

Elections Saskatchewan

A Guide for the Independent Candidate's
Business Manager
to *The Political Contributions Tax Credit Act, 2001*

May 2015



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Table of Contents

1. Introduction	1
2. Background	2
3. Assessing Political Contribution Eligibility	3
3.1 Who May Claim Receipts?	3
3.2 Eligible Contributions	4
3.3 Ineligible Contributions	6
3.4 How Are Tax Credits Calculated?	7
4. Issuing Tax Receipts	8
4.1 Tax Receipt Forms	8
4.2 Preparing a Tax Receipt	10
4.3 Duplicate Tax Receipts	11
4.4 Replacement Tax Receipts	12
4.5 Contribution Refunds	12
5. Depositing Contributions	13
6. Reporting to Elections Saskatchewan	14



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 an independent candidate's business manager may accept eligible contributions and issue valid tax receipts under the Tax Credit Act. It has been developed to help independent candidates' business managers fulfill their administrative and reporting responsibilities under the Tax Credit Act.

An independent candidate is a candidate who is not affiliated with one of the registered political parties in Saskatchewan.

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

The Tax Credit Act allows an independent candidate to solicit and receive contributions and to participate in Saskatchewan's political contributions tax credit system during an election campaign period [as described in sections 44-48 of the Election Act].

Only the independent candidate's business manager may issue income tax receipts, but may do so only if his or her name is recorded in the register maintained by the Chief Electoral Officer [section 231 of the Election Act].

Issuing income 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 Form P-606, Campaign Period Report of Contributions (Independent Candidate) and submitting it—along with a reconciliation of used and unused tax receipt forms—to Elections Saskatchewan within 30 days after election day.

A business manager 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 business manager's appointment ends for any reason, the candidate must immediately appoint another business manager and inform Elections Saskatchewan by submitting Form E-401, Appointment/Consent of the Business Manager of a Candidate. See [A Guide for the Candidate 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.

Independent candidates' business managers 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 Receipts?

Provincial resident taxpayers may claim tax credits for contributions to an independent candidate 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 an independent candidate by the candidate's business manager.

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, business managers 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 an independent candidate, 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 business manager 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 an 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:

- a contribution of less than \$25;
- a contribution made by a business manager, acting in that capacity, to another business manager's candidate;
- a contribution 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;
- a contribution in the form of a repayable loan;
- contributions from non-resident Canadians. There are no limits on the number or amount of contributions a business manager 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. Business managers 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.
- 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 business manager 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-606, Campaign Period Report of Contributions \(Independent Candidate\)](#) when it is submitted to Elections Saskatchewan (see page 14); and
- a third copy, which must be retained on behalf of the candidate.



However, a candidate's tax receipt forms may include additional copies or parts if the internal reporting system for his or her campaign requires them.



Obtaining Tax Receipt Forms

Complete [Form P-605, Record of Official Receipts \(Independent Candidate\)](#) and submit it to Elections Saskatchewan. The tax receipt forms will be sent out when Elections Saskatchewan receives the candidate's [Form E-405, Nomination Paper](#) package and Form P-605.

 SASKATCHEWAN To be forwarded to the Chief Electoral Officer upon completion.	P-605 The Political Contributions Tax Credit Act, 2001 Section 9
Record of Official Receipts (Independent Candidate)	
Constituency of <u>Saskatoon Riverview</u>	
Polling Date: The <u>2nd</u> day of <u>November</u> , <u>2015</u>	
I, <u>Georgia Landry</u> of	
Name of Business Manager	
<u>1256 Mason Street</u> <u>Saskatoon, SK</u> <u>Y2T 4Z5</u>	
Address Postal Code	
the undersigned Business Manager of	
<u>Sam O'Neill</u> (being an	
Name of Independent Candidate	
independent candidate for representation of the said constituency in the Legislative Assembly of Saskatchewan), do hereby	
acknowledge receipt of the official receipts to contributors for the purpose of subsection 67.1 of <i>The Income Tax Act, 2000</i> (Saskatchewan)	
bearing the following serial numbers:	
from <u>C001001</u> to <u>C001301</u>	
Quantity: <u>300</u>	
<u>Georgia Landry</u> Signature of Business Manager	
Dated at <u>Saskatoon</u> , Saskatchewan this <u>27th</u> day of <u>April</u> , <u>2015</u>	

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 business manager must immediately report the loss to Elections Saskatchewan along with the serial number(s) of the lost, stolen, or missing tax receipt(s).

