



3.0 What is a gift?

(excerpt from CRA website)

For a qualified donee (such as a registered charity) to determine whether a gift has been made, it must consider the following:

Was the gift made voluntarily?

The donation must be given freely. If a donation is made as a result of a contractual or other obligation (for example, a court order), it is not eligible for a receipt.

Was there a transfer of property?

- Only gifts of property are eligible for official donation receipts (for example, cash, computers, equipment).
- Gifts of service, and promises of service, are not gifts of property, and are not eligible for an official donation receipt.
- Gift certificates donated by the issuer of the certificate are not considered property and are only eligible for official donation receipts under specific circumstances. See guidance CG-007). However, a gift certificate purchased and then donated, does constitute property, and may be receipted. (See diocese's separate info sheet)
- Pledges do not constitute a transfer of property until they are fulfilled and, as such, are not eligible for an official donation receipt.

Did the donor receive an advantage?

When a donor receives an advantage or consideration for a donation, part or all of the donation may no longer qualify as a gift. See Split receipting for more information on advantages.

Examples of advantages might include:

- a ticket to an event;
- use of property; or
- a dinner and/or performance at a fundraising event.

Was the gift directed to a specific person, family, or other non-qualified donee?

A donation subject to a general direction from the donor that the gift be used in a particular program operated by the qualified donee is acceptable, provided that no benefit accrues to the donor or anyone not at arm's length to the donor. Donors cannot choose the specific beneficiaries of their donations but can still give to a particular program once the

charity has identified a beneficiary. The qualified donee must be able to reallocate the donated funds within the program as it deems appropriate. If the donor retains too much control, the donation will no longer be considered a gift at law and an official donation receipt cannot be issued.

What types of transactions generally do not qualify as gifts?

Transactions that do not qualify as gifts include:

- a court ordered transfer of property to a qualified donee;
- the payment of a basic fee for admission to an event or program;
- the payment of membership fees that convey the right to attend events, receive literature, receive services, or be eligible for entitlements of any material value that exceed 80% of the value of the payment;
- a payment for a lottery ticket or other chance to win a prize;
- the purchase of goods or services from a charity;
- a donation for which the fair market value of the advantage or consideration provided to the donor exceeds 80% of the value of the donation;
- a gift in kind for which the fair market value cannot be determined;
- donations provided in exchange for advertising/sponsorship;
- gifts of services (for example, donated time, labour);
- gift certificates donated by the issuer (may qualify under specific circumstances as indicated in guidance CG-007);
- pledges;
- loans of property;
- use of a timeshare; and
- the lease of premises.

References

- ITNEWS-26, Income Tax - Technical News No. 26
- Summary Policy CSP-G01, Gift
- Summary Policy CSP-G03, Anonymous
- Summary Policy CSP-G05, Directed