



A Guide to Tax Receipting Events



First and foremost, thank you so much for your interest in supporting Operation Smile Canada by planning a third-party event!

Operation Smile exists to make sure everyone gets the safe corrective surgery they need wherever they live in the world.

We believe every child with a cleft lip and/or cleft palate deserves exceptional surgical care. We envision a future where health and dignity are improved through safe surgery. It is surgery that changes a child's life forever...and it changes families, communities, countries and yes, the world.

5 million people worldwide live with an unrepaired cleft condition. 2.3 million live in the 35 low- and middle-income countries where we work.

Your support helps us work toward our goal to impact the lives of one million patients over the next decade by having more people caring for more patients in more places.

Operation Smile Canada is committed to following all rules and regulations regarding tax receipts set out by the Canada Revenue Agency (CRA). This is imperative to protecting our charitable status.

If tax receipts for your participants is a major consideration in the likely success of your event, then please review the tax receipting guidelines before you make any final decisions regarding your event.



Does my event need tax receipts?

It is your responsibility to communicate decisions surrounding tax receipts to the participants of the event, so please be sure you and your Operation Smile Canada team member have discussed your situation in detail and that you are clear about what you can and cannot offer.

A good rule of thumb is, if an individual or corporation is receiving any benefit for their donation or contribution, then a tax receipt is not usually issued. Benefits could include: dinner, alcohol, entertainment, parking, etc. Benefits are also earned when a person buys a product or service.

Ask yourself:

Is receiving a tax receipt important to the people participating in my event?

If the answer is NO, you will be saving yourself and the Foundation many hours of work by deciding not to offer tax receipts. The Foundation would be pleased to provide a thank you letter confirming any gift rather than issuing a tax receipt.

If the answer is YES, then be sure to review the following information about tax receipts and talk with your Operation Smile Canada team member to confirm your plan.



The Foundation can provide tax receipts only if...

1. The tax receipt is being issued to the person who made the donation OR where the person issuing the cumulative cheque to the Foundation has acted as a donation collector, a completed donation form (see number 3) has been provided along with that cheque or money order. Please do not send proceeds from event to a general online donation form. If you wish to pay for group donations collected by credit card, please call us at 1-844-376-4530 so we can manage any tax receipting properly.
2. The eligible amount of the donation is \$10.00 or greater.
3. You provide a complete and legible list of donors on the donation form. Tax receipts will not be issued until the donation form and collected funds has been submitted and received.

The following information needs to be completed in the donation form :

- first and last name
 - full address, including city and postal code
 - telephone number (in case of issues)
 - amount given _____
 - donor signature
 - list and value of any benefits received for donation (provide the Fair Market Value of the benefits NOT the cost)
 - amount tax receipt to be issued for (amount paid less fair market value of benefits received)
4. You have completed an Event Financial Summary and have been given approval by a member of the Community Engagement Team from the Foundation. You must discuss your event with a Community Engagement Team member and complete an Event Financial Summary BEFORE you can make any commitments to your donors/suppliers for tax receipts. The Event Financial Summary must be submitted at least 30 days prior to your event.
 5. The donations and a completed donation forms are received by the Foundation within 60 days AFTER your event.
 6. Any associated rules and regulation set out by the foundation are followed.

Please note: A business acknowledgement letter can be provided to sponsors or other corporate contributors as proof of payment. Most companies prefer to claim contributions as business expenses as there is a greater tax advantage for a business expense than a charitable donation.

Types of Giving

Individuals can give in the following ways:

1. **Donations:**

If money is given directly to the Foundation, in the form of a cheque or cash donation, then we can issue a charitable receipt to the person who gave the donation. The donation must be \$10.00 or greater to receive a tax receipt.

The full name and address (including postal code) must be submitted.

2. **Auction purchases:**

If someone purchases an item at an auction, they are receiving something (the purchased item, as well as the opportunity to participate in the auction) for their money and thus a tax receipt will not be issued.

3. **Purchase of a ticket or entrance fee to an event (gala, show, sporting event or auction):**

The person is receiving something in return for the donation, thus a tax receipt is not usually issued.

The exception to this is if the ticket or entrance fee price significantly exceeds the Fair Market Value (FMV) of the event. The difference between the ticket price and the benefit should be a minimum 20% of the ticket price or \$20 whichever is higher. Determining Fair Market Value is the responsibility of the event organizer.

Coordinator of a Fundraiser

It is the CRA's view that where a Coordinator of a Fundraiser collects funds from the general public and pays the amount to a registered charity, the Coordinator would not be the person entitled to a charitable donation receipt. The Coordinator of a Fundraiser appears to be acting as an "Agent" for the persons (donors) whom the funds are collected.

The property transferred to the charity is the property of the persons from whom the gifts were collected on the understanding it would be given to a charity. Those persons are entitled to a charitable receipt within the guidelines of charitable tax receipting rules applicable to events.

What is the eligible amount for tax receipts?

The amount that may be receipted is the ticket cost/entry fee minus the aggregate fair market value benefit amount. Please note that in all cases, a receipt cannot be issued if the aggregate benefit amount exceeds 80% of the ticket price or entry fee paid.

What are Benefits?

