

# GST for Not For Profit Organizations and Registered Charities

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**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

# Overview of topics

- Overview of GST rules for NPO's and Charities
- Simplified Accounting Method for Charities
- Quick Method for NPO's
- CCRA assessing practices and issues
  - Voluntary disclosures
  - Audit and Verification
- Overview of new Split Receipting rules



# GST Basics – NPO's & Charities

- Public Service Bodies, include –
  - Not for profits (“NPO’s”).
  - Registered charities.
  - Municipalities, hospitals, public colleges, universities, etc.
- Typically provide public goods / services
  - Not necessarily commercial in nature.
  - Typically not with profit motive.
  - Special classification of transactions attract special treatment for GST purposes.



# GST Basics – NPO's & Charities

- NPO:
  - Entity that is organized and operated for reasons other than for profit.
  - No part of the income of the entity can be payable to a member.
  - An individual, estate, trust, charity, municipality or government *cannot* be a non-profit organization.
- Charity
  - Defined to be a registered charity or registered Canadian amateur athletic association pursuant to the Income Tax Act.



# GST Basics – NPO's & Charities

- Taxable supplies: supplies made in the course of a commercial activity.
- Exempt supplies: supplies that are specifically exempted from GST by legislation.
- NPO's and Charities may make a combination of taxable and exempt supplies.
- NPO's and Charities pay GST on goods and services consumed, but not always entitled to fully recover GST paid on purchases.

# GST Registration – NPO's & Charities

- Must register when tax collected on taxable supplies exceeds small supplier threshold.
- Small Suppliers
  - Do not have to register, charge or collect GST on their taxable supplies.
  - Threshold = \$50,000 of taxable supplies made in the previous four calendar quarters.
  - Once SMT exceeded, required to register for GST purposes.
  - Registration applies for all subsequent periods, unless supplies < \$50,000 and registration revoked.



# GST Registration – Alternative for Charities

- Small Supplier Threshold (SMT) for Charities

(1) Gross revenue test:

Revenue from all sources < \$250,000.

- Includes sales, memberships, grants and donations (which are exempt supplies)
- Test applies for 1<sup>st</sup> fiscal year or preceding two fiscal years.

*or*

(2) Taxable supplies < \$50,000.

- Either / or test: taxable supplies may exceed \$50,000 SMT, but may elect not to register if gross revenue < \$250,000.



# GST Registration – Voluntary Registration

- NPO's and charities may *voluntarily* register for GST purposes.
  - Small supplier based on \$50,000 or gross revenue test
  - NPO's may be able to claim ITC's for GST paid on expenses incurred to make taxable supplies.



# Separate Division Election – NPO's and Charities

- Public service bodies may apply to have separate small supplier divisions.
  - Permits increased access to “small supplier” status.
  - Each division treated as it separate person.
  - Power to approve divisions is discretionary: CCRA may not approve application, even where statutory requirements are met.
  - CCRA may revoke (in writing) previously granted permission.

# Separate Division Election – NPO's and Charities

- General requirements
  - Taxable supplies of \$50,000 or less over past 4 consecutive calendar quarters.
  - Taxable supplies < \$50,000 in current calendar quarter.
  - Each division can be separately identified by location or nature of activities.
  - Must have separate accounting records.
    - An accounting sub-ledger does not constitute separate general ledger.
  - Often applies to geographically separated divisions.
- May also elect to file separate returns for each division.



# GST Charity Rules - I

- Supplies by charities
  - All supplies generally exempt, unless excluded from exemption per Schedule V.1 of ETA.
  - Schedule V.I and ETA 225.1 effective Jan1/97.
  - 21 general exclusions to the general exemptions.
  - ETA Schedule V-V.I-(1)(a)-(m), (2) – (6)
  - Donations: not taxable since not a “supply” for GST purposes.

# GST Charity Rules - II

- Notable Exempt Supplies
  - Most services.
  - Sponsorships (Different section: more like zero-rated supplies).
  - Supplies of used or donated goods.
  - Short-term residential accommodation, less than one month.
  - Fundraising events (dinner, ball, concert, show or similar event) tickets, where an “official donation receipt” may be issued for part of the consideration.
  - Non-recurring fundraising, where supplies of personal property or services (other than regular or continuous basis).
  - Parking space rentals.
  - Facility rentals (halls for weddings, etc).
  - Catering services for private functions (weddings receptions).

