

# TOP TIPS FOR ISSUING PROPER DONATION RECEIPTS



**Canadian Centre for  
Christian Charities**

*Supporting ministries in a complex world*



## Introduction

*How to issue accurate donation receipts that fulfill all the Canada Revenue Agency requirements produces the most questions from our members.*

Figuring out how to properly issue a receipt to a donor can be a headache, but it's critical that you do it correctly. It's your responsibility to comply with the Income Tax Act and an essential aspect of maintaining charitable status. Canada Revenue Agency (CRA) penalizes charities for issuing incomplete or incorrect receipts.

### THERE'S NO PRESCRIBED FORMAT

There is no official template for receipts, unlike other forms such as the T4 for payroll. Specific legal requirements must be met but the receipt format is at the charity's discretion. An "official receipt" is defined by [Part XXXV\(3500\) of the Income Tax Act Regulations](#), containing information as required by section 3501.

### NO RECEIPT NECESSARY BY LAW

There is no requirement in the Act for a charity to issue donation receipts within a certain timeframe or even to issue them at all. CRA recommends that charities issue receipts by February 28 of the year that follows the year in which the donation was made.<sup>1</sup>

### MISTAKES HAPPEN – YOU CAN REPLACE OFFICIAL DONATION RECEIPTS<sup>2</sup>

Your charity can issue replacement receipts but be sure to follow the Regulations when doing so:

- A replacement for a lost receipt must clearly identify that it is a replacement receipt and that it cancels the receipt that it is replacing
- The serial number of the lost receipt must be included on the receipt
- Retain a duplicate copy of the lost receipt, marked as cancelled
- If a receipt is spoiled, mark it as spoiled and retain the original and duplicate as part of the charity's records

Here are CCCC's top tips to help you produce better tax receipts that will make your donors and the CRA happy.

<sup>1</sup> "When should a charity issue a receipt?" (last modified 2 November 2018), online: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/when-should-a-charity-issue-a-receipt.html>.

<sup>2</sup> "Computer-generated official donation receipts" (last modified 22 September 2017), online: Government of Canada <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/correcting-replacing-official-donation-receipts.html>.

# 1 Issue receipts only for gifts

Charities can only issue receipts for gifts. A gift is a “voluntary transfer of property owned by a donor to a donee, in return for which no benefit or consideration flows to the donor.”<sup>1</sup> To meet CRA’s definition of a gift, the following four factors must apply:<sup>2</sup>

- 1.1 Voluntary:** The gift must be given willingly and not out of compulsion or obligation.
- 1.2 Transfer:** There must be a completed transfer of property to the charity. The transfer must result in a financial sacrifice to the donor, reducing the donor’s personal assets. A pledge or promise, for example, is not a gift and cannot be receipted because no transfer took place.
- 1.3 Property:** Cash gifts or gifts-in-kind qualify as property. Gifts-in-kind include such items as artwork, equipment, securities, and cultural or ecological property. Services or volunteer time are not considered property and, therefore, cannot be receipted.
- 1.4 No benefit or advantage:** An advantage (which can be property, service, or compensation in any way related to a gift) that flows to the donor should not be greater than 80% of the value of the gift.<sup>3</sup> The eligible amount of a gift for receipting purposes is the gift value less any advantage. **Please refer to our Knowledge Base for further guidance on split receipting.**<sup>4</sup>

## 2 Capture and retain donor information

Include the donor’s first name, last initial, address and either the cash donation amount or the fair market value (FMV) for non-cash donations. For non-cash gifts, understand CRA’s guidance on determining fair market value. Familiarize yourself with split-receipting if there is an advantage (benefit) to the donor. Include the advantage on the receipt and subtract it from the gift amount to determine the eligible gift amount. Consider the de minimus rule and the “intention to give” threshold when preparing split-receipts.

Charities must keep tax receipt records for a minimum of two years from the end of the calendar year in which the donations were made.<sup>5</sup> For 10-year gifts, charities are required to keep all records relating to the gift, including the donor’s directions, for as long as the charity is a registered charity and for two years after a charity’s registration is revoked.



