

Receipting: Intention to Make a Gift

Introduction (Slide 1)

This module looks at the basic rules around the *Intention to Make a Gift* Threshold. The module answers questions on:

- ❖ How is it applied?
- ❖ Why are advantages important?
- ❖ Can you give me an example of applying the *Intention to Make a Gift* Threshold?

Intention to Make a Gift – The Basics (Slide 2&3)

The *Intention to Make a Gift* threshold is applied only when a donor receives advantages (benefits) as a result of the donation.

For a gift with advantages, an official donation receipt can only be issued if the FMV of the advantages is not more than 80% of the fair market value of the gift. This is known as the *Intention to Make a Gift* threshold.

Definition : Fair Market Value is what a consumer would pay if the gift is bought in the open market.

Example

A donor gives \$500 to Charity MNO and receives 2 complimentary concert tickets with a FMV of \$150 each. So the total value of the tickets is \$300.

Apply the ***Intention to Make a Gift*** threshold:

- ❖ The *Intention to Make a Gift* threshold is \$400 (80% of \$500).
- ❖ The FMV of the advantages is \$300.
- ❖ The advantages do not exceed the threshold.

- ❖ Therefore a tax receipt **can** be issued for \$200. (\$500 - \$300)

Note: Even if Charity MNO did not pay for the concert tickets, the FMV still has to be used in determining the *Intention to Make a Gift* threshold.

Notice (Slide 4)

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.