# GST Charity Rules - III

- Notable Exempt Supplies
  - Meals on wheels to seniors, under-privileged, or individuals with disabilities at the place of residence.
  - Supplies for nil consideration (requires 90% or more of *that particular* supply to be for nil consideration.)
  - Supplies for nominal consideration, where charge does not exceed direct cost to charity of the supply.
  - Relief of poverty or distress: food, beverages or short-term accommodation of individuals.
  - Volunteer-run bingo or casino *admission*.
  - Some supplies of real property, including a parking space rental.

# GST Charity Rules - IV

- Gambling Events
  - No GST on
    - Sales of lottery, break-open or raffle tickets, unless provincial lottery tickets.
    - Tax included in the price of inter/provincial lottery tickets.
    - Bingo game and casino nights are exempt if
      - Volunteers run the event and take the bets
      - Event is not held in a commercial hall or temporary structure used *primarily* for gambling activities.

# GST Charity Rules - V

- Fundraising Events
  - Key is “non-recurring”
  - Exempt Activities
    - Chocolates / Greeting cards sold during the Holiday Season.
    - Chocolate bars sold during an 8-week fundraising drive.
  - Taxable Activities
    - Selling goods or services regularly or continuously throughout the year or a significant part of the year.
    - Clients are entitled to receive goods/services regularly or continuously throughout the year or for a significant part of the year.

# GST Charity Rules – VII

- Recreational Programs
    - Fees are exempt if:
      - Primarily for children 14 and under
        - Except where overnight supervision provided.
- or*
- Intended for the underprivileged or individuals with disabilities

# GST Charity Rules – VIII

- Memberships are exempt, except where the member receives:
  - Free or reduced admission to a place of amusement.
  - Use of recreational or athletic facilities at place of amusement.
  - Right to participate in a recreational or athletic activity at a place of amusement.
    - Except if primarily for children age 14 or under and no overnight supervision.
    - Except if for intended for underprivileged or disabled individuals.

# GST Charity Rules - VI

- Notable exclusions (ie: taxable supplies when made by charities)
  - Zero-rated supplies (do not lose 0%- taxable status because supplied by charity).
  - Supplies of non-capital property used in a commercial activity: ie: inventory resold by charity.
  - Supplies of tangible property, except used and donated goods.
  - Admissions to place of amusement.
  - Memberships re: recreational activities and places of amusement.

# GST Charity Rules - IX

- Notable exclusions (ie: taxable supplies when made by charities)
  - Services of performing artists where re-supplied as a taxable service.
  - Right to prescribed game of chance.
  - Certain supplies of real property.
  - Certain employment training services for persons with disabilities.

