



3.7 Donation receipts and charity auctions

Generally, it is CRA's position that there will not be an eligible amount with respect to items obtained at charity auctions on the basis that the bid determines the value of the various items put up for auction. However, where the value of an item is clearly otherwise ascertainable (e.g., there is a retail price for the item) and made known to all bidders in advance, an eligible amount would be present where the amount bid is in excess of the posted value.

Where donative intent can be established, which may be the case where the posted value of the item does not exceed 80% of the accepted bid, a tax receipt may be issued for the eligible amount.

As shown below, if the winning bid is less than the fair value of the item, no donation receipt is issued to the successful bidder.

Example

- A corporate retailer donates a mountain bike to a charity and the charity puts it up for auction.
- The value of the bike is \$400 and this amount is posted with the item.
- Any successful bid of \$500 or greater would entitle the bidder to a donation receipt equal to the excess of the bid price over \$400 (i.e., the eligible amount is the excess).

The retailer donating the bike will be entitled to receive a tax receipt for \$400. If this represents a gift on the part of the retailer, the retailer will have revenue of \$400 pursuant to section 69 and a donation deduction of \$400. If the bike cost the retailer \$250, the result would be a profit of \$150 for tax purposes.⁴

It is the CRA's opinion that with regard to certain personal items such as, but not limited to, the jersey of a hockey player, the right to play golf with a particular person, and the right to dine with a particular person, the value of the item will be the amount of the bid such that there will not be an eligible amount.