

CRA Tuition Donation Tax Calculation

December 8th, 2011 Webinar

Presented by: Franklin Smith, MBA, CMC
Partner, Simon Phoenix Group



Start Time:	10:00 am ET
<u>Duration:</u>	<u>60 minutes</u>
Presentation:	45 minutes
Q&A:	15 minutes

CRA Tuition Donation Tax Calculation

IC 75-23

IS....

- Basis for the tuition donation calculation
- Over 35 years old
- Relied upon by CRA to conduct audits of issued tuition receipts
- Open to interpretation
- A means to provide a partial tax offset for unused educational tax payments

IS NOT....

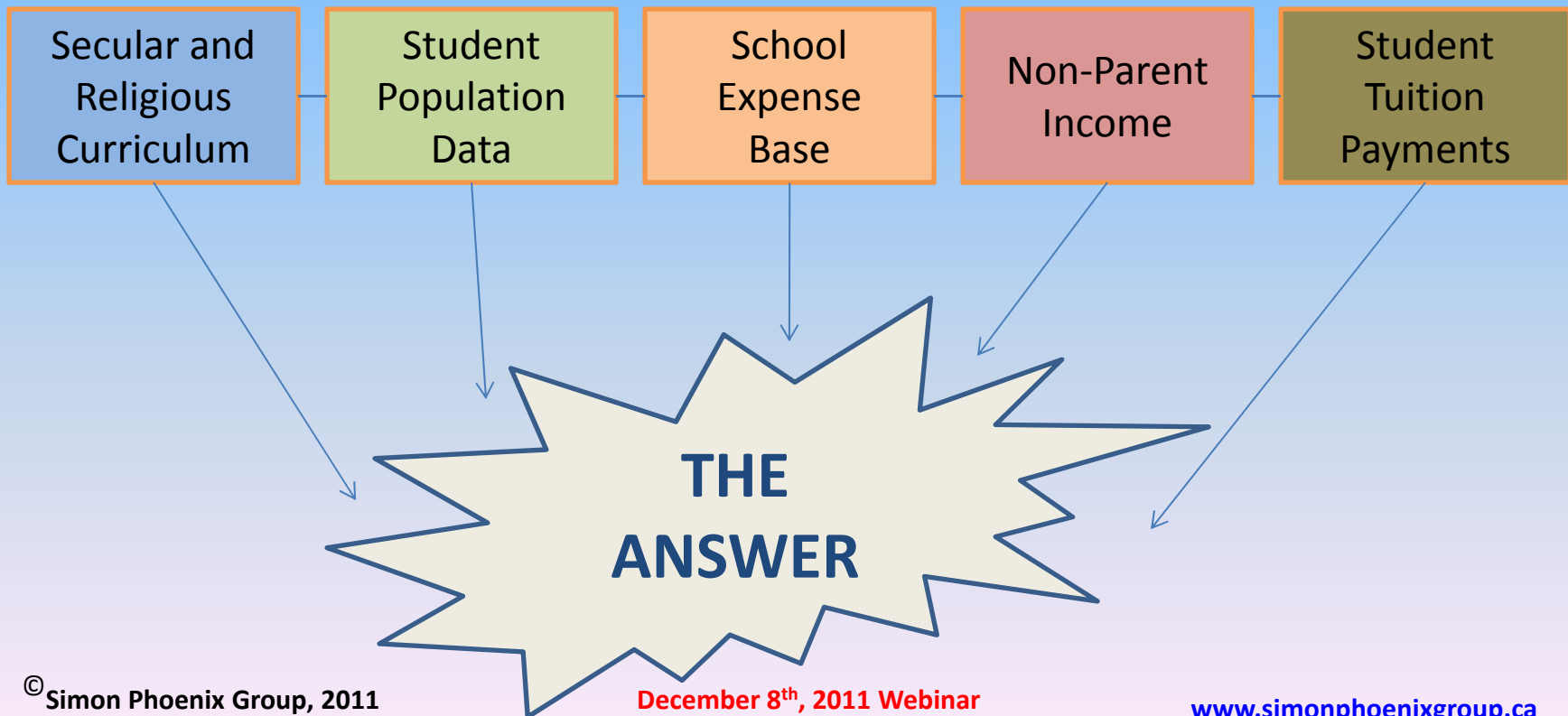
- Legislation
- Unambiguous
- Always understood well

Information
letter

IC 75-
23

CRA Tuition Donation Tax Calculation

CALCULATION COMPONENTS



CRA Tuition Donation Tax Calculation

CALCULATION COMPONENTS

Secular and
Religious
Curriculum

- Determination of percentage split
- Based on what (conjecture, curriculum, schedule)?
- Whole school or grade specific?
- Clearly define secular versus religious program
- Is it reasonable?
- Is it defensible?