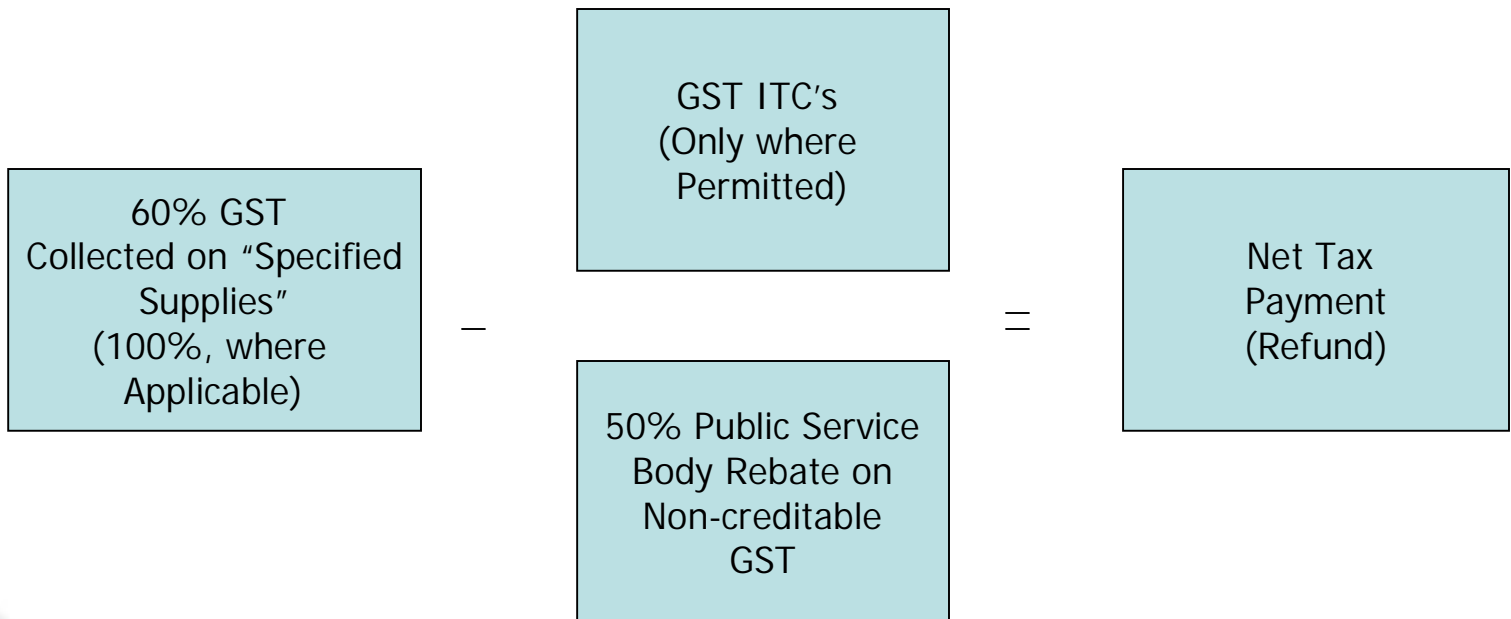
# Net Tax for Charities - I

- Charities must follow the Streamlined Accounting method per ETA s.225.1
- May only elect out of Streamlined Accounting Method if:
  - Charity makes supplies outside of Canada or zero-rated supplies in ordinary course of business
  - OR
  - 90% or more of supplies are taxable supplies.

# Net Tax for Charities - II

- Streamlined Accounting Method for Charities
- Remit 60% of GST collected on “specified supplies”
- “Specified Supplies” = taxable supplies other than
  - Supplies of real property and capital property.
  - Certain deemed supplies
  - Tax collected as an agent.

# Net Tax for Charities - III



# Net Tax for Charities - IV

- Charity must remit 100% tax collected on the following:
  - 100% GST collected on supplies of real property and capital property used primarily in commercial activities, including deemed supplies of real and capital property.
  - 100% GST on property or services appropriated for the benefit of members (ie: expropriation of inventory/assets)
  - 100% GST on taxable employee benefits (eg: automobile benefits)
  - 100% GST collected as agent for another person.
  - 100% GST on recovery of bad debts re: capital and real property.
  - 100% of GST adjustments for previous reporting periods re: capital and real property.

# Net Tax for Charities - V

- No ITC's for GST paid (must claim 50% Public Service Body Rebate).
  - Exceptions
    - 100% GST paid on capital and real property used primarily in commercial activities, including deemed supplies of capital and real property.
    - 100% GST paid on imported goods sold by auctioneer as agent for charity, where agent must remit 100% of GST collected.
    - 100% GST paid for goods imported on behalf of a non-resident for use exclusively in the charity's commercial activities or for sale, when the charity is acting as an agent for another person.
    - 100% GST tax adjustments on bad debts re: sale of capital and real property.
    - 60% of GST adjustments re: returned inventory items.

# Net Tax for Charities - VI

- 50% Public Service Body Rebate
  - Applies to GST paid on eligible expenses (ie: GST paid, not otherwise recovered as an ITC)
  - GST on certain expenditures excluded (GST on membership dues in dining, recreational or sporting clubs, inputs to long term residential accommodation if not for seniors, youth or underprivileged.)
- Claim period – not more than 2 per year, unless charity registered- then same as filing period for charity's GST return.
- Time limit: four years from the end of the claim period.
- GST registration # not required to claim rebate.
- Single rebate for whole charity, or by division of charity elects.