### CCCC MEMBER EXAMPLE

Sandra donated to Charity ABC with a personal cheque. The charity enters Sandra’s first and last name, initial, address, and cheque value into its donation receipting software. As the charity has shifted to electronic receipts, Sandra’s email address is also recorded. The charity takes additional steps to record the cheque in its bank deposit and accounting software, which are not fully integrated with the donation receipting software. This ensures readiness for issuing a donation receipt to Sandra at year end and for reconciling donations between the receipting and accounting systems.

1 The Queen v Friedberg, 92 DTC 6031. See also “Income Tax Folio S7-F1-C1, Split-receipting and Deemed Fair Market Value” (last modified 9 October 2020), online: Government of Canada [www.cra-arc.gc.ca/tx/tchncl/ncmtx/fls/s7/f1/s7-f1-c1-eng.html](http://www.cra-arc.gc.ca/tx/tchncl/ncmtx/fls/s7/f1/s7-f1-c1-eng.html)

2 What is a gift? (last updated 11 November 2016), online: Government of Canada <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/what-a-gift.html>

3 Income Tax Act, RSC 1985, c 1 (5th Supp), s 248(30).

4 Canadian Centre for Christian Charities Knowledge Base: “An Overview of Split-Receipting”, online: (accessed on July 28, 2023) <https://www.cccc.org/kbm/Content/finance/split-receipting/4195332152-overview.htm?Highlight=split%20receipting>.

5 “Books and Records”, (last updated July 21, 2016). Online: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/books-records.html>. See also the CCCC’s Books and Records resource in the Knowledge Base, online: <https://www.cccc.org/kbm/Content/operations/books-records/lp.htm#microcontent1>

### 3 Determine date of gift

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Donation receipts must include the date or year of cash gifts received by the charity. Non-cash gift receipts require the specific date it was received. Year-end gifts often raise questions due to potential delays in mail delivery. In-person gifts given in January are recorded as received in the new year. The CRA allows flexibility for mailed donations postmarked in December but received in January, allowing the charity to date them based on the postmark. Consistent practices should be applied by charities in handling year-end gifts. Retain supporting evidence like postmarked envelopes.



#### CCCC MEMBER EXAMPLE

A donor mailed a donation to the charity's office on December 27, 2022, but it arrived on January 3, 2023. After the accounting department recorded the donation and prepared the deposit, it was deposited to the charity's bank account on January 4.

The charity's gift acceptance policy indicated that a mailed donation will be considered received on the postmark date. The donation is included on the donor's receipt for the prior year. The charity retains the postmarked envelope for their records.



#### CCCC MEMBER TESTIMONIAL

"I would like to express my sincere gratitude to the CCCC Member Support Team for their exceptional assistance. Their prompt and efficient support has been invaluable in ensuring a smooth and productive experience."

**Ziad Ailabouni, Directional Leader, Operations, OneChurch.to**

## 4 Include essential information

Case law affirms that technical compliance with receipting rules is necessary, and that failure to comply with the receipting rules is sufficient to render a donation receipt invalid.<sup>1</sup>

### 4.1 The Income Tax Act (ITA) Regulation 3501 outlines the must-have information for a receipt:

- a. Must state that the receipt is “an official receipt for income tax purposes”
- b. Charity’s name and Canadian address as recorded with CRA
- c. Charity’s CRA-assigned business number (BN) which serves as its registration number
- d. Serial number of the receipt
- e. Place or location receipt was issued (which is a different field on the receipt than the charity’s address)
- f. Day upon which the receipt was issued if it differs from day the charity received the donation
- g. Name and address of the donor, including, for an individual, his/her first name and initial
- h. Signature of an individual authorized by the charity to acknowledge donations
- i. CRA’s name and website “Canada Revenue Agency [canada.ca/charities-giving](https://canada.ca/charities-giving)”
- j. The information about the value of the gift and date the donation was received (see #4 and #5 below)

The diagram shows a sample receipt form with the following fields and callouts:

