

Issuance of Charitable Receipts

Date:	August 19, 2008
To:	Executive Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2008\Internal Services\acc\ec08015acc (AFS# 6722)

SUMMARY

In accordance with provisions of the Canadian Income Tax Act, the City cannot issue an income tax receipt to the Rogers Centre for the value of Toronto Blue Jays baseball tickets requested. The tickets do not qualify for a tax receipt because it is not a voluntary transfer of cash or real property.

Financial Impact

There are no financial implications arising from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council at its meeting of December 11, 12 and 13, 2007, amended EX15.23 titled "Elimination of Blue Jay Ticket Purchases for Councillors" and adopted the following motion:

"The Deputy City Manager and Chief Financial Officer be requested to report to the Executive Committee on whether a charitable receipt can be issued to the Rogers Centre for the value of the tickets."

The report is available at:

<http://www.toronto.ca/legdocs/mmis/2007/ex/reports/2007-11-26-ex15-cr.pdf>

ISSUE BACKGROUND

Prior to 2008, the City bought an entire season of sixteen box-seat tickets for every home game of the Toronto Blue Jays and then assigned them to individual Councillor offices, through a lottery system, for use in Suite 311 at the Rogers Centre. This purchase of tickets arrangement was terminated in 2008 and Rogers Centre requested to donate the tickets to the City.

COMMENTS

The City's policy and procedure for issuance of receipts is outlined in the Income Tax Receipts for Cash Donations and Gift-in-Kind Policy of November 1999 as embodied in Clause 3 of Policy and Finance Report 11 adopted at Council on December 14, 1999 and amended by Clause 3 of Policy and Finance Report 7 (Policy on Donations to the City for Community Benefits) adopted by Council on September 25-28, 2006 and further amended by Item EX20.3 (Delegation of Authority to Receive and Spend Donations to the City for Community Benefits) adopted by Council on May 26 and 27, 2008. The reports are available at:

<http://www.toronto.ca/legdocs/1999/agendas/council/cc/cc991214/pof11rpt/cl003.htm>

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/pof7rpt/cl003.pdf>

In accordance with the above policy and specifically under Section 110.1 (1) (a) of the Canadian Income Tax Act, the City is authorized to issue an official Income tax receipt to a corporation that provide a donation to the City. To be eligible for the tax receipt, the donation must be (i) a voluntary transfer (ii) of property or cash or gift-in-kind and (iii) made without expectation or receipt of a benefit in return. Essentially, eligible donations are those that support approved programs and services, are durable assets, asset improvements, restoration or capital maintenance, or cash for such purposes.

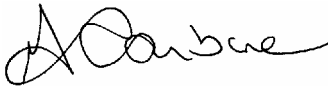
Applying the above eligibility conditions to the Rogers Centre donation of baseball tickets, disqualifies it for an income tax receipt. The tickets are not "cash" or a "durable asset" or "property".

In trying to determine how “tickets” are classified for eligible donation purposes, staff had a discussion with the Canada Revenue Agency (CRA) Charity Branch. The closest policy they have for a donation that matches a “ticket” is the donation of Gift Certificates. However, the policy (Ref. No.CPS-018 effective October 9, 2002) is very restrictive in this situation and disqualifies the Rogers Centre ticket donation. The policy states that “registered charities cannot issue official donation receipts for gift certificates they receive directly from the issuer.”

CONTACT

Aditya Rupsingh
Acting Director, Accounting Services Division
Tel: 416-392-7648; Fax: 416-392-8003
Email: arupsing@toronto.ca

SIGNATURE



Cam Weldon
Treasurer