# GST NPO Rules - I

- NPO's must remit 100% of GST charged on all taxable supplies.
- Entitled to claim ITC's for GST paid on purchases relating to taxable supplies.
  - Direct inputs.
  - Indirect inputs (eg: overhead)
    - Overhead ITC based on prorated use of inputs used in the course of making taxable supplies.

# GST NPO Rules - II

- Notable Exempt Supplies
  - Sponsorships (Different section: more like zero-rated supplies).
  - Volunteer sales for nominal consideration.
    - Non-recurring, volunteer sales, less than \$5
  - Admission to volunteer run bingo or casinos.
  - Sales of lottery, break-open or raffle tickets, unless provincial lottery tickets.
  - Cheap admissions - \$1.
  - Supplies for nil consideration (requires 90% or more of *that particular* supply to be for nil consideration.)
  - Supplies for nominal consideration, where charge does not exceed direct cost to NPO of the supply.

# GST NPO Rules - III

- Notable Exempt Supplies
  - Amateur events.
  - Recreational services for children, disabled or underprivileged individuals.
  - Recreational camp for children, disabled or underprivileged individuals.
  - Relief of poverty or distress: food, beverages or short-term accommodation of individuals.
  - Meals on wheels to seniors, under-privileged, or individuals with disabilities at the place of residence.

