

Elections Saskatchewan

A Guide for the
Chief Official Agent
to *The Political Contributions Tax Credit Act, 2001*

May 2015



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1. Introduction

Elections Saskatchewan (referred to in legislation as The Office of the Chief Electoral Officer) is the province's independent, impartial election management body. Under a legal mandate established by the Legislative Assembly of Saskatchewan, Elections Saskatchewan plans, organizes, conducts, and reports on provincial electoral events.

Under *The Income Tax Act, 2000* (Saskatchewan) (the Provincial Tax Act), Elections Saskatchewan administers and maintains the provincial political contributions tax credit system according to *The Political Contributions Tax Credit Act, 2001* (Saskatchewan) (the Tax Credit Act).

This guide describes the statutory provisions that govern how registered political parties may accept eligible contributions and issue valid tax receipts under the Tax Credit Act. It has been developed to help chief official agents fulfill their administrative and reporting responsibilities under the Tax Credit Act.

This guide has no legislative authority. For specific statutory responsibilities, please refer to the Tax Credit Act. In case of a discrepancy between the Tax Credit Act and this guide, the Tax Credit Act will apply.

Copies of the Tax Credit Act and this guide are available on Elections Saskatchewan's website at www.elections.sk.ca/candidates-political-parties/forms-and-guides/.

2. Background

Section 224 of *The Election Act, 1996* (the Election Act) establishes the registration requirements for political parties in Saskatchewan. Once it is registered (after notice of registration is published in *The Saskatchewan Gazette*), a political party may solicit and receive contributions and participate in the province's political contributions tax credit system.

Under the Election Act, a registered political party's chief official agent is responsible for overseeing the financial operations of the party. Under the Tax Credit Act, the chief official agent is also responsible for overseeing the registered political party's statutory reporting responsibilities. Only the party's chief official agent may issue tax receipts [section 8(1) of the Tax Credit Act], but may do so only if his or her name is recorded in the register of political parties maintained by the Chief Electoral Officer [section 231 of the Election Act].

Issuing tax receipts is a statutory responsibility that includes:

- accepting contributions only if they comply with the Tax Credit Act (those that do not comply with Tax Credit Act must be returned to the contributor or forfeited to Elections Saskatchewan);
- acknowledging eligible contributions with tax receipts;
- ensuring the tax receipts contain the prescribed information and are issued within the prescribed timelines;
- maintaining detailed books of account that contain the prescribed information for reconciling and verifying the tax receipts issued;
- maintaining accounting records that ensure all tax receipts issued for fundraising functions contain sufficient information to verify the expenses incurred and the number of tickets sold; and
- preparing reports as required by the Tax Credit Act and submitting them—along with a reconciliation of used and unused tax receipt forms—to Elections Saskatchewan on or before the last day of April every calendar year.

A chief official agent who fails to perform any of these statutory responsibilities may receive a fine of not more than \$5,000, imprisonment for a term not exceeding two years, or both.

If the chief official agent's appointment ends for any reason, the party has 30 days to appoint another chief official agent and inform Elections Saskatchewan by submitting Form E-511, Appointment/Consent of the Chief Official Agent and Form E-513, Alteration in the Application for Registration of a Registered Political Party. See [A Guide for The Party Leader to the Election Act, 1996](#).



3. Assessing Political Contribution Eligibility

The Tax Credit Act governs the province's political contributions tax credit system and provides the basis for calculating provincial taxpayers' tax credits for political contributions. Section 67.1 of the Provincial Tax Act allows political donations under the Tax Credit Act.

Registered political parties may issue tax receipts for contributions received from provincial resident taxpayers—as long as the contributions are used to advance the electoral process in Saskatchewan and comply with the Provincial Tax Act and the Tax Credit Act.

3.1 Who May Claim Tax Receipts?

Provincial resident taxpayers may claim tax credits for their contributions to a registered political party against their Saskatchewan income tax. For their contributions to be eligible for tax credits, taxpayers must qualify as **individuals** or **corporations**. Some conditions apply to political contributions from unincorporated associations, trusts, and agents. See pages 4 and 5.