- Must state that the receipt is “an official receipt for income tax purposes”**: Points to the title of the receipt.
- charity’s CRA-assigned business number (BN) which serves as its registration #**: Points to the Charitable registration # field.
- Charity’s name and Canadian address as recorded with CRA**: Points to the Charity or qualified donee name and Address fields.
- Serial number of receipt**: Points to the Receipt # field.
- The place or location receipt was issued (which is a different field on the receipt than the charity’s address)**: Points to the Location issued field.
- Donated by (First and last name, and initial)**: Points to the Donated by field.
- Address**: Points to the Address field.
- Donation received (Date or year)**: Points to the Donation received field.
- Total \$ received by charity**: Points to the Total \$ received by charity field (Line A).
- Value of advantage (Cash/Fair market value of property)**: Points to the Value of advantage field (Line B).
- Description of advantage**: Points to the Description of advantage field.
- Authorized signature**: Points to the Authorized signature field.
- Canada Revenue Agency - [canada.ca/charities-giving](https://canada.ca/charities-giving)**: Points to the CRA name and website.
- Name and address of the donor, including, for an individual, his/her first name and initial**: Points to the Donated by field.
- Information about the value of the gift and date the donation was received (see tip 4 & 5)**: Points to the Donation received field.
- Signature of an individual authorized by the charity to acknowledge donations**: Points to the Authorized signature field.
- The day on which the receipt was issued, if it differs from day the charity received the donation**: Points to the Donation received field.

<sup>1</sup> Hossein Shahbazi v Her Majesty the Queen, 2016 TCC 129.



## 5 Differentiate cash and non-cash donations

**CASH DONATIONS** > State the receipt date and issue one receipt for all cash donations received in the calendar year, indicating the year the gifts were received.

**NON-CASH DONATIONS** > State the receipt date, provide a brief description of the property, and include the appraiser's name and address if an appraisal was done. Each non-cash gift requires a separate receipt.



### CCCC MEMBER EXAMPLE

Mike donates a couch and table to a local charity. He delivers the couch on January 15 and the table on January 18. The charity issues separate non-cash gift receipts to Mike for each item, stating the respective receipt dates. The receipts include descriptions of the donated items but do not include the appraiser's information since no formal appraisal was conducted.

## 6 Calculate donation amount

The receipt for the donor who received no advantage includes:

- > **The amount of the cash gift or the fair market value (FMV) of a non cash gift at the time it is made.**
- > **The eligible amount of the gift**

If an advantage is received by the donor, the receipt must also include an additional field indicating the amount of the donor's advantage connected to making the gift. The eligible amount is the difference between the amount of the gift and the amount of the advantage.

See tip #7 to learn how to determine the fair market value of a non-cash gift.



### CCCC MEMBER EXAMPLE

Sally attends a fundraising dinner hosted by a charity she is interested in supporting. The dinner has a \$100 ticket price. The advantages received by Sally include:

- A meal (FMV of \$20)
- Entertainment (FMV of \$10)
- Giveaways (FMV of \$5 calculated as \$500 of giveaways divided by 100 people in attendance)

The total value of the advantages is \$35. The charity reviews the rules about the de minimus rule and intention to give threshold and determines the gift is eligible for a split-receipt. The receipt indicates the amount of the gift (\$100), the amount of the advantages (\$35), and the eligible amount of the gift (\$65).

## 7 Handle gifts-in-kind carefully

Gifts-in-kind are non-cash gifts. They can be property or securities (stocks, bonds, mutual fund units, etc.)

Determine the fair market value of gifts in kind and ensure accurate valuation. The value of a gift in kind is equal to the lesser of the fair market value of the property or the tax cost of the property on the date received by the charity. Income tax regulations require gifts-in-kind receipts to include a brief description of the property and the name and address of the property's appraiser (if applicable).

It is prudent to issue a separate official receipt for distinct gifts in kind from a single donor.



### CCCC MEMBER EXAMPLE

Lloyd donated a couch and table, both in excellent condition, which were purchased by him less than six months ago for less than \$1,000 each. As per the charity's policy, a third-party appraisal is not required for items valued under \$1,000. Instead, a knowledgeable charity employee assessed the items. After researching local market prices for similar used items in a similar condition, the employee determined the couch's fair market value to be \$800 and the table's value to be \$600. These values are recorded on the respective receipts along with descriptions of each item.