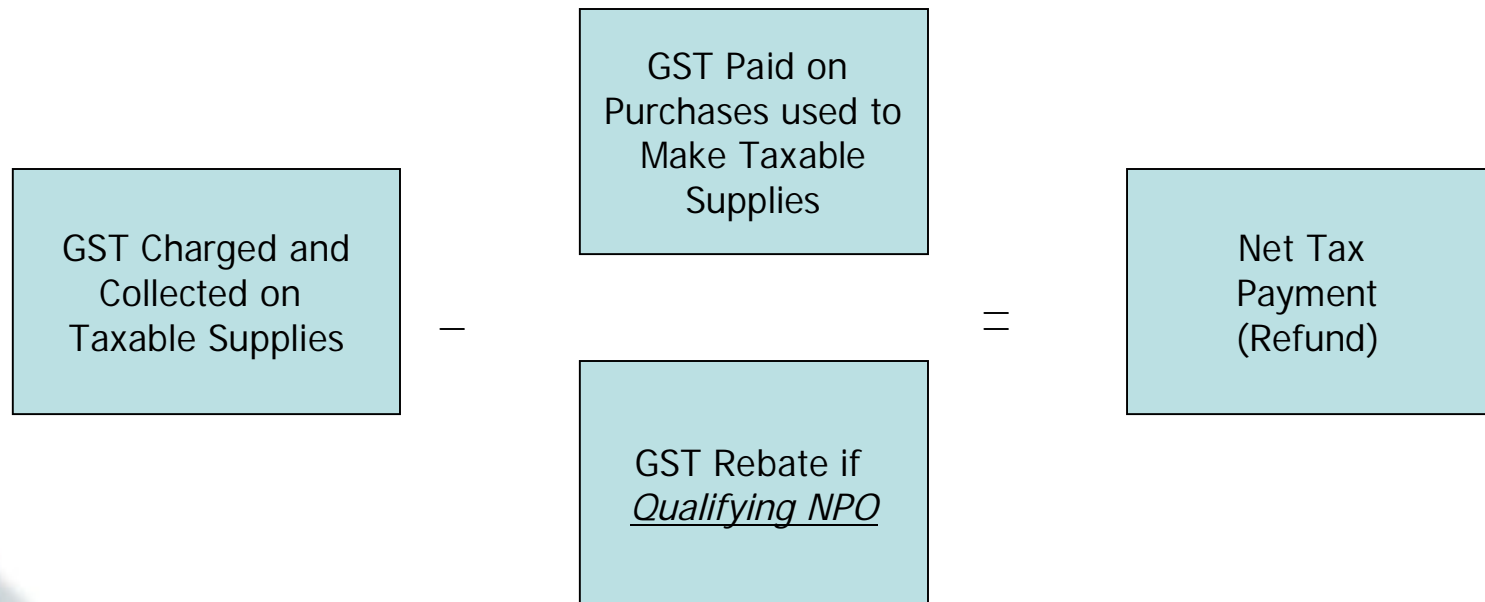
# GST NPO Rules - IV

- Notable Exempt Supplies
  - Most memberships if member only entitled to receive:
    - Indirect benefit available to all members collectively.
    - Right to receive services re: settling member disputes.
    - Right to vote or participate at meetings.
    - Right to receive or acquire goods/services for an additional fee equal to the FMV.
    - Right to receive a discount for goods/services sold by organization when total value of discount is insignificant ( $x < 30\%$ ) of membership fee.
    - Right to receive periodic newsletters, etc. re: organization's activities.
  - Professional memberships.
  - Political party memberships and fundraising tickets.
  - Lending libraries.
  - Some supplies of real property, but not including a parking space rental or short-term accommodations.

# GST NPO Rules - V

- Notable Exclusions (ie: taxable supplies when made by an NPO)
  - Certain real property supplies.
  - Memberships to recreational, dining or sporting facilities.
  - Banquet facilities.
  - Restaurant meals.
  - Theatre subscriptions.
  - Registration fees for conferences, educational seminars and trade shows.
  - Exempt memberships that NPO elects to treat as being taxable supplies.

# GST Basics – NPO Rules



# Net Tax for NPO's - I

- NPO's must charge, collect and remit GST on taxable supplies
- NPO's may claim ITC's for GST paid on inputs for taxable activities
- NPO *may not* be entitled to recover any GST paid on inputs for exempt activities.
- Only "Qualifying NPO" can claim 50% public service body rebate for all other GST not claimed as an ITC.

# Net Tax for NPO's - II

- Qualifying NPO
  - Government funding is at least 40% of total revenue
    - Fiscal year or for the 2 previous fiscal years.
    - Includes funding from all levels of government – federal, provincial, and some Crown Corporations.
    - See CCRA Guide RC4034.
  - 25% adjustment for certain receipts to take into account the NPO's cost of fundraising.
    - Applies to receipts from sponsorships, taxable, zero-rated and exempt sales, net gambling proceeds, etc.
  - Where % Government Funding is at least 40%, then “qualifying NPO”.

# Net Tax for NPO's - III

- 50% Public Service Body rebate for Qualifying NPO's.
  - 50% GST paid on eligible purchases.
  - Generally speaking, GST paid not otherwise recovered via ITC.
  - Restrictions re: certain expenditures.
    - Examples:
      - GST paid on memberships in dining, recreational or sports facilities.
      - Inputs to long term residential accommodation unless for seniors, youths, or underprivileged.

# Net Tax for NPO's – Special Quick Method for Qualifying NPO's

- GST collected on all taxable supplies, less than full amount remitted.
- Reduces paperwork, since no ITC's claimed.
- Various remittance rates, depending on whether or not sales made at a location inside or outside a participating province. (NS, NB, NF)
  - 10% - sales made in a participating province from a location in a participating province. (Eg: NB from NB)
  - 5% - sales made in a non-participating province from a location in a participating province. (Eg: BC from NB)
  - 3.2% - sales made in a non-participating province from a location in a non-participating province. (Eg: BC from BC)
  - 11.6% - sales made in a participating from a location in a non-participating province. (Eg: NS from BC)
- Qualifying NPO must elect to use.
- Election applies for at least one year.



## Net Tax for NPO's – “Quick Method” for NPO's that are not Qualifying NPO's

- Applies where total sales are \$200,000 or less in last four consecutive quarters.
- Certain business activities don't qualify.
- No claim for ITC's, except in certain situations (real property purchases, computer equipment, etc.)
- Remittance rates determined by the nature of supply (eg: service vs. resale of goods).
- 2.5%, 9.3%, 0% and 5%, depending on province of sale and location of sale.
- Charity cannot use either of the Quick or Special Quick methods – must use the Streamlined Accounting Method.