An **individual** is a person who normally resides in Saskatchewan. This includes:

- a person serving in the armed forces, diplomatic corps, or similar employment outside Saskatchewan;
- a person attending full-time study outside the province; and
- a deceased person's estate resulting from a specific bequest in the person's last will and testament.

A **corporation** is defined as a business entity that meets any of the following criteria:

- a corporation that is incorporated under *The Business Corporations Act* (Saskatchewan) (the Business Corporations Act) and maintains its registered office in the province;
- a corporation that regularly executes contracts in the province through its officers, employees, or agents;
- a corporation that conducts business in and outside the province and is registered under section 262 of the Business Corporations Act; and
- a corporation that is taxable in Saskatchewan under *The Corporations Capital Tax Act* (Saskatchewan).



3.2 Eligible Contributions

Under the Tax Credit Act, an eligible political contribution is a monetary contribution of \$25 or more, including a membership fee, that:

- complies with sections 239 through 242 of the Election Act; and
- may be acknowledged by a valid tax receipt issued on behalf of a provincial registered political party by the party’s chief official agent.

Tax receipts may be issued for political contributions from unincorporated associations and organizations, trusts, agents, ticket sales, fundraising events, and auctions, but specific conditions apply. In addition, chief official agents must be able to justify to Elections Saskatchewan how they determined the values of the tax receipts they issued. See the following table.

For Contributions	These Conditions Apply
<p>From unincorporated associations and organizations</p> <p>An unincorporated association or organization is any entity not incorporated under corporate legislation or a special purpose statute.</p>	<p>The unincorporated association or organization must have an ongoing reason for its existence—for example, business, professional, social, social action, fraternal, cultural, or other similar purpose—and it cannot be or have been formed for the sole purpose of making political contributions.</p> <p>In addition, an unincorporated entity cannot make an eligible contribution in its own name. The entity must provide a written list of individual contributors. The list must provide the name, address, and amount contributed by each individual. For example, if the Southern Seniors Cribbage Club, an unincorporated social club, contributes \$1,500 to a registered political party, the contribution must be broken down and allocated to each individual contributor as \$500 from Mr. A, \$500 from Mrs. B, \$300 from Mr. C, and \$200 from Mrs. D.</p> <p>Where contributions are received from unincorporated associations or organizations, the chief official agent must obtain the necessary documentation regarding the individual contributors and the amounts of their contributions before accepting the contribution and issuing tax receipts.</p>
<p>From trusts</p>	<p>Under the Tax Credit Act, a contribution is eligible only if it is made with the contributor’s own funds.</p> <p>Where a trustee or person exercising power of attorney on behalf of another makes a contribution, the legibly printed name of the contributor must appear on the cheque. Where a printed cheque omits the contributor’s name, for example, “John Doe in Trust,” the contributor’s name must be added. For example, “John Doe in Trust for Mary Smith.” In addition, the cheque must be drawn on an account held in the name of the contributor and not the trustee. No matter what the monetary form of the contribution (cash, PayPal, etc.), the name of the original contributor must be recorded.</p>
<p>Through agents</p>	<p>The agent acting on behalf of the contributor must disclose the name of the original contributor.</p>



