Total amount of cash received by charity: _____		A
Value of advantage: _____ <small>(cash/fair market value of property)</small>		B
Eligible amount of gift for tax purposes: _____ <small>(line A minus line B)</small>		C
Description of property received by charity: _____		
Appraised by: _____		
Address of appraiser: _____		
Date receipt issued: _____		
Location issued: _____		
Authorized signature: _____		
For information on all registered charities in Canada under the Income Tax Act please visit: Canada Revenue Agency www.cra.gc.ca/charities		

Self Test (Slides 7-10)

Notice (Slide 11)

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.