- any products or services received by the donor
- entertainment
- food and drinks – cost that would be charged if the food and/or drink were purchased separately
- green fees - this would be the green fee charged to non-members playing on the course.
Note that if a member of a club is participating in a golf tournament at his/her own club, and would not have to pay for the round, the green fee does not need to be deducted from his/her entry fee to arrive at the donation amount.
- Cart rental – cost of rental
- Door prizes/achievement prizes – The total retail value of the prizes, whether they are door prizes or prizes awarded for achievement, must be aggregated and then divided by the number of participants. The amount per participant, if it exceeds the lesser of 10% of the entry fee and \$75, must then be deducted from everyone's receipt amount.
- any other benefit to the participant.

What is Fair Market Value?

Fair market value is the highest price, expressed in a dollar amount that the property (item) would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are knowledgeable, informed and prudent and who are acting independently of each other.

Fair market value does not include taxes, commission, etc.

If the fair market value cannot be established (i.e., what is the value of meeting a celebrity?), then a tax receipt cannot be issued.

Even if a sponsor has paid to cover costs, or has donated or discounted the price of the entertainment, food, etc, the same rule applies and only the price beyond the fair market value would apply for a tax receipt.

For more detail regarding fair market value and determining benefits, please review the [CRA guidelines here](#).

The Event Financial Summary Form

This Event Financial Summary Form must be completed a minimum of 30 days prior to an event if tax receipts are requested for the event. The form will be reviewed and if approved, tax receipts will be issued.

Please complete the list of all benefits with fair market value to the participants.

Please attach support for fairmarket values listed in order to facilitate approval for tax receipts to be issued.

Name of Event		
Name of Operation Smile Canada Foundation team member		
Are you planning on conducting an auction at your event? (Y/N)		
A - Per person entry fee(s) <i>If multiple ticket prices apply, please complete a form for each ticket price.</i>		\$ _____ /person
B - Number of participants <i>Provide the expected number of participants</i>		_____ participants
C - Expected revenue through participation/ticket sales <i>Multiply Section A x B</i>	\$ _____	
D - Expected revenue through sponsorship <i>Provide the total of confirmed sponsorship to-date</i>	\$ _____	
E - Expected revenue through additional fundraising <i>Enter total here and attach a list expected revenue through day of fundraising such as silent auction, collection boxes, etc.</i>	\$ _____	
Total expected revenue (C+ D + E)	\$ _____	
Benefits	Fair market value for all participants	Fair market value total divided by section B
Venue rental or green fees <i>Enter fair market value of venue rental or green fees</i>	\$ _____	\$ _____ /person
Cart rentals (if applicable) <i>Enter fair market value of cart rental for non member</i>	\$ _____	\$ _____ /person
Food and beverage <i>Enter the total food and beverage the participants will receive. If food and beverage is discounted, please list the cost if the food and beverage was purchased external of event, not the actual price paid.</i>	\$ _____	\$ _____ /person
Entertainment <i>Enter cost of entertainment if purchased external of event</i>	\$ _____	\$ _____ /person
Value of gift bag items <i>Enter total here and attach list and value of all items in the gift bag. This should include any items donated.</i>	\$ _____	\$ _____ /person
Value of any complimentary items provided to all participants <i>List the total value of the complimentary items or door prizes given.. The value of the door prizes and the complimentary items received by a donor will not be viewed as a benefit if it does not exceed the lesser of 10% of the ticket price and \$75. For example, if a \$3,500 trip will be given away as a door prize with 500 guests, list \$3,500 in the first column and \$7 in the second column</i>	\$ _____	\$ _____ /person
Other benefits received by participant (specify)	\$ _____	\$ _____ /person
F - Total benefit <i>Total all benefits listed above.</i>	\$ _____	\$ _____ /person
Eligible tax receipt amount per entry fee - (A - F) <i>Must exceed 20% of entry fee</i>		Tax receipt \$ _____ /person
Name of event organizer:		
Approved <i>All completed forms will be reviewed and if approved, signed by Operation Smile Canada's Community Engagement and/or Finance team.</i>		



Gifts in-kind for events

Generally, gifts in kind to be used at events are donated by companies and usually represent a gift from inventory. Income tax receipts will not be issued for these gifts, as it is understood that the business would not benefit by receiving an income tax receipt, as they would also be required to claim the fair market value in its revenues. Operation Smile Canada will gladly provide the company with a thank you letter acknowledging the gift of support for an authorized 3rd party event. Generally, tax receipts will not be issued for gifts-in-kind donated to 3rd party event organizers. Also note, no tax receipt can be issued for personal services including: legal, entertainment, transportation or dining services.

Operation Smile Canada CANNOT issue official income tax receipts in the following situations:

Contributions of services (service donations are not considered as property)

Gift certificates where the donor was the issuer or the certificate was not purchased outright and then donated

Use of vacation property

Funds collected where the complete donor name and address has not been provided to us.



Corporate Contributions

Corporations can give in the following ways:

1. Donations:

If the contributor is a corporation, 100 per cent of the contribution may be deductible as a business promotional expense.

The practice of the Foundation is to issue a letter confirming the value and date of the donation upon payment and upon request from the corporation or business.

If the corporation receives no benefits (i.e. advertising in a brochure, logo recognition, tickets, etc.) and all other requirements are met, a tax receipt may be issued at the request of the corporation.

2. Sponsorships:

By virtue of being a sponsor, the corporation is receiving benefits in the form of recognition and advertising. A business confirmation letter will be issued which will support their contribution as business expense.

3. Donation of Services:

Tax receipts cannot be issued for services provided including: personal, professional, or legal services.

For any additional questions regarding tax receipts for events, please ask your Operation Smile Canada Community Engagement Team member