For Contributions	These Conditions Apply
Through ticket sales and donations collected at events	<p>Tax receipts may be issued for the net proceeds—not the full proceeds. This includes:</p> <ul style="list-style-type: none">▪ money collected from tickets sold for dinners, rallies, public meetings, conferences, and conventions;▪ money collected from the sale of pins, buttons, flags, and hats at events; and▪ any donations collected at a fundraising event. <p>Net proceeds are calculated by deducting all relevant expenses (calculated on a per person basis) from the admission price. For example, if the price of admission is \$300, and related expenses such as dinner, hall rental, entertainment, advertising, decorations, and so on add up to \$100 on a per person basis, the eligible contribution is \$200. Where an admission charge includes a rebate in the form of money or goods, the value of the rebate must be deducted before the tax receipt is issued. For example, if the admission price is \$300, related expenses are \$100 per person, and the admission charge includes a \$20 gift certificate, the eligible contribution is \$180.</p> <p>Any amount of less than \$25 paid for a miscellaneous item at a fundraising event is considered an anonymous contribution for which no tax receipt may be issued.</p>
At auctions	<p>Tax receipts may be issued for amounts paid in excess of the commercial value of items sold at auctions. For example, Mrs. A donates a painting valued at \$130, which is purchased at a party fundraising auction by Mr. X for \$350. A tax receipt may be issued in Mr. X's name for \$220, the difference between the commercial value of the painting and the auction purchase price.</p>

3.3 Ineligible Contributions

The following contributions are **not eligible** for a tax receipt:

- annual contributions of less than \$25;
- contributions made by a chief official agent, acting in that capacity, to another chief official agent;
- contributions for which the taxpayer has received or is entitled to receive a financial benefit of any kind other than a tax credit under the Tax Credit Act or any prescribed financial benefit from a government, municipality, or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, allowance, or otherwise;
- contributions in the form of repayable loans;
- contributions from non-resident Canadians. There are no limits on the number or amount of contributions a registered political party may accept from non-resident Canadian citizens, but these contributions are not eligible under the Tax Credit Act.
- anonymous contributions. Contributions made through agents where the agent fails to disclose the identity of the contributor or where the contributor cannot be identified are considered anonymous contributions. Parties may not accept an anonymous contribution if it is more than \$250; the contribution must be reported and forwarded to Elections Saskatchewan and then forfeited to the Minister of Finance.
- contributions for registered political party leadership races. A leadership race includes any process by which a registered political party elects a leader.
- donations in kind. Tax receipts may not be issued for donated goods and services.

In addition, while the Elections Act and Tax Credit Act do not prohibit registered charities from making political contributions, the Canada Revenue Agency stipulates that participating in partisan political activities is not an ‘allowable activity’ for registered charities.



3.4 How Are Tax Credits Calculated?

The tax credit available to provincial resident taxpayers is deductible against their Saskatchewan income tax payable. The amount of the tax credit is based on the tax receipt(s) a taxpayer receives for eligible contributions and is calculated as described in the following table.

If the Total Eligible Contribution Is	The Tax Credit Is
\$400 or less	75 percent of the total contribution for the taxation year
more than \$400 but not more than \$750	\$300 plus 50 percent of the amount by which the total contribution exceeds \$400
more than \$750	the lesser of these: <ul style="list-style-type: none">▪ \$650; or▪ \$475 plus 33 1/3 percent of the amount by which the total contribution exceeds \$750

Political contributions cannot be carried forward from one taxation year to another. The tax receipt for a political contribution may be used only in the year the contribution is made and only against provincial tax that would be otherwise payable.

4. Issuing Tax Receipts

Once the identity and eligibility of the contributor and the eligibility of the contribution have been verified, the chief official agent may issue an official tax receipt.

The tax receipt must be issued in the name of the contributor and only for the amount of the eligible contribution received during the relevant taxation year.

- **Individuals** are to be issued one tax receipt showing the total amount of all eligible contributions received during the calendar year.
- **Corporations** are to be issued one tax receipt for each eligible contribution made during the corporation's fiscal year.

4.1 Tax Receipt Forms

All tax receipts issued for political contributions must be in a form that cannot readily be altered and has been pre-approved or supplied by Elections Saskatchewan.

Each tax receipt must include the following parts or copies:

- the original, which must be given to the contributor;
- a second copy, which must be attached to [Form P-602, Annual Report of Contributions \(Registered Political Party\)](#) when it is submitted to Elections Saskatchewan (see page 13); and
- a third copy, which must be retained on behalf of the party.