# GST Charity Rules - Example

	<u>Amount</u>	<u>%</u>	<u>Collected</u>
<b>Cash Inflows</b>			
Donations	50,000	20%	Nil
Taxable fundraising -	100,000	40%	7,000
Exempt supplies	100,000	40%	Nil
Total	<u>250,000</u>		<u>7,000</u>
<b>Disbursements</b>			<b><u>GST Paid</u></b>
Fundraising supplies -	53,500		3,500
Computer equipment	5,350		350
Overhead	53,500		3,500
Wages	50,000		-
Other disbursements (	80,000		-
	<u>242,350</u>		<u>7,350</u>

# GST Charity Rules - Example

<b><u>Computation of Net Tax For Registered Charity</u></b>	<b><u>As Filed</u></b>	<b><u>Streamlined Method (Req)</u></b>	<b><u>Difference</u></b>
<b>GST Remitted</b>	7,000	4,200	2,800
<b>GST Paid</b>			
Fundraising supplies - T-shirts	3,500	-	3,500
Computer equipment - pos system	350	350	-
Overhead - 40% GST claimed as ITC	1,400	-	1,400
<b>GST claimed as ITC</b>	(5,250)	(350)	
<b>Net tax per GST return</b>	1,750	3,850	
<b>50% Public Service Body Rebate</b>			
50% x (\$7,350 - \$350)		(3,500)	(3,500)
<b>Revised net tax</b>	1,750	350	1,400

# GST Charity Rules - Example

## Decrease in net tax due to

40% of GST collected, not remittable	2,800
Reduction in ITC allowed: $\$5,350 - \$350$	-4,900
PSB re: all other items $(\$7,350 - \$350 - \$1,400) \times 50\%$	2,450
PSB on 60% of previously unclaimed GST on overhead: $(60\% \times \$3,500 \times 50\%)$	<u>1,050</u>
	<u><u>1,400</u></u>



# GST – Voluntary Disclosures I

- CCRA Voluntary Disclosure Program
  - Requirements
    - Voluntary (initiated by taxpayer)
    - Complete (all known amounts not previously reported)
  - NPO's and charities should use to:
  - Disclose uncollected tax/over claimed ITC's.
    - Examples -
      - GST not collected on taxable supplies, previously treated as exempt supplies.
      - Over claimed ITC's, where charity not following streamlined accounting rules and claiming full ITC no 50% PSB rebate.

## GST – Voluntary Disclosures II

- Taxpayer required to pay all amounts plus estimate of arrears interest at time of disclosure.
- 6% penalty not imposed, so long as disclosure “voluntary”
- Disclosure arising out of any verification action does not qualify.
- Disclosure to include sufficient detail to enable verification by the CCRA.



# GST – Audit Issues II

- CCRA GST Audit and Verification Function
  - Audit to establish correct amount of tax collected and remitted.
    - ITC's claimed where appropriate.
    - Rebates claimed where appropriate.
  - Proper books and records must be maintained to support collection tax, claims for ITC's / rebates.
  - Four year limitation period, except where misrepresentation, fraud, willful neglect, etc.
  - Must audit to “net tax”.



# GST – Audit Issues III

- Retention of Records
  - 6 years after the end of the year to which they relate (also applies to electronic records).
  - May request permission for early disposal, terms acceptable to Minister.
  - Documentation requirements:
    - Collection of tax = statutory liability.
    - Claiming of rebates/ITC's = discretionary.
    - Must retain adequate documentation for both.

# GST – Audit Issues IV

- Audit of GST Records
  - Broad inspection powers: “all reasonable times for any purpose related to the administration and enforcement of this Part, inspect, audit, examine the documents, property or processes of a person that may be relevant in determining the obligations of any person .... or rebate or refund...”
  - Enter any premises or place where any business or commercial activity is carried on, property kept, or anything done in connection with any business or commercial activity or any documents are or should be kept.
  - Require the owner or manager ... to give all reasonable assistance and to answer all proper questions relating to the administration or enforcement of this Part.
  - Require owner or manager attend at the premises with the authorized person (auditor).
  - Auditor may formally demand information be supplied.

# GST – Audit Issues GST – V

- Planning for an Audit
  - Once notified, consider professional assistance
    - Notify incumbent accountants/auditors.
  - Contact CCRA auditor and determine scope of audit
    - Areas of interest, taxation years, timing & duration of visit.
    - Ask for copy of audit plan to assist in assembling information.
  - Review tax returns filed for relevant audit years
    - Amended returns? Why?.
    - Review for issues – consider exposure.
  - Gather back up documentation
    - Sales invoices – re: collection of tax.
    - Purchase invoices – re: claiming of ITC's and rebates.
    - Review with professional advisor.

