

Tax Tip
Week of January 18, 2010

Donations for to assist Haiti's Earthquake Victims

A number of Canadians are making generous donations to assist the victims of the recent earthquake in Haiti. There are a number of potential tax issues regarding these donations. These include:

Fraud

Minister of National Revenue Blackburn released the following statement. "When Canadians decide to donate, they do so with the best of intentions. Sadly, there are some who would exploit the generosity of Canadians. I would like to remind Canadians that there are resources on the CRA Web site that may be of assistance, including a listing of all registered charities. Recognizing the contributions that individual Canadians have started making and will continue to make in the days ahead, I encourage all Canadians to be informed donors and donate wisely."

The CRA is reminding Canadians who plan to give to a registered charity to go to www.cra.gc.ca/donors or call 1-800-267-2384

Registered Charities

In order to qualify as a charitable donation that generates a tax credit, the recipient organization must be a registered Canadian charity, except as noted below. A list of qualifying charities is available from CRA at the web address indicated above

Foreign Charities

Although the general rule is that the charity must be registered in Canada, there are a number of exceptions. The following foreign charities may qualify for donation to support the Haitian relief effort:

- The United Nations

- A foreign charity that the Government of Canada has made a donation
- A U.S. based charity may qualify if the taxpayer has U.S. sourced income or is a cross border commuter

A number of agencies are in need of donations, but the onus is on the donor to ensure the legitimacy of the organization that receives the money and how efficiently they distribute the cash. A tax credit is normally available for donors if they ensure the recipient is a registered Canadian or a qualifying foreign charity.