However, a party's own tax receipt forms may include additional copies or parts if its internal reporting system requires them.



Obtaining Tax Receipt Forms

Once a party is registered, the chief official agent can obtain tax receipt forms by submitting [Form P-601, Record of Official Receipts \(Registered Political Party\)](#) to Elections Saskatchewan.

If the party wants to use its own tax receipt form, the chief official agent must first mail or e-mail a request for approval to Elections Saskatchewan; a copy of the proposed tax receipt form must accompany the request.

Once the party's tax receipt form is approved, Elections Saskatchewan will stock and control official copies of it.

P-601
The Political Contributions Tax Credit Act, 2001
Section 9

**Record of Official Receipts
(Registered Political Party)**

Part I Tax Receipt (Form A)

(check one) Tax receipt supplied by Chief Electoral Officer

Receipt approved by Chief Electoral Officer (Indicate date approved _____ Day _____ Month _____ Year _____)

Part II Tax Receipt - Transfer

I, Patricia Agent of _____
Name of Chief Official Agent

1234 - 5th Avenue, Moose Jaw, Saskatchewan BIT 2Y3
Address Postal Code

the undersigned Chief Official Agent of _____
Name of Registered Political Party

do hereby acknowledge receipt of the official receipts to contributors for the purpose of section 67.1 of The Income Tax Act, 2000 (Saskatchewan) bearing the following serial numbers:

from 188701 to 188800

Quantity: 100

Pat Agent
Signature of Chief Official Agent

Dated at Moose Jaw, Saskatchewan this 18th day of February, 2015

If Elections Saskatchewan has approved your party's use of its own tax receipt form, check here to order blank tax receipt forms.

Storing Tax Receipt Forms and Tax Receipts

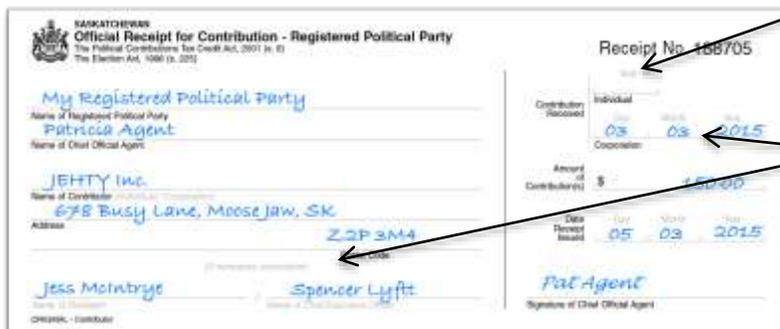
Tax receipt forms and tax receipts must be stored in a secure location. If a tax receipt(s) is lost, stolen, or misplaced, the chief official agent must immediately report the loss to Elections Saskatchewan along with the serial number(s) of the lost, stolen, or missing tax receipt(s).

The chief official agent is personally responsible for keeping complete and accurate records of all tax receipt forms and tax receipts issued, so only he or she should have possession and/or control of them.

4.2 Preparing a Tax Receipt

Step 1: Record the required information on the tax receipt.

Ensure each tax receipt has a serial number and a statement that indicates it is an official receipt for income tax purposes.



If the contributor is an individual, record the calendar year the contribution is received.

If the contributor is a corporation, record the day, month, and year the contribution is received—and if it is a numbered corporation, also record the names of the corporation's president and chief executive officer.

Step 2: Sign the tax receipt.

Sign each tax receipt by hand unless Elections Saskatchewan has approved the use of a facsimile signature.

If you issue large numbers of tax receipts, you may ask Elections Saskatchewan to approve the use of a facsimile signature. You must submit a sample of the proposed signature stamp, signature plate, or electronic signature with your request. Before approving the request, Elections Saskatchewan will determine if an adequate internal control system has been established to govern the use of the signature stamp, signature plate, or electronic signature.



Step 3: Issue the tax receipt.

Give the contributor the original copy of the tax receipt. File the second and third copies for later use. See page 8.