# GST – Audit Issues GST – VI

- Managing Due Process
  - Get it in writing.
    - All queries / requests for information should be in writing.
    - All responses should be in writing.
    - Keep master copy of all information requested and supplied.
  - Plan your responses.
    - Inform auditor when to expect responses to queries / additional information.
    - Advise if additional time is required.
  - Be professional and courteous.
  - Designate qualified person to be key auditor contact.
    - VP Finance / CFO / Professional Accountant.
    - Strict no-contact policy with general staff.



# GST – Audit Issues GST – VII

- Communications
  - Review and discuss auditor proposals
    - Get professional advisor involved in preparing submissions.
    - Have proposals reviewed by professional advisor.
    - Ensure that facts clearly understood.
    - Understand auditor's position.
    - Submit additional information as necessary.

# GST – Audit Issues GST – VII

- Reviewing the Proposal Letter
  - CCRA required to set out specific facts, legislative (ETA) provisions and reasoning for proposal.
  - Due process requires complete disclosure to taxpayer's satisfaction – get it in writing.
  - Meet with auditor to discuss in person.
  - Problems arise when CCRA not willing to clarify proposed assessing position.
    - May be due to weak reasoning/time pressures/file closure.

# GST – Audit Issues GST – VII

- Responding to Proposal Letter
  - Get your professional advisor to draft proposal letter.
    - Deal with proposal on issue by issue basis.
    - Clearly state “CCRA position”.
    - Clearly state “Taxpayer position”.
    - Clarify facts, introduce additional facts.
    - Detailed reasoning.
    - Cite legislation, court decisions, CCRA technical interpretations.
  - Request written response within reasonable time.

# GST – Audit Issues GST – IX

- Unresolved issues at Audit level.
  - Prepare to move to Appeals process.
  - Get professional advisor / legal counsel to draft Notice of Objection.
  - Due date: 90-days from date of mailing of Notice of Assessment.



# NPO's and Charities Information

## – Other References

- CCRA Guide RC 4058 – Quick Method of Accounting for GST/HST
- CCRA Guide RC 4081 – GST/HST Information for Non-Profit Organizations
- CCRA Guide RC4082 – GST/HST Information for Charities
- CCRA GST Guide RC 4034 – GST/HST Public Service Bodies' Rebate
- CCRA GST Memorandum – 400-1-2: Documentary Requirements
- CCRA GST Memorandum – 500-3-1: Tax Audits
- CCRA GST Memorandum – 500-3-4: Voluntary Disclosures
- CCRA IT Bulletin – IT 496R – Non-Profit Organizations
- CCRA IT Bulletin – IT 110R3 – Gifts and Official Donation Receipts



# New Split Receipting Rules - I

- Effective December 20, 2002
- Meaning of “Eligible Gift” and “Advantage”
- Key Elements
  - (A) Voluntary transfer of property with clearly ascertainable value.
  - (B) Advantage to donor must be clearly identified and value ascertainable.
  - Clear donative intent.
    - Advantage not to exceed 80% of donation value.
  - Eligible amount for donation receipt = (A) – (B).



# New Split Receipting Rules – II

- No Advantage where:
  - Advantage received by donor
    - $x < \$75$ , and
    - $X < 10\%$  value of property transferred to the charity
  - De minimus rule
  - Where value of complementary items is less than de minimus threshold, no advantage to donor.
  - Where value of complementary items exceed de minimus threshold, value = advantage to donor
  - Eligible amount reduced by advantage.



# New Split Receipting Rules - III

- Fundraising Events or Activities
  - Celebrity attendance or right to participate at an auction held at fundraising dinners
    - Not advantage per se.
    - Incremental amounts paid to attend/play with celebrity would not be viewed as part of gift.
    - Complementary gifts/door prizes considered gifts, unless value per ticket sold is
      - $x < \$75$ , and,
      - $X < 10\%$  of ticket price.