Spreadsheet
Calculations

CRA Tuition Donation Tax Calculation

CALCULATION COMPONENTS

Student
Population
Data

- Grade specific splits
- How to deal with non-full year enrollments?
- Track data by year
- Actual student count versus FTE (full time equivalent) students?
- Is it reasonable?
- Is it defensible?

Spreadsheet
Calculations

CRA Tuition Donation Tax Calculation

CALCULATION COMPONENTS

School
Expense
Base

- How to deal with two separate “school” years?
- Segregate religious versus secular costs of education
- How to segregate costs?
- Are there any expenditures not to be included?
- Is it reasonable?
- Is it defensible?

Spreadsheet
Calculations

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CALCULATION COMPONENTS

Non-Parent
Income

- Where does the data come from?
- How to deal with companies owned by parents?
- Dealing with grants, miscellaneous income, and non-parent donation income?
- Are any non-parent donation amounts not eligible for inclusion?
- Is it reasonable?
- Is it defensible?

Spreadsheet
Calculations

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CALCULATION COMPONENTS

Student
Tuition
Payments

- Where does the data come from?
- What about tuition payments by extended family?
- What about tuition payments by parent owned companies?
- What about tuition payments made by securities transfer?
- Is it reasonable?
- Is it defensible?

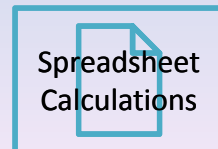
Spreadsheet
Calculations

CRA Tuition Donation Tax Calculation

“BRINGING IT ALL TOGETHER”