4.3 Duplicate Tax Receipts

The chief official agent may issue duplicate receipts for lost or misplaced tax receipts.

A copy of the party's portion of the original tax receipt form may be given to the contributor requesting the duplicate. The chief official agent must write or stamp "Copy" or "Duplicate" on the duplicate tax receipt and must sign it for a second time.

4.4 Replacement Tax Receipts

The chief official agent may issue receipts to replace incorrectly issued or spoiled tax receipts, as long as he or she retains or secures possession of the original receipt and all copies of the incorrect or spoiled tax receipt.

When a replacement receipt is issued, the original and all copies of the incorrect or spoiled tax receipt must be marked "Cancelled - See Receipt Number..." Contribution amounts depicted on replacement tax receipts should not be included in contribution totals on Form P-602, Annual Report of Contributions (Registered Political Party). See page 13.

Any tax receipt written in error and not issued or replaced should be marked "Cancelled - Not Replaced."

4.5 Contribution Refunds

A contribution may be refunded to a contributor only after the corresponding tax receipt is returned to the chief official agent. The original tax receipt, together with the party's copy, must be marked "Cancelled - Refunded" and must be submitted with Form P-602, Annual Report of Contributions (Registered Political Party) when it is submitted to Elections Saskatchewan.

A contribution cannot be refunded after a tax receipt has been claimed against provincial taxes.

5. Depositing Contributions

The chief official agent must deposit all eligible contributions in a financial institution (bank, trust company, or credit union) in an account in the name of the registered political party. Access to the account should be restricted to the chief official agent (or a delegate) as he or she is responsible for this revenue.

The chief official agent must maintain detailed records of all amounts in the account, including deposit slips that match the amounts and dates of corresponding deposits. The name and amount of each deposited contribution must be noted on a deposit slip or in some other document that cross-references to a deposit slip.

For the purpose of recording and issuing tax receipts, contributions are considered received when the cash, cheques, money orders, or automatic withdrawals are deposited in the party's account and when debit and credit vouchers are deposited or submitted to the card issuer for payment.

The chief official agent must ensure all cheques are honoured when deposited. Tax receipts issued for cheques returned for insufficient funds must be recovered and cancelled.

If a contribution received near the end of the calendar year (or received in an envelope postmarked before the end of the calendar year) cannot be deposited on or before the last day of the calendar year, the chief official agent must record the contribution as an outstanding deposit on the last day of the year and deposit it on the next available banking day. The contribution is considered "receipted" as of the last day of the calendar year.

Records and books of account must be kept for five years after the end of the last calendar year that they refer or apply to.



6. Reporting to Elections Saskatchewan

The chief official agent must submit [Form P-602, Annual Report of Contributions \(Registered Political Party\)](#) to Elections Saskatchewan on or before the last day of April every year. This annual report of contributions does not need to be audited, but the chief official agent must sign it, attesting to its authenticity and accuracy.

When the annual report of contributions is submitted to Elections Saskatchewan, it must be accompanied by:

- the party's fiscal period return (see [A Guide for the Chief Official Agent to The Election Act, 1996](#));
- a list of all contributions received during the reporting period;
- the party's tax receipt spreadsheet; and
- copies of all tax receipts issued, cancelled, replaced, and/or duplicated during the reporting period.

Part 1: Identification

Record the party's official name and address and your name and address.

Part 2: Reporting Period

Record the start date and end date of the reporting period.

P-602 Form B
The Political Contributions Tax Credit Act, 2001
Sections 13 and 14

**Annual Report of Contributions
(Registered Political Party)**

Notice:

- To be completed by the chief official agent of a registered political party, whose name is recorded in the registry of political parties maintained by the Chief Electoral Officer, at the time of filing.
- One completed report is to be filed with the Chief Electoral Officer, on or before the last day of April in each year (or within five (5) days after the date of publication of the notice of deletion of a political party from the register). A copy of each receipt issued to a contributor and six copies of any spelled receipts (and in the case of a donation, all unused receipts) must accompany this report.
- A copy of each receipt for contributions to a registered political party during this reporting period is to be retained by the chief official agent for a period of not less than five (5) years and must be available for inspection throughout that period. In addition, where official tax receipts have been issued for a fundraising function, sufficient records to verify the expenses incurred in holding the function and the number of tickets sold must also be maintained.

