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ACSI Ontario Board/Administrators' Conference
February 5th, 2011

CRA Tuition Donation Tax Calculation



Start Time: 10:05 am ET

Duration: 60 minutes

Presentation: 45 minutes

Q&A: 15 minutes

PRESENTED BY:

FRANKLIN SMITH MBA, CMC
PARTNER



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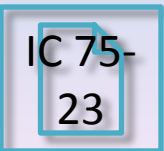
IC 75-23

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
- The means by which the federal government funds private religious education

IS NOT....

- Legislation
- Unambiguous
- Understood very well by CRA (in many cases)



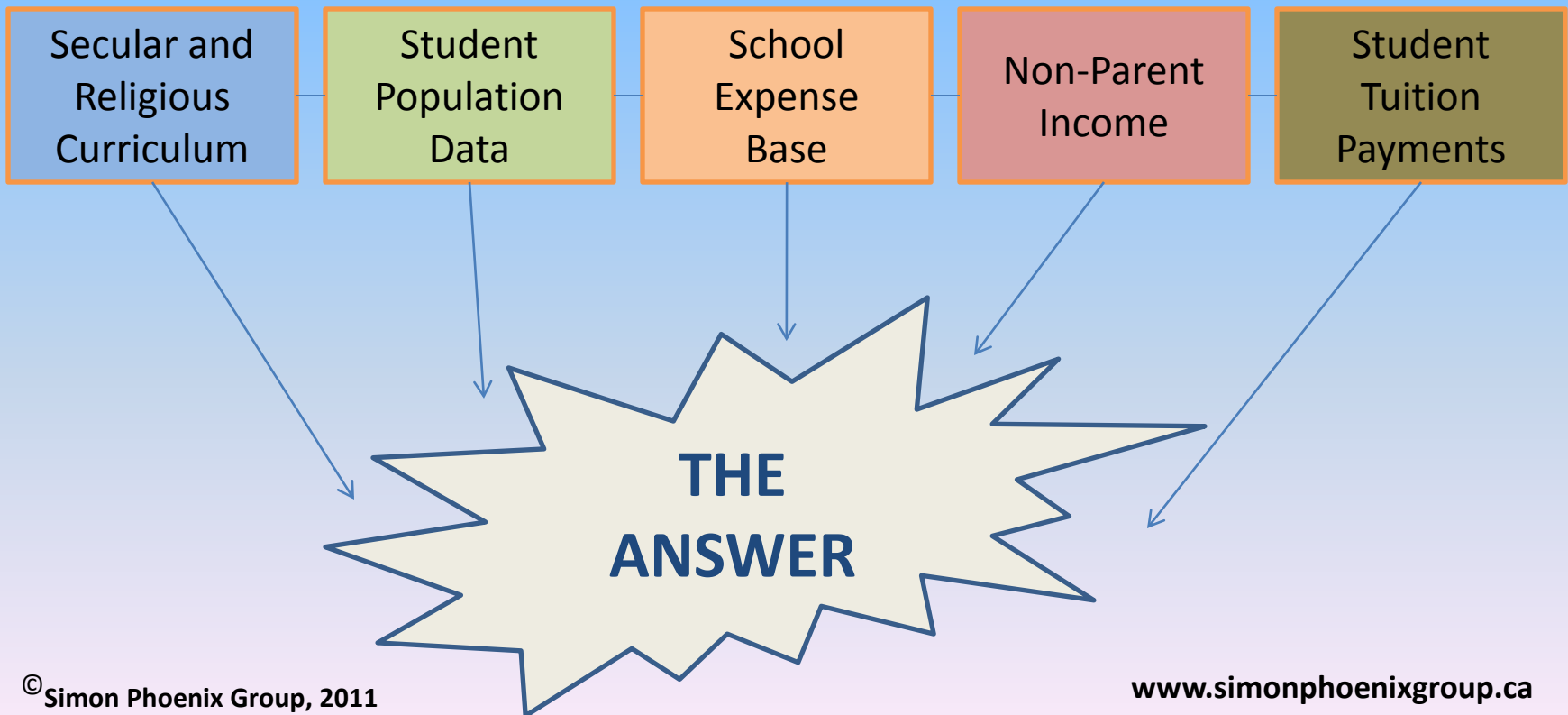


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CALCULATION COMPONENTS





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CALCULATION COMPONENTS

Secular and
Religious
Curriculum

- Determination of percentage split
- Based on what (conjecture, curriculum, schedule)?
- Whole school or grade specific?
- How to deal with two separate academic years?
- Is it reasonable?
- Is it defensible?