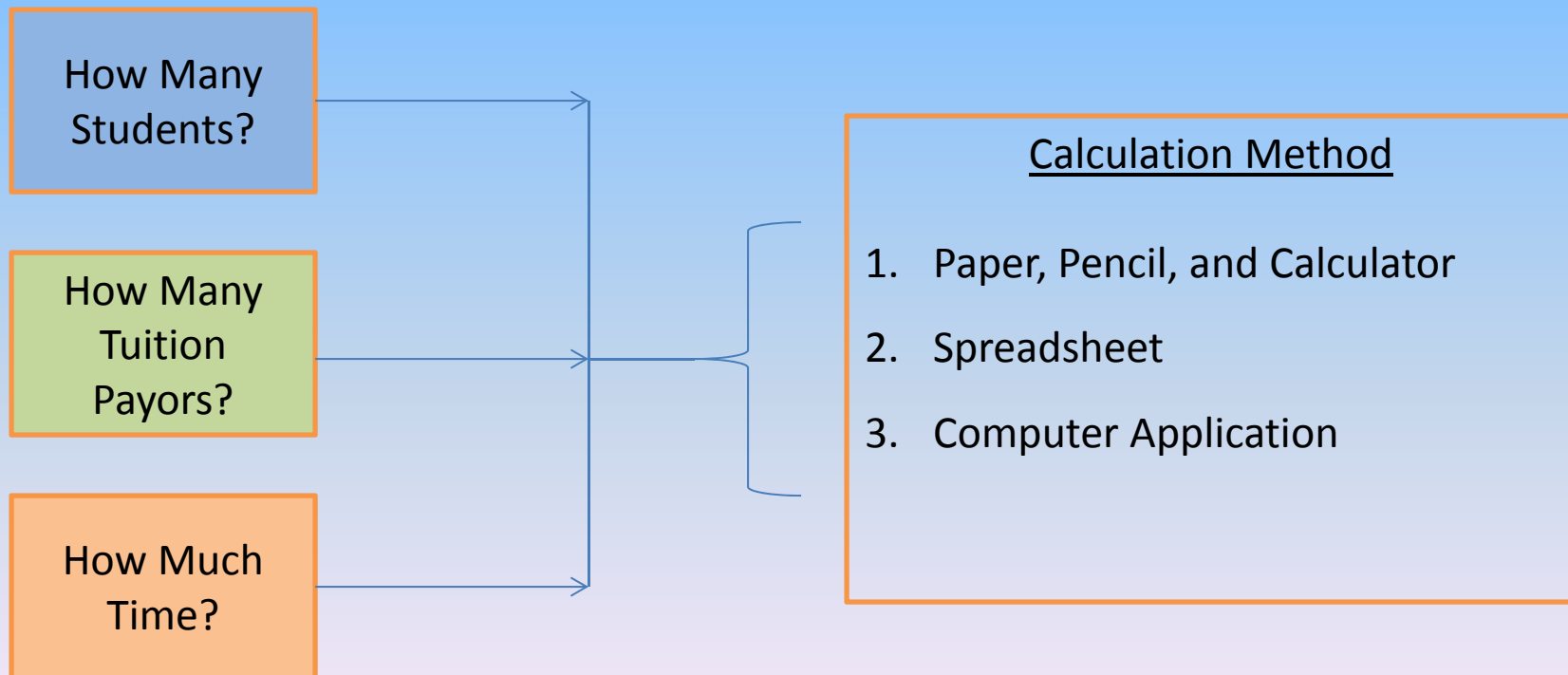


- Dealing with multiple tuition payors for the same student and allocating the net secular cost
- Dealing with students who are not in attendance for the full portions of both academic years
- Options for dealing with tuition fees paid by securities transfer
- Calculating Net Secular Cost per Student



CRA Tuition Donation Tax Calculation

PERFORMING THE CALCULATION



CRA Tuition Donation Tax Calculation

METHODS OF CALCULATION Paper, Pencil, and Calculator

<u>Pros</u>	<u>Cons</u>
<ul style="list-style-type: none">• Readily available tools	<ul style="list-style-type: none">• Exceedingly time consuming
<ul style="list-style-type: none">• Calculations can be easily subdivided for manipulation by different people	<ul style="list-style-type: none">• Ineffective and inefficient use of time
<ul style="list-style-type: none">• Requires no computer knowledge	<ul style="list-style-type: none">• Prone to mathematical error

CRA Tuition Donation Tax Calculation

METHODS OF CALCULATION Spreadsheet

<u>Pros</u>	<u>Cons</u>
<ul style="list-style-type: none"> • Readily available tools 	<ul style="list-style-type: none"> • Requires spreadsheet programming knowledge
<ul style="list-style-type: none"> • Calculations can be easily subdivided for manipulation by different people 	<ul style="list-style-type: none"> • Time required to develop and maintain spreadsheet model
<ul style="list-style-type: none"> • Faster processing time from start to finish 	<ul style="list-style-type: none"> • Significant manual data manipulations still required
<ul style="list-style-type: none"> • Programmed calculations completed without mathematical error 	

CRA Tuition Donation Tax Calculation

METHODS OF CALCULATION Computer Application

<u>Pros</u>	<u>Cons</u>
<ul style="list-style-type: none">• Simple numerical inputs	<ul style="list-style-type: none">• Cost of purchase and maintenance could be a factor
<ul style="list-style-type: none">• No knowledge of computer or spreadsheet programming required	
<ul style="list-style-type: none">• Allows for data checks and rapid calculations	
<ul style="list-style-type: none">• Programmed calculations completed without mathematical error	

CRA Tuition Donation Tax Calculation

How Many Computer Applications Perform the
CRA Faith-Based Tax Calculation?

ONLY ONE.....

PHOENIX NP COMPLETE[©]

CRA Tuition Donation Tax Calculation

NEXT WEBINAR

The Simon Phoenix Group presents:
“Relieve the Pain of Tax Receipting”
December 15th, 2011 @ 10:00 am

CRA Tuition Donation Tax Calculation

QUESTIONS?

Feel free to use the “chat” feature of the webinar interface to type in your questions.....



Ontario
Federation of
Independent
Schools

*Partners in Education,
Partners in Choice*

CRA Tuition Donation Tax Calculation

SPREADSHEET EXAMPLES

ABC Private School
Weekly Curriculum Time Assessment, 2011-12

Time Allocation to Catholic Studies

Total Weekly Instruction for Grades SK to 5	28.5 hours		
Direct Allocation			
Latin Language	4.5		
Old Testament Study	2.5		
Prayer	3		
New Testament Study	4		
Holiday Preparation	1.5		
Latin Gym	1		
Catholic Literature	2		
Total Hours	18.5	Religious	64.9%
		Secular	35.1%
			<u>100.0%</u>

Total Weekly Instruction for Grades 6 to 8	32 Hours		
Direct Allocation			
Latin Language	5		
Old Testament Study	1		
Prayer	4.5		
Comparative Religions	4		
New Testament Study	2		
Holiday Preparations	4		
Total Hours	20.5 Hours	Religious	64.1%
		Secular	35.9%
			<u>100.0%</u>

