

## What is a Charitable 'Receipt'? - Sas Ansari

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### What is a Charitable Receipt?

*Guobadia v The Queen*, [2016 TCC 182](#)

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At issue was the definition of "receipt" for purposes of claiming a deduction for charitable donations made pursuant to section 118.1 of the [Income Tax Act](#). The Court held that an inflated receipt was not a "receipt" for purposes of s 118.1 of the [ITA](#).

Subsection 118.1(1) provides for the deduction for a donation to a qualified charity, while paragraph 118.1(2)(a) required that a taxpayer must file a receipt for the gift that contains the prescribed information in Regulations 3501. This prescribed information is mandatory and necessary to ensure that the indicated value is accurate and the gift was actually made (*Afovia v. The Queen*, [2012 TCC 391](#); *Plante v. Canada*, [1999] T.C.J. No. 51 at para 46).

The word "receipt" is not defined in the ITA, but the definition can be established by reading the word in its entire context and in its ordinary and grammatical sense - *State Farm Mutual Auto Insurance Co. v. The Queen*, [2003] T.C.J. No. 63; and *Federated Co-Operatives Ltd. v. The Queen*, [2000] T.C.J. No. 93; and *Blondin v. Canada*, [1994] T.C.J. No. 987 at paras 13-15.

The Court referred to the definition of "receipt" in a number of dictionaries and concluded that "a receipt is a written document delivered in exchange for the receipt of money, goods or services, reflecting the actual amount of money or the fair market value of the property or services received" (para 31).

A document cannot be accepted as a receipt where it "does not accurately reflect the money paid or the fair market value of the property or services actually provided in exchange" (para 32). As such, an inflated receipt does not meet the definition of "receipt" for purposes of a charitable donation tax credit in the ITA. The Court referred to the Federal Court of Appeal decision in *David v. Canada*, [2015 FCA 225](#), but notes that the FCA did not determine whether an inflated donation receipt was a valid receipt. That decision is compatible with a finding that an inflated receipt is not a receipt but a fiction.

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