

# 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>

**"A gift is a voluntary transfer of property without consideration"<sup>1</sup>**



## 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.

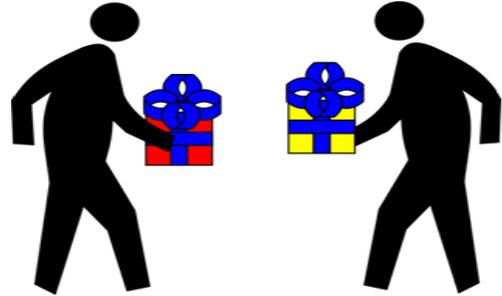
According to the CRA, "A donation subject to a general direction from the donor that the gift be used in a particular program is acceptable, provided that no benefit accrues to the donor or anyone not at arm's length to the donor. Donors cannot choose the specific beneficiaries of their donations but 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/prtnq/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. More specifically, as long as the donation is not restricted to supporting a particular refugee person or family it is eligible.

\*Implied here is that all of the activities related to the refugee sponsorship program are performed and paid for in Canada.

A donor may be able to direct a donation to a person or family 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, the donor does not benefit, and the gift does not benefit anyone that is not at arm's length (i.e. individuals connected by blood relationship, marriage or common-law partnership or adoption related) with the donor.

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. Generally speaking, a charitable receipt can be issued, but please see example #3 below.



3. 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. If a person who is not at arm's length makes a donation, the question of whether a tax receipt can be given is less clear. If a family is identified first and then a non-arm's-length person donates there may be a case for issuing a receipt but only if the donation is for an insignificant amount, such as 10 to 20% of the sponsorship cost. If the non-arm's-length person gives a donation for the total or most of the cost of the sponsorship, a tax receipt should not be issued. Whether a tax receipt can be issued in the various scenarios that could arise involving a non-arm's-length person will depend on how the Canada Revenue Agency would view the transaction. Consultation with a professional with expertise in this area is recommended.

**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.**

<sup>1</sup> Canada Revenue Agency - <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/csp/csp-g01-eng.html>