# New Split Receipting Rules - IV

- Fundraising Dinners
  - Value of comparable meal at comparable facility must be ascertained.
    - Menu price = benchmark, if available.
    - Group rates acceptable.
- Example
  - Ticket price of charity fundraising dinner: \$200 per ticket; 500 tickets sold.
  - Comparable meal (incl. taxes, grat.) \$100
  - Retail value of door prizes \$3,500 (\$7/ticket avg.)
  - Attendees receive misc. complementary items of \$10.



# New Split Receipting Rules - V

- Determination of Eligible Amount
  - Ticket price \$200
  - Less: meal (100)
  - Eligible Amount \$100
- Why?
  - Value of door prizes = \$17/ticket
  - Advantage de minimus thresholds:
    - 10% x \$200 = \$20, and
    - \$75
  - Actual amount: \$17 – less than thresholds
  - Complementary items not considered an advantage
  - Eligible Gift = \$100.

# New Split Receipting Rules - VI

- Charity Auctions
  - Right to participate in auction not advantage, per se.
  - No eligible amount for items acquired at auction, because the bid determines value.
  - However, if value of item is clearly ascertainable prior to auction (eg: retail price posted in advance)
    - Eligible Amount = bid price – posted value (FMV)
  - Donative intent required: ie: posted value does not exceed 80% of accepted bid price.



# New Split Receipting Rules - VII

- Charity Auction Example
  - Corporate retailer donates bike to charity for auction.
    - Retail value of bike (posted at auction) = \$400
    - Successful bid price = \$500.
  - Successful bidder: eligible amount = \$100
  - Retailer: eligible amount = \$400
    - Retailer revenue = \$400
    - Revenue > Cost of goods sold = profit
    - Taxable income may be offset by deduction for \$400 receipted donation.



# New Split Receipting Rules – VIII

- Lotteries
  - No eligible amount – Why?
    - May be element of donative intent.
    - Participants primarily influenced by chance to win significant prizes offered.
    - Amount of advantage cannot reasonably be quantified.
    - No part of cost of a lottery ticket is an eligible amount that can be receipted.



# New Split Receipting Rules – IX

- Concerts, Shows & Sporting Events
  - No eligible amount, unless
    - Clear evidence that ticket price exceeds usual ticket price.
    - Where advantage is less than 80% of ticket price, eligible amount = difference;
    - Otherwise, no eligible amount.
    - No donation receipt can be issued.



# New Split Receipting Rules – X

- Concert Ticket Example
  - Charity benefit concert: tickets \$200
  - Participants receive t-shirt with performer logo/image and CD.
  - Retail price: Shirt -\$20; CD - \$15
  - Regular concert tour ticket price: \$100
- Eligible Amount
  - Actual ticket price \$200
  - Less: comparable non-charity ticket price (100)
  - Less: complementary items (value exceeds 10%) ( 35)
  - Advantage (135) (135)
  - Eligible amount \$ 65



# New Split Receipting Rules – XI

- Golf Tournaments
  - Components to consider in determining amount of advantage.
    - Green fees
      - amount ordinarily charged to non-members at time of event.
      - No amount allocated to members where not required to pay green fees.
    - Cart rental – regular cost
    - Meals – price charged when purchased separately at course.
    - Complementary Items – retail price
    - Door prizes: retail value, aggregated and allocated to all tickets.
    - Hole-in-1 Prize: CCRA: 40,000:1 – ignore value of chance to win
    - Raffle tickets: Where separate – no gift; where included – treat as door prize.



# New Split Receipting Rules – XII

- Membership Fees
  - No eligible amount, unless membership fee exceeds amount of advantage.
  - Advantage must be  $< 80\%$  of payment to charity for membership
  - Receipt may be issued for eligible amount.



# New Split Receipting Rules – XII

- Membership Example
  - Theatre = registered charity
  - \$250 contribution: recognition in newsletter; subscription to quarterly newsletter; right to attend AGM; calendar of performances; advance invitation to certain performances; invitation to dress rehearsals (open to public); key chain (\$10); discounts to performances (\$40); parking vouchers (\$40).
  - Computation of Eligible Amount
    - Contribution  
\$250
    - Less: Advantage of complimentary items ( 90)
    - Eligible Amount  
\$160
  - Advantage < 80% of contribution (\$200) – receipt issued.

# Contact BDO

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