Simple Average Secular % to use: 35.5%

Grade Specific Secular % to Use

SK	35.1%
Grade 1	35.1%
Grade 2	35.1%
Grade 3	35.1%
Grade 4	35.1%
Grade 5	35.1%
Grade 6	35.9%
Grade 7	35.9%
Grade 8	35.9%

Thomas Aquinas
Principal



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Grades	Program Allocation			
	2010-11	2011-12	2010-11	2011-12
JK	21	11	50.00%	50.00%
SK	23	30	100.00%	100.00%
01	25	21	100.00%	100.00%
02	26	22	100.00%	100.00%
03	22	25	100.00%	100.00%
04	15	19	100.00%	100.00%
05	36	16	100.00%	100.00%
06	21	30	100.00%	100.00%
07	28	17	100.00%	100.00%
08	24	25	100.00%	100.00%
Total	241	216		
Simple Average			228.50	
Allocated Student Population	230.5	210.5		
# of months during year	6	4	10	
Weighted Average Student Population	138.30	84.20	222.50	

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Average Method		Grade Specific Method															
		Grades	Secular %		Expenses -- Segregated		Expenses -- Allocated*		Expenses Total		Allocated Secular Cost		Non-Parent Income**		Net Secular Cost per FT Student		Total
			2010-11	2011-12	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	
Total Expenditures	\$ 3,100,000.00	SK	35.09%	35.09%	\$ 144,966.68	\$ 99,911.74	\$ 73,560.09	\$ 49,032.63	\$ 218,526.77	\$ 148,944.37	\$ 76,676.06	\$ 52,261.18	\$ 6,865.72	\$ 2,285.56	\$ 3,035.23	\$ 1,665.85	\$ 4,701.09
Average Secular %	35.51%	01	35.09%	35.09%	\$ 159,071.54	\$ 67,475.46	\$ 79,956.62	\$ 34,322.84	\$ 239,028.17	\$ 101,798.31	\$ 83,869.53	\$ 35,718.70	\$ 7,462.74	\$ 1,599.89	\$ 3,056.27	\$ 1,624.71	\$ 4,680.98
Allocated Secular Costs	\$ 1,100,890.90	02	35.09%	35.09%	\$ 166,123.97	\$ 71,079.49	\$ 83,154.89	\$ 35,957.26	\$ 249,278.86	\$ 107,036.76	\$ 87,466.27	\$ 37,556.76	\$ 7,761.25	\$ 1,676.08	\$ 3,065.58	\$ 1,630.94	\$ 4,696.52
		03	35.09%	35.09%	\$ 137,914.24	\$ 81,891.59	\$ 70,361.83	\$ 40,860.53	\$ 208,276.07	\$ 122,752.12	\$ 73,079.32	\$ 43,070.92	\$ 6,567.21	\$ 1,904.63	\$ 3,023.28	\$ 1,646.65	\$ 4,669.93
Less: Non-Parent Income, Grants, etc	(81,290.09)	04	35.09%	35.09%	\$ 88,547.21	\$ 60,267.40	\$ 47,973.97	\$ 31,054.00	\$ 136,521.19	\$ 91,321.40	\$ 47,902.17	\$ 32,042.60	\$ 4,477.64	\$ 1,447.52	\$ 2,894.97	\$ 1,610.27	\$ 4,505.24
Net Secular Cost	\$ 1,019,600.81	05	35.09%	35.09%	\$ 236,648.30	\$ 49,455.31	\$ 115,137.54	\$ 26,150.74	\$ 351,785.84	\$ 75,606.05	\$ 123,433.63	\$ 26,528.44	\$ 10,746.34	\$ 1,218.97	\$ 3,130.20	\$ 1,581.84	\$ 4,712.04
		06	35.94%	35.94%	\$ 130,861.81	\$ 99,911.74	\$ 67,163.56	\$ 49,032.63	\$ 198,025.37	\$ 148,944.37	\$ 71,165.37	\$ 53,526.88	\$ 6,268.70	\$ 2,285.56	\$ 3,090.32	\$ 1,708.04	\$ 4,798.36
Weighted Average Student Population	222.50	07	35.94%	35.94%	\$ 180,228.84	\$ 53,059.34	\$ 89,551.42	\$ 27,785.16	\$ 269,780.26	\$ 80,844.50	\$ 96,952.28	\$ 29,053.49	\$ 8,358.27	\$ 1,295.15	\$ 3,164.07	\$ 1,632.84	\$ 4,796.92
Net Secular Cost per Full Time Student	\$ 4,582.48	08	35.94%	35.94%	\$ 152,019.11	\$ 81,891.59	\$ 76,758.36	\$ 40,860.53	\$ 228,777.47	\$ 122,752.12	\$ 82,216.90	\$ 44,114.04	\$ 7,164.23	\$ 1,904.63	\$ 3,127.19	\$ 1,688.38	\$ 4,815.57