### CCCC MEMBER TESTIMONIAL

"I so appreciate the support we receive from CCCC. You really do think of everything, and I thank God for the valuable and essential service you provide to us."

**Ruth Semple, Bookkeeper, Calvary Chapel Regina**

## 8 Treat donations from Quebec differently

A person subject to income tax in Quebec must file a separate return with that province. Charities should issue two official income tax receipts to all donors known to be Quebec residents when the receipt is prepared. The receipt issued for Quebec income tax purposes should state, "Duplicate for Quebec Income Tax Purposes" and include the charity's Quebec registration number. This enables the donor to submit an official receipt for Quebec income tax purposes if needed.

## 9 Don't issue receipts to other charities

Charities are not to issue official receipts for money (grants or gifts) received from other registered charities. Since registered charities do not pay income tax, a donation receipt has no value to a charity.

## 10 Only issue receipts to the true donor

Sometimes the person giving a donation asks the charity to issue the receipt in the name of a third person. The rule is simple: the true donor gets the receipt.<sup>1</sup> A person may be a trustee or agent for the owner—as when a company issues a cheque to a registered charity of the funds it has collected from its employees. While it is the company’s cheque, it is the employees’ money. Therefore, the receipt must go to the employees in accordance with the funds they gave.

The same is true of joint account owners. When money is given to a charity from an account held jointly by spouses, the official donation receipt may be in either or both names, regardless of how the cheque is endorsed. Charities should be aware that there are exceptions to this general rule.

Whenever a charity is in doubt as to who the true donor is, CRA requires the charity to “request a written declaration as to the identity of the true donor from the party providing the donation.”<sup>2</sup> Not knowing the identity of the donor is rarely an issue. The most common problem is when someone tries to cajole a charity into giving a third person a charitable receipt for funds they do not own. Remember: the one who owns the money gets the receipt.

## 11 Consider electronic receipts<sup>3</sup>

Charities are permitted to issue receipts electronically and through email. Electronic receipts must be secured against tampering and unauthorized access. Printed receipts must have all the required content and be in the same format as the electronic record of the issuing charity. Charities are permitted to use a computer to apply a signature and affix the serial number to the receipt, provided that the receipts are legible and the charity has safeguards in place.

## 12 Never lend your registration number<sup>4</sup>

Charities are not permitted to issue donation receipts on behalf of other organizations. They are also not permitted to lend their registration number to organizations to provide receipts. A charity is responsible for all receipts issued under its name and registration number and must be able to account for all donations through its T3010 and its books and records.

## 13 Use proper software

Charities must ensure their software used for preparing and issuing donation receipts has the necessary controls and functions to prevent unapproved modification or falsification of receipts as well as the issuing of receipts that do not include all the required information. Many donation software solutions are not Canadian. Ensure the solution used has made the necessary adjustments to fulfill Canadian receipting requirements.

1 “Issuing a receipt in a name other than the donor’s” (21 February 1994), online: Government of Canada [www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cpc/cpc-010-eng.html](https://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cpc/cpc-010-eng.html).

2 Ibid.

3 “Computer-generated official donation receipts” (last modified June 1, 2011), online: Government of Canada: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/computer-generated-receipts.html>.

4 “Registration number” (last updated February 6, 2020), online: Government of Canada <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/registration-number.html>.





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### **CCCC MEMBER TESTIMONIAL**

"The ease I feel knowing that I have the Member Support team from CCCC just an email or call away with any doubts or questions I may have - it is truly indescribable. It is great to know that even as an HR Associate, you are not alone, and you have the access to other brilliant minds to help you along the way."

**Andressa Falcao, HR Coordinator**  
**Shareword Global**



### **CCCC MEMBER TESTIMONIAL**

"Interacting with leaders from other Christian charities, sharing wisdom, and offering prayer support over CCCC's *The Green* has been a tremendous encouragement and lifeline for navigating ministry logistics in 21st century Canada."

**Rev. Nikolas Amodeo, Lead Pastor**  
**Dryden Full Gospel Church**

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