The business manager 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.



SASKATCHEWAN
Official Receipt for Contribution - Independent Candidate
The Political Contributions Tax Credit Act, 2001 (in R)
The Election Act, 1996 (s. 48(2))

Receipt No. C000001

Name of Independent Candidate: Sam O'Neill

Name of Business Manager: Georgia Landry

Name of Contributor (Individual/Corporation): Hank Hammond

Address: 789 Park Ave, Saskatoon, SK

Postal Code: S4N 2T9

(if numbered corporation)

Date Contribution Received: 03 / 03 / 2014

Amount of Contribution: \$ 400 . 00

Date Recorded: 06 / 03 / 2014

Name of President / Name of Chief Executive Officer: _____

Signature of Business Manager: Georgia Landry

If the contributor is a numbered corporation, record the names of the corporation's president and chief executive officer.

Step 2: Sign the tax receipt.

Always sign the tax receipt by hand.

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 business manager may issue duplicate receipts for lost or misplaced tax receipts.

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

SASKATCHEWAN Official Receipt for Contribution - Independent Candidate <small>The Political Contributions Tax Credit Act, 2001 (s. 6) The Election Act, 1996 (s. 49(2))</small>		Receipt No. C000001	
<u>Sam O'Neill</u> Name of Independent Candidate		Date Contribution Received: Day <u>03</u> Month <u>03</u> Year <u>2014</u>	
<u>Georgia Landry</u> Name of Business Manager		Amount of Contribution(s) \$ <u>400</u> <u>00</u>	
<u>Hank Hammond</u> Name of Contributor (individual/ Corporation)		Date Receipt Issued: Day <u>06</u> Month <u>03</u> Year <u>2014</u>	
<u>789 Park Ave, Saskatoon, SK</u> Address		<u>Georgia Landry</u> Signature of Business Manager	
<u>B4U 2T9</u> Postal Code			
<small>(if numbered corporation)</small>			
Name of President _____		Name of Chief Executive Officer _____	
<small>ORIGINAL - Contributor</small>			

4.4 Replacement Tax Receipts

The business manager 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-606, Campaign Period Report of Contributions (Independent Candidate). See page 14.

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



SASKATCHEWAN
Official Receipt for Contribution - Independent Candidate
The Political Contributions Tax Credit Act, 2001 (s. 6)
The Election Act, 1996 (s. 49(2))

Receipt No. C000001

Name of Independent Candidate: Sam O'Neill

Name of Business Manager: Georgia Landry

Name of Contributor (Individual/ Corporation): Hank Hammond

Address: 789 Park Ave, Saskatoon, SK

Postal Code: S4N 2T9

Date Contribution Received: Day 03 Month 03 Year 2014

Amount of Contribution(s): \$ 400 00

Date Receipt Issued: Day 06 Month 03 Year 2014

Signature of Business Manager: Georgia Landry

Cancelled
*See Receipt # C001050
Georgia Landry*

ORIGINAL - Contributor

4.5 Contribution Refunds

A contribution may be refunded to a contributor only after the corresponding tax receipt is returned to the business manager. The original receipt, together with the candidate's copy, must be marked “Cancelled - Refunded” and must be submitted with Form P-606, Campaign Period Report of Contributions (Independent Candidate) when it is submitted to Elections Saskatchewan. If the contributor fails to return the tax receipt for cancellation, the contribution is to be forfeited to Elections Saskatchewan.

A contribution will not be refunded if the tax receipt has been claimed against provincial taxes.



5. Depositing Contributions

The business manager must deposit all eligible contributions in a financial institution (bank, trust company, or credit union) in the candidate's campaign account. Access to the account should be restricted to the business manager (or a delegate) as he or she is responsible for this revenue.

The business manager 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 candidate's campaign account and when debit and credit vouchers are deposited or submitted to the card issuer for payment.

The business manager 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 business manager 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 business manager must submit [Form P-606, Campaign Period Report of Contributions \(Independent Candidate\)](#) to Elections Saskatchewan within 30 days after election day. The report does not need to be audited, but the business manager must sign it, attesting to its authenticity and accuracy.