NOTE: *Based on Student Population Splits
**Allocated based on Student Population Splits, although if Grants are received for specific grade-related purposes, then those grants should be specific to those grades



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ABC PRIVATE SCHOOL

Student Number	Student Name	Grade		Total Tuition Paid			Year Proportion			Net Secular Cost			Receipt Amount
		Jan-Jun	Sep-Dec	Jan-Jun	Sep-Dec	Full Year	Jan-Jun	Sep-Dec	Full Year	Jan-Jun	Sep-Dec	Full Year	
0000002	Tnrqdh, Mtlx-rmk	07		\$ 7,950	\$ -	\$ 7,950	0.61	-	0.61	\$ 3,164.07	\$ -	\$ 3,164.07	\$ 4,785.93
0000008	Lnxdm, Emhojn	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000009	Oeeybwou, Tnpbd	07		7,950	-	7,950	0.61	-	0.61	3,164.07	-	3,164.07	4,785.93
0000010	Ennbsu, Bqde	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000013	Scpyfu, Xgstq	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000014	Ttocvd, lotuft	06	07	7,950	5,300	13,250	0.61	0.39	1.00	3,090.32	1,632.84	4,723.16	8,526.84
0000015	Rwgvlo, Sguykw	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000017	Oqlj, lxjvoq	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000020	Lsfrnriq, lppqx	06		7,950	-	7,950	0.61	-	0.61	3,090.32	-	3,090.32	4,859.68
0000024	Qrugs, Gkddcmb	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000030	Ererj, Gvfgl	06	07	7,950	5,300	13,250	0.61	0.39	1.00	3,090.32	1,632.84	4,723.16	8,526.84
0000035	Rhvquy, Giygoy	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000037	Wpkrdp, Pxeolk	06	07	7,950	5,300	13,250	0.61	0.39	1.00	3,090.32	1,632.84	4,723.16	8,526.84
0000038	Mbxsn, Ryxo	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000040	Pceuk, Hgcwpos	06	07	7,950	5,300	13,250	0.61	0.39	1.00	3,090.32	1,632.84	4,723.16	8,526.84
0000041	Egmoxtykfifb, loswq	07		7,950	-	7,950	0.61	-	0.61	3,164.07	-	3,164.07	4,785.93
0000043	Wwwwuye, Wfxwke	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000044	Vrqtop, Kikjfrvx	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000046	Fkeoepe, Niosfgx	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000048	Hhpele, Fvnwvu	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000051	Xkhvjh, Xndpkuumo	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000052	Dvmdun, Rxuhmk	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000053	Nqdwne, Hyw	06	07	7,950	5,300	13,250	0.61	0.39	1.00	3,090.32	1,632.84	4,723.16	8,526.84
0000055	Etkyogxgtg, Bvyjlnu	06	07	7,950	5,300	13,250	0.61	0.39	1.00	3,090.32	1,632.84	4,723.16	8,526.84
0000057	Eigvjfw, Obbcybxii	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000058	Xuoewrm, lbebkulc	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000059	Mcesjfi, Mxo	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000060	Prmnjdtrr, Nyinkd	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000062	Mjkjcucl, Oyd	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000067	Lhjcg, Lokjr	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000069	ljeicp, Tdnwpnei	06	07	7,950	5,300	13,250	0.61	0.39	1.00	3,090.32	1,632.84	4,723.16	8,526.84
0000070	Wixyglv, Ffxj	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000074	Hbis, Vsteo	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000076	Bbdl, Qeox	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000079	Njkykjhj, Lkcvfs	07	08	7,950	5,300	13,250	0.61	0.39	1.00	3,164.07	1,688.38	4,852.45	8,397.55
0000081	Nqquws, Xiqw	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000084	Veoprodg, Jbsqrc	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000088	Deneyiq, Fnyfn	06	07	7,950	5,300	13,250	0.61	0.39	1.00	3,090.32	1,632.84	4,723.16	8,526.84
0000096	Kbghpieu, Topfev	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000099	Prifmoy, Tufec	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81
0000100	Fbxqjcd, Evtv	05	06	7,440	4,960	12,400	0.61	0.39	1.00	3,130.20	1,708.04	4,838.25	7,561.75
0000102	Cqyhu, Nstc	08		7,950	-	7,950	0.61	-	0.61	3,127.19	-	3,127.19	4,822.81