

# Can I Receive a Tax Receipt When I Contribute Money to a Private Refugee Sponsorship?



Refugee  
Sponsorship  
Training  
Program

## What is a Gift?

The Canadian Income Tax Act permits non-profit organizations with charitable status to issue receipts for income tax purposes for donations that qualify as "gifts". A gift is "a voluntary transfer of property without consideration."<sup>1</sup>

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## General Eligibility

For a donation to be considered a gift and be Eligible for a tax receipt:

- It is given voluntarily.
- It is a transfer of property (not services) such as cash, equipment, etc.  
(Note: Tax receipts can be given for some gifts-in-kind for which fair market value can be determined. For items that are worth more than \$1000, Canada Revenue Agency (CRA) often requests an independent appraisal. Charities will often have guidelines about what gifts-in-kind they will accept and if they provide tax receipts.)
- It is given by the donor without receiving anything in return.  
(Note: If there was a benefit received in return but that benefit is less than the value of the donation, part of the donation may be eligible for a tax receipt.)
- It is compatible with the charity's charitable purposes.

- It is not directed to a specific person, family, or other named beneficiary.

According to the CRA, "A donation subject to a general direction from the donor that the gift be used in a particular program 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 charity 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."

<http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/gfts/whts-eng.html>

Put another way: "A registered charity cannot issue an official donation receipt if a donor has directed the charity to give the funds to a specified person or family .... However, donations subject to a general direction from a donor that the gift be used in a particular program operated by a charity are acceptable, provided that no benefit accrues to the donor, the directed gift does not benefit any person not dealing at arms' length with the donor, and decisions regarding utilization of the donation within a program rest with the charity."

<http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/csp/csp-g05-eng.html>

## *What about money given to a charity in support of its private refugee sponsorship program?*



Within the context of the Private Sponsorship of Refugees Program, money given to a charity in support of its private refugee sponsorship program is eligible for a tax receipt if the above criteria apply.

There are circumstances where a donor may be able to direct a donation to a person or family and receive a charitable receipt if that person or family was identified by the charity beforehand as a beneficiary. However, the charity **must have** ultimate decision-making authority over the use of the donation. Additionally, if the donor receives a benefit or if the gift benefits anyone who is not at arm's length (i.e. individuals connected by blood, marriage, common-law partnership or adoption) with the donor, the charity may not be able to issue a receipt. For more specific information, contact the Charities Directorate as shown below.

Examples:



1. Family members and/or others give money to the Sponsorship Agreement Holder (SAH) or Constituent Group (CG) in trust for the cost of sponsorship of a specific refugee family that the SAH/CG agrees to sponsor. A charitable receipt **cannot** be issued.



2. SAH or CG has or sets up a refugee support program/fund which is compatible with its charitable purpose. From this fund money is used to pay for the costs of sponsoring refugee families. Specific families, usually one at a time, are identified as a beneficiary. Usually, a charitable receipt can be issued. However, if the donor receives a benefit or if the gift benefits anyone who is not at arm's length with the donor, the charity may not be able to issue a receipt. For more specific information, contact the Charities Directorate as shown below or a consultant with professional expertise in this area.

**This information does not provide legal advice. RSTP is not a law firm. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a lawyer if you want legal advice.**

### **Charities Directorate Client Service**

Telephone

1-800-267-2384

1-800-665-0354 – For the hearing and speech impaired (TDD/TTY)

Fax

613-954-8037

<sup>1</sup>

Canada Revenue Agency - <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/csp-g01-eng.html>