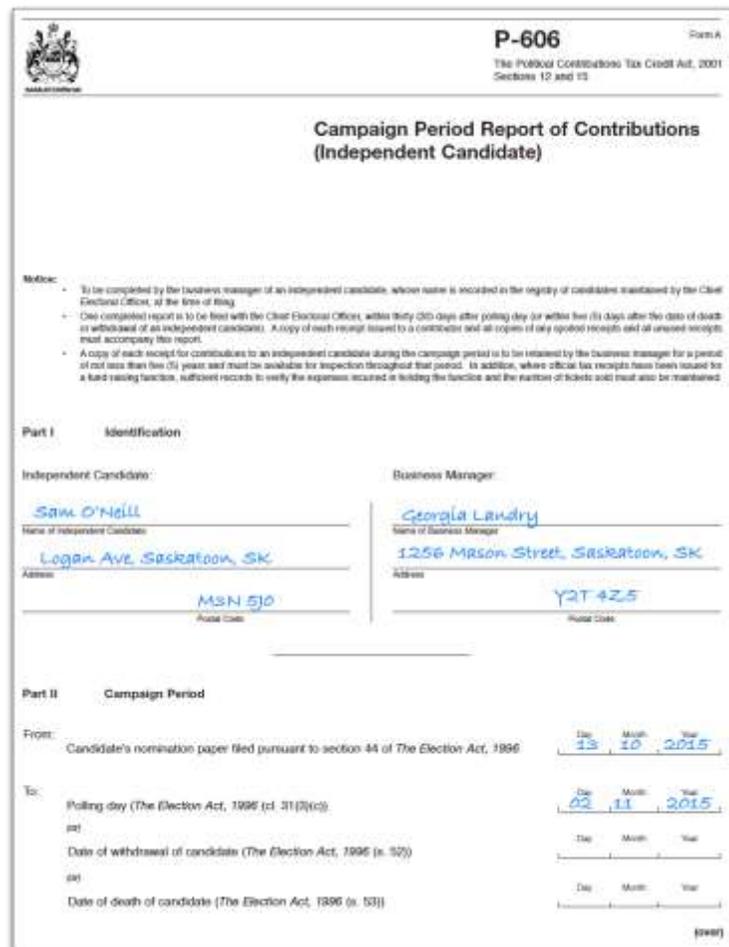
An independent candidate's participation in the provincial political contributions tax credit system ceases when he or she dies or withdraws from an election. Within five days after the date the candidate dies or withdraws, the candidate's business manager must complete and submit Form P-606, Campaign Period Report of Contributions (Independent Candidate) to Elections Saskatchewan.

Part 1: Identification

Record the candidate's name and address and your name and address.

Part 2: Reporting Period

Record the start and end dates of the reporting period, i.e., the date the candidate filed his or her nomination paper and the date of the election—or the date the candidate withdrew from the election or died.



P-606 Form A
The Political Contributions Tax Credit Act, 2001
Sections 12 and 13

**Campaign Period Report of Contributions
(Independent Candidate)**

Notes:

- To be completed by the business manager of an independent candidate, whose name is recorded in the registry of candidates maintained by the Chief Electoral Officer, at the time of filing.
- One completed report is to be filed with the Chief Electoral Officer, within thirty (30) days after polling day (or within five (5) days after the date of death or withdrawal of an independent candidate). A copy of each receipt issued to a contributor and all copies of any quoted receipts and all unused receipts must accompany this report.
- A copy of each receipt for contributions to an independent candidate during the campaign period is to be retained by the business manager 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 fund-raising function, sufficient records to verify the expenses incurred in holding the function and the nature of tickets sold must also be maintained.

Part I Identification

Independent Candidate:
Name of Independent Candidate: Sam O'Neill
Address: Logan Ave, Saskatoon, SK
Postal Code: S4N 5J0

Business Manager:
Name of Business Manager: Georgia Landry
Address: 1256 Merson Street, Saskatoon, SK
Postal Code: Y2T 4Z5

Part II Campaign Period

From: Candidate's nomination paper filed pursuant to section 44 of The Election Act, 1996
Day: 15 Month: 10 Year: 2015

To: Polling day (The Election Act, 1996 (c. 31(2)(c)))
Day: 02 Month: 11 Year: 2015

(or)

Date of withdrawal of candidate (The Election Act, 1996 (s. 57))
Day: _____ Month: _____ Year: _____

(or)

Date of death of candidate (The Election Act, 1996 (s. 53))
Day: _____ Month: _____ Year: _____

(over)



Part 3C: Questions

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

Part 3D: Attestation of Business Manager

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

Submission

Submit Form P-606, Campaign Period Report of Contributions (Independent Candidate) 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.