

Understanding the CRA Guidance on Grants to Non-Qualified Donees

Supplementary Questions and Answers



What about a sponsorship program where an individual connection is made between the donor and the donee?

In accordance with Canadian charity regulations, if a sponsorship received by a charity confers a benefit or has a value greater than minimal, the fair market value of the sponsorship must be subtracted from the receipted amount. If the fair market value cannot be accurately determined, a tax receipt cannot be issued. Additional information is [available here](#).

Does a Non-Government Organization (NGO) in special consultative status with the Economic and Social Council of the United Nations qualify to receive funds?

In the current CRA regulations (which will continue even under the new regulations), Canadian charities can make gifts to qualified donees or follow the regulations we discussed in the webinar for non-qualified donees. In the CRA's definition, a qualified donee includes the "United Nations and its agencies." Because NGOs with special consultative status are not agencies of the United Nations, you cannot treat them as qualified donees unless they are listed as such by the CRA. Please see section 5 (and 5.3 specifically) of [this document](#).

To be clear, a non-qualified donee can be a not for profit organization that is not able to issue donation tax receipts?

Yes, a non-qualified donee designation would also apply to any non-profit entity that cannot issue official donation receipts that allow Canadian taxpayers to claim deductions. Non-qualified donees can be located in Canada or abroad.

Would it be fair to say that the "non-conduit" aspect offers reassurance to the donor that the funds are going to the project/program that they intended?

In Canada, qualified donees are authorized to issue official donation receipts for gifts received. These gifts must be made voluntarily, involve a transfer of property (such as cash, stocks, real estate, or clothing), and be unconditional. This means that the donor cannot receive any guarantees in exchange for their charitable donation. Through professional management, compliance with regulations, and adherence to best practices, donors can trust that their contributions will be used for the intended purpose or program.

If CAF Canada is ever unable to make a grant as advised by the donor, we would go back to the donor to explain why and offer the opportunity to make an alternative grant recommendation.

Note: *The information provided during the CAF Canada webinar "Understanding the CRA Guidance on Grants to Non-Qualified Donees" and in this supplementary document does not, and is not intended to, constitute legal advice. These are for general informational purposes only, and you should consult with your legal counsel before acting on this information.*