

Canadian Council of Provincial & Territorial Sport Federations Inc. National Sport Trust Fund – Nova Scotia Chapter

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GIFTS IN KIND AND SERVICES

Gifts in kind are a donation of property other than cash. These types of gifts will require a fair market value evaluation to determine the receipt amount. Tax deductible receipts can be issued for such gifts only if the donor receives no benefit in return (ie. free advertising).

BUSINESS DONATIONS OF GOODS

A tax receipt may be issued to businesses that wish to donate goods; however, an invoice must always be supplied with the donation.

Sport Nova Scotia must provide reasonable assurance that the business includes the fair market value of the donated merchandise in its sales revenues, as required by the Canada Revenue Agency. Only the following two transaction methods satisfy this condition:

1. Usually, a cheque exchange takes place, whereby a cheque is issued to the donor to pay the invoice, and an offsetting cheque in the same amount is issued from the donor. After the cheque exchange has taken place, a tax receipt may be issued for the value of the donated goods.
2. At the discretion of the Provincial Fund Manager, the cheque exchange may be omitted.

An invoice stamped as “paid” by the supplier may be accepted and a tax receipt issued for the amount of the invoice, excluding any sales taxes.

Note: Because the value of any donated goods for which tax receipts are issued must be declared as income, a donor may realize no net benefit from a tax receipt.

PERSONAL DONATIONS OF GOODS VALUED UNDER \$1,000

Whenever possible, donors should supply an invoice along with the donation. If this is not possible an official appraisal from a qualified appraiser is most suitable. In the absence of an appraisal, the replacement cost and condition of the item determine the fair market value. The replacement cost can be documented by copying a price listing for a comparable item in a retail catalogue. The fair market value is then calculated on the condition of the donated item.

PERSONAL DONATIONS OF GOODS VALUED OVER \$1,000

A tax receipt may be issued for personal donations of goods valued over \$1,000 **if accompanied by at least one independent appraisal**. More than one appraisal may be necessary, depending on the value of the donated goods. A qualified appraiser not associated with the donor, your organization or Sport Nova Scotia, must perform appraisals. The appraisal(s) must be recent and original.

DONATIONS OF SERVICES

A tax receipt may be issued for donations of services **only** if a payment for services is voluntarily returned as a cash donation. The donor, for the value of the services performed, **must always** supply an invoice. A cheque exchange **must always** take place. The project applicant issues a cheque to pay the invoice. The donor can then issue a cheque to voluntarily return the payment as a donation, and receive a tax receipt for the donated amount.

Note: Because the value of any donation of services for which a tax receipt is issued must be declared as income, a donor may realize no net benefit from a tax receipt.