



HORSE MAINTENANCE PROGRAM

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The Horse Maintenance Program is intended to encourage individuals to support and **maintain horses** of international caliber which are made available to the Canadian Equestrian Team and Equine Canada listed riders or drivers.

Owners or those who incur the cost of maintaining these horses may choose to receive an official donation receipt for income tax purposes from Equine Canada corresponding to the out-of-pocket expenses paid in maintaining these horses made available to the CET.

Each FEI Discipline Committee submits a list of up to 20 short-listed horses to Equine Canada. The list includes the owner's name and full mailing address along with the horses name made available to the Team for competition during the 2006 calendar year.

Please notify us if you do not plan to participate in the program so that we may offer it to the next available horse and owner. If a horse has not been accepted, the owner may appeal to the International Committee. Although each Discipline Committee sets its criteria independently the Equine Canada office must review all applications to insure that Canada Revenue Agency (CRA) guidelines are adhered to.

Those individuals who incur the costs of maintaining the horses provided to the Team and wish to take advantage of an official donation receipt for income tax purposes **must** substantiate their claim with proof of payment from **original receipts**. According to CRA policy Equine Canada must retain these original receipts in order to support the expenses incurred and donation receipt issued, in the event of a CRA audit.

If expenses are incurred on the horse by more than one individual, a donation receipt will be issued to each individual based on the amount each person expended in maintaining said horse. Official receipts for income tax purposes can only be issued to the individual or entity who actually paid the invoice unless there is sufficient evidence (i.e. a cancelled cheque) that another person paid the invoice. Official receipts for income tax purposes are available for expenses over and above the "normal maintenance care" of the horse, estimated to be approximately \$2,000 per year.

Official receipts for income tax purposes for syndicated horses may also be issued according to existing agreements and can be split amongst the syndicate members at the pre-established rates. Official receipts for income tax purposes will never total more than 100% of the original invoice amounts paid.

Those who wish to obtain an official donation receipt for income tax purposes should send a letter together with their original receipts to the Equine Canada office prior to **January 31, 2007**. We will attempt to issue all official receipts for income tax purposes by **February 28, 2007**.

Equine Canada is unable to comment on personal income tax situations and recommends that all individuals contact their personal tax advisor to ensure that an official receipt for income tax purposes is beneficial to their own personal tax situation.

SUPPLEMENTARY GUIDELINES TO THE HORSE MAINTENANCE PROGRAM

As outlined in the Horse Maintenance Program, **horses** qualifying for the program are identified by their respective disciplines. An information package will include:

- Covering letter to the owner;
- Horse Maintenance Program;
- Supplementary Guidelines to the Horse Maintenance Program;
- An Expense Summary Form.
- Sample covering letter for participants of the program; and

Because of the demand for the program (limited to 20 horses per discipline) and the requirement to process submissions in a timely manner, information packages will be sent directly by email, or Xpresspost if requested. Owners should confirm their participation in the program as soon as possible that their eligibility may be reserved, or conversely, offered to the next available horse.

Owners may wish to identify someone other than themselves to be eligible to receive the official donation receipt for income tax purposes. It should be directed to the individuals who incurred and paid the out-of-pocket expenses. Again, owners should notify Equine Canada of these individuals.

As outlined above, the owner, or the one who paid the expenses, is eligible for the official donation receipt corresponding to the out-of-pocket expenses incurred in maintaining and competing a team horse. In accordance with the directive from Canada Revenue Agency, eligible expenses will be restricted to out-of-pocket expenses that are required over-and-above the costs of the horse's ordinary maintenance; therefore, \$2,000 per horse will be deducted as ordinary maintenance from the expenses submitted.

If more than one individual incurs expenses on the horse, a donation receipt will be issued to each individual based on the amount each person expended in maintaining said horse supported by receipts. Please note that there is a processing fee for each donation receipt requested. Donation receipts can only be issued to the individual or entity invoiced unless there is sufficient evidence (i.e. a cancelled cheque) that another person paid the invoice. Donation receipts for syndicated horses will be split amongst the syndicate members unless receipts otherwise support the request.