Spreadsheet
Calculations



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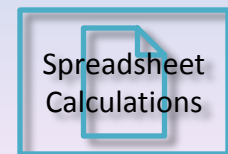
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CALCULATION COMPONENTS

Student
Population
Data

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





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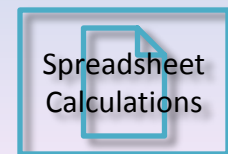
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CALCULATION COMPONENTS

School
Expense
Base

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





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CALCULATION COMPONENTS

Non-Parent
Income

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



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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?

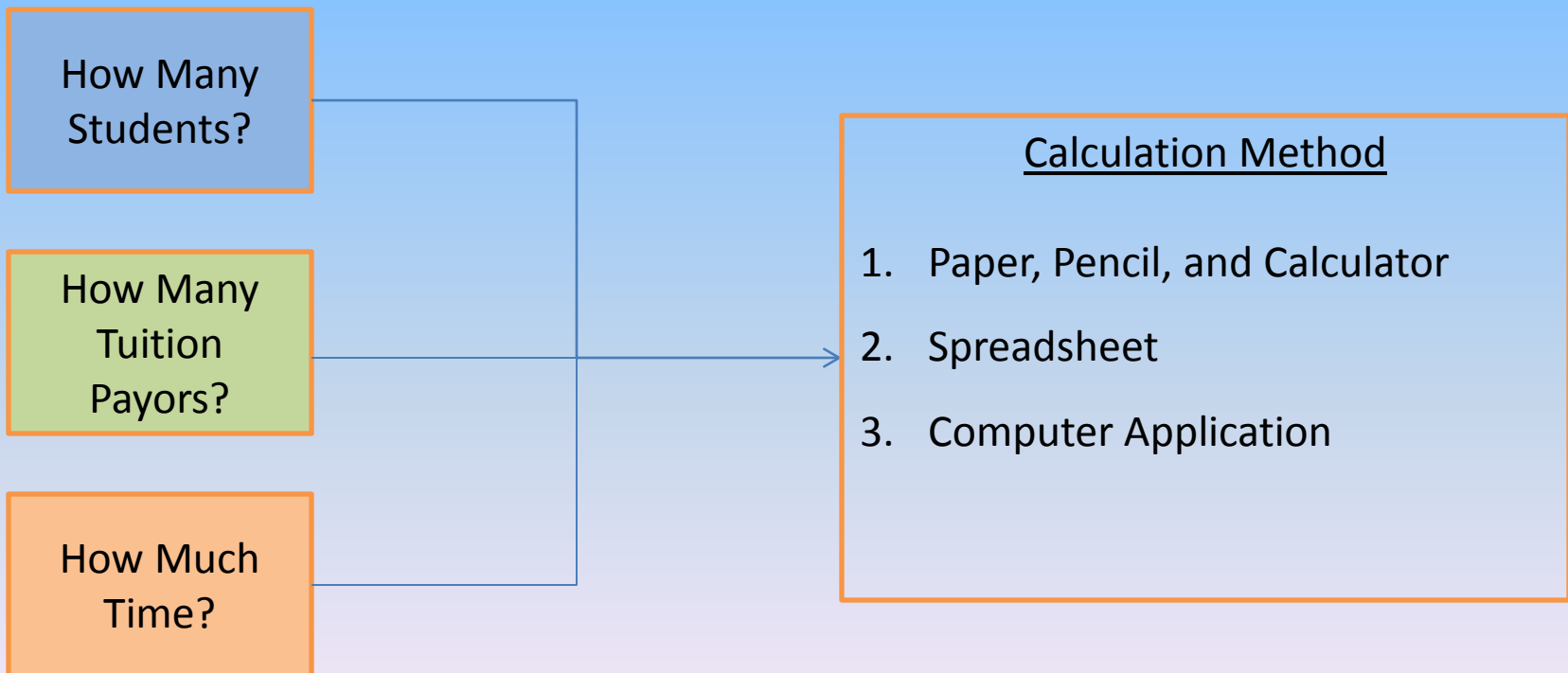


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PERFORMING THE CALCULATION





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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



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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	



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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	



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

ONLY ONE.....

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QUESTIONS?