Part I Identification

Registered Political Party: My Registered Political Party
Name of Registered Political Party

Chief Official Agent: Patricia Agent
Name of Chief Official Agent

3620 Apple Street, Regina, SK
Address

1234 - 5th Avenue, Moose Jaw, SK
Address

S0K 5J0 Postal Code S1T 2Y3 Postal Code

Part II Reporting Period

From: Date of publication in the Saskatchewan Gazette of the notice of registration of the political party (The Election Act, 1996 (s. 253))

Day: 01 Month: 01 Year: 2014

or
Calendar year commencing January 1

To: Date of publication in the Saskatchewan Gazette of the notice of deletion of the registered political party from the register (The Election Act, 1996 (ss. 227(4)))

Day: 31 Month: 12 Year: 2014

or
Calendar year ended December 31

(over)



Part 3A: Contribution

Record the total amount of the contributions you issued tax receipts for during the reporting period.

Part 3B: Tax Receipt Reconciliation

Record the following totals for the reporting period:

- number of tax receipts issued;
- number of tax receipts spoiled;
- number of duplicate or replacement tax receipts issued; and
- number of tax receipts left unused.

Part III A. Contribution

Total amount of contributions for which tax receipts have been issued: \$ 9,824.01

B. Tax Receipt Reconciliation

(a)	Number of tax receipts on hand at commencement of the calendar year		<u>5</u>
	Number of tax receipts supplied in calendar year (Form P-601)		<u>100</u>
(b)	Number of tax receipts issued	<u>93</u>	
	Number of tax receipts spoiled (1.)	<u>3</u>	
	Number of duplicate tax receipts issued (2.)	<u>5</u>	
	Number of unused tax receipts	<u>4</u>	
Note: These totals must agree.		Totals	<u>105</u> <u>105</u>
(c)	Number of unused tax receipts transferred to the Chief Electoral Officer in cases where a political party has been deleted from the register: _____		

C. Questions

1. If replacement tax receipts were issued for spoiled, or tax receipts were otherwise cancelled, were the originals and all copies of the tax receipts returned and clearly marked "Cancelled - See Receipt No. P....."? YES / No

If no, please provide particulars: _____

2. If duplicate tax receipts were issued, were they in all cases issued in the name of the original contributor and clearly marked "Duplicate Replacing Receipt No. P....."? YES / No

If no, please provide particulars: _____

D. Attestation of Chief Official Agent

I, Patricia Agent hereby declare that I have not issued official tax receipts for goods and/or services, and that the information given in this report and in any documents attached is true, correct and complete in every respect.

Pat Agent Telephone (306) 555-1234

Saskatchewan this 16th day of February, 2015

Cancelled Receipt Listing
Party name: Registered Political Party
Fiscal Year: 2014

Receipt #	Reason	Replacement Receipt #
55001	Printer Error	55002
58255	Incorrect amount	58900
59445	Donor lost receipt	59899

← Use this spreadsheet to keep track of the tax receipts you issue, spoil, duplicate, or replace. Attach the spreadsheet to your party's annual report of contributions.



Part 3C: Questions

Answer the questions about replacement and duplicate tax receipts. When the answer is No, you must provide additional information.

Part3D: Attestation of Chief Official Agent

Record your name and telephone number and the date and location. Sign the report.

Submission

Submit your party's annual report of contributions to Elections Saskatchewan. Attach a list of all contributions received during the reporting period, your tax receipt spreadsheet, and copies of all the tax receipts you issued, cancelled, replaced, and/or duplicated during the reporting period.