A donation must be made as a voluntary and gratuitous transfer of property without expectation of return or consideration. To comply with the Act we ask individuals, if they wish to participate in the program, to elect to receive an official donation receipt corresponding to the out-of-pocket expenses incurred in maintaining the horse. A sample letter is provided for the claimant to complete. This election is made in compliance with the Income tax Act and with the recommendations made by Canada Revenue Agency.

Individuals who have a care and custody agreement for a horse owned by Equine Canada and are currently competing at an international level are also eligible for the Horse Maintenance Program. The participants under this scenario **do not** take up one of the twenty places for each discipline.

Submission of Receipts

Original invoices or receipts must be provided to substantiate the submission. Cancelled cheques are not acceptable. A handwritten receipt is acceptable, provided that it includes the name of the recipient, full address, telephone number, and the amount and details of fees, and that it is signed. Statements, including those from credit cards, are not acceptable, as they do not provide a summary of goods or services provided.

For expenses paid in a currency other than Canadian funds, claimants are required to use the exchange rate at the time of the transaction. If a large number of expenses were paid in foreign funds over the year, claimants may use the 2006 average monthly rate of the currency. Samples of currency rates can be found at <http://www.xe.com/ucc>.

Please note that receipts provided by an individual for personal services are subject to the issuance of a T4A. Claimants submitting receipts provided by an individual are required to supply the social insurance number of the service provider.

An Expense Summary form to summarize the invoices and receipts being submitted under the Horse Maintenance Program is included in this package. An electronic Excel version may be obtained by e-mailing a request to marbour@equinecanada.ca. Invoices/receipts are to be submitted by category with a printout of the adding machine tape or spreadsheet attached to each group of invoices or receipts. In some cases invoices/receipts contain expenses for more than one category, for example, training may be included in a monthly invoice for board. In these cases, the invoice/receipt is to be recorded once in the primary category.

Horse maintenance expenses fall into the following general categories:

- Board
- Veterinarian
- Show entries
- Horse insurance
- Other, such as:
 - Competition related travel, food and accommodation
 - Horse passports and license fee, Membership and sport license fees
 - Minor repairs to equipment.
- Farrier
- Horse transport
- Training

Board

Invoices/receipts for board may be from a stable that is owned by the claimant or an entity that is non-arms-length. Under these situations, the receipts for board will be included in the calculation of the donation receipts; however, a T4A will be issued to the individual or company supplying the service.

If a claimant does not have receipts for board, but rather incur expenses such as feed, shavings, and hydro, the original receipts may be submitted and the expenditures are to be prorated on a reasonable basis.



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Horse Transport

Transportation of the horse to a competition may be substantiated by invoices/receipts from a service provider. Transportation costs may also be claimed by submitting invoice/receipts for fuel **or** claim \$0.43 per kilometer, with an outline of the trips taken. If the kilometers traveled were not kept track of at the time, there are sites on the Internet that can provide an estimate of kilometers to and from specified places.

Horse Insurance

Mortality and major medical insurance premiums will be included in the calculation based on the amount paid during the year, rather than spread over the period for which the insurance covers.

Other Expenses

Competition travel, food, and accommodation may include the rider/driver, crew and grooms; however, expenses incurred for the owner of the horse to watch the competition cannot be included.

Please indicate horse passport and license fees, membership and sport license fees paid directly to Equine Canada. If receipts are not available for submission, verification of receipt of funds will be done by EC when submissions are reviewed.

The rider/driver's clothing, that is strictly used for riding or working around the horse may be included.

Any other expense logically related to the **maintenance of the horse** would be considered.

Non-eligible Expenses

Capital purchases are not eligible to be included under the Horse Maintenance Program. Capital purchases are defined as items that are expected to have a useful life of greater than one year. Therefore, equipment such as saddles and bridles cannot be claimed; however, items such as blankets and bandages can be included. Minor repairs to equipment may be included except for vehicles, as the rate per kilometer covers such repairs.

Audit fees, the service charge for the horse maintenance program, and legal fees are not eligible expenditures, as they do not support the maintenance of the horse.

Any other expense logically not related to the **maintenance of the horse** would not be considered.

A final summary will be provided to each claimant to summarize the details of the amount listed within the official donation receipt for income tax purposes.