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Charitable Donations

GIVING WISELY

Setting the Scene

You're thinking of giving money to a charity. You want to make sure that it does good work, that you'll receive the proper tax benefit and that you won't be cheated in any way.

Here are some tips to help you give wisely.

This pamphlet is up to date to March 1, 2020.

It has general information only. The information applies only in Quebec. If you need legal advice on a specific situation, consult a lawyer or notary.



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INFORMATION EMPOWERS

Registered vs. Non-Registered

There are many organizations in Canada working for good causes and not all are registered charities. However, when you donate to a registered charity you benefit from some special safeguards.

To become a registered charity, an organization must satisfy the Canada Revenue Agency (CRA) that its activities are genuinely charitable and that it provides a real benefit to the public. A registered charity must also file an information return with the CRA each year and can be audited by the CRA.

To find out if an organization is a registered charity, you can search for it in the CRA's List of Charities, which you can find on the Canada.ca website. You can also call the Charities Directorate at 1-800-267-2384.

The CRA's list also provides basic information on the charity's programs and finances. In addition, most organizations in Canada have websites with detailed information about their activities and links to their annual reports. You can also contact the charity directly for more information about its work.



Tax Benefit of Giving to a Registered Charity

A receipt for a donation to a registered charity allows you to claim a **credit** on your income tax return, which can reduce your taxes. Your tax savings will depend on the amount of your donation and your level of income.

Registered charities do not have to provide receipts, but generally do so, as it encourages people to donate. Some charities have a policy of only giving receipts for donations of more than a certain amount (\$10 for example). The organization should post its policies regarding receipts on its website or explain it when you are asked to donate. If not, you can ask, before deciding whether to donate.

To claim the credit on your tax return, you must make sure the receipt is made out to your name. If there's been a mistake, the charity can issue a corrected receipt. If you lose a receipt, the charity can provide a replacement.



If you received something of value from the charity, you may only get a partial receipt for your donation. For example, if you paid \$150 to attend a benefit evening, and the value of the meal served was \$50, you are entitled to a donation receipt for \$100.

It's possible to receive a donation receipt for a non-money gift, for example a gift of land or a painting. The amount on the receipt must reflect the true value of the gift. There are special rules for calculating this, which you can find on the Canada.ca website.

A donation receipt **cannot** be issued for a gift of services, for example, performing music at an event.



Avoiding Fraud


The CRA provides several warning signs of possible fraud, including pressure to give right away, and callers who won't give details about their organization. If faced with such signs, you can refuse to give immediately. You can later check whether the organization is a registered charity and look into the work it does (as explained earlier).

A charity that asks for donations online is responsible for protecting your information. You should read the charity's privacy policy before donating. If you're not sure about donating online, you can contact the charity and ask about other ways to donate.

The CRA also warns strongly against participating in "donation schemes" that provide a tax receipt for an amount higher than your actual donation. This is a type of fraud in which an organization takes advantage of its ability to issue tax receipts. This benefits the fraudsters, rather than the people the organization should be helping.

If you suspect fraud by a charity, you can report it to the Canadian Anti-Fraud Centre at 1-888-495-8501.

For more information go to
CANADA.CA select **TAXES** and
then **CHARITIES AND GIVING**

 **educaloi.qc.ca**