

Guide to Preparing Donation Tax Receipts

While you can send individual receipts for individual donations in Xero, there is no ability for Xero to send a receipt for consolidated donations over the tax year period. Therefore, donation receipts need to be prepared on a word template using data exported from Xero to excel.

The overview of the process is:

1. Reconcile all donations in the bank account for the tax period (1 April to 31 March)
2. Run a transaction report that summarises donations by Contact
3. Check the coding of the donations against the contact names and any internal records.
4. Note that any donations that have been given for overseas missions that not eligible for tax deductions.
5. Either:
 - a. Enter the information manually for each donor into a copy of the donation receipt template (probably easier if you have a small number of donors)
 - b. Or fill out the required fields on the "Mail Merge" Excel template to be imported into the word template via a mail merge.
6. Print donation receipts, which then need to be signed by the Treasurer (or can also be done with an electronic signature).
7. Distribute donation receipts.

Eligibility of donations for tax credits

For a donation to qualify for a tax credit under Inland Revenue Department rules, it must be a genuine gift of money made to the parish (as an approved organisation), with no benefit to the donor, and under the parish's full control.

This means a parishioner's donation will generally be eligible if it is given to the parish itself, and the parish has discretion over how the funds are used, even if it the Parish chooses to later send the money overseas.

However, the donation will not be eligible if the parish is simply acting as a pass-through—for example, where the donor directs or the money is collected specifically for a mission overseas and the parish is obliged to forward it exactly as instructed.

The key test is whether the parish is the true recipient with control, or merely an intermediary.

One off Donations

If the parish has issued any one-off tax receipts for donations, then these amounts need to be excluded from the donation total for the donor on the annual tax receipt.

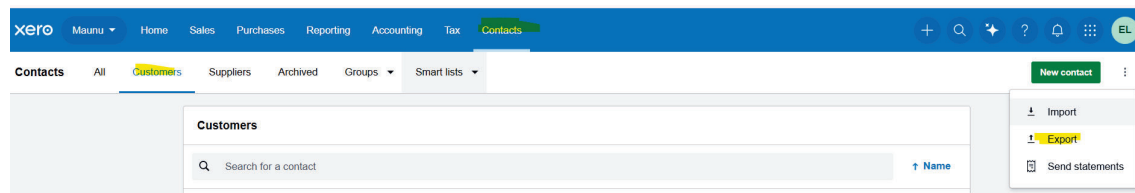
Donation Template

The Diocese will issue a standard donation template for each Parish to use. **It is essential that the donation receipt includes the logo and names of the “The Diocese of Auckland” and “Anglican Diocese of Auckland” stated on it.** This is because this is what matches the charities commission registration number on the charities register. If the receipt is not clearly issued as been from The Diocese of Auckland it may be rejected by the IRD and the receipts will need to be reissued.

The Parish may add the name of their Parish and their Parish logo **as long as it maintains all the details and wording of the issued template and the correct naming for The Diocese of Auckland.**

Donor Contact Details

TIML imported the contact details for the donors from Accredo into Xero. To run a report to get the details from Xero in a spreadsheet, go to Contacts – Customers and select export as excel.



You can use this information to populate the donor tax receipts. If there are no contact details in Xero it is because there were none in Accredo and the Parish will need to source these internally. It is not essential that the residential addresses are on the receipts (unless you plan to post them). These fields can be left blank if you are unable to locate them.

Copies of Donation Receipts


If a donor requests another copy of their donation receipt to be issued, the duplicate must have the words COPY marked on it. This is to prevent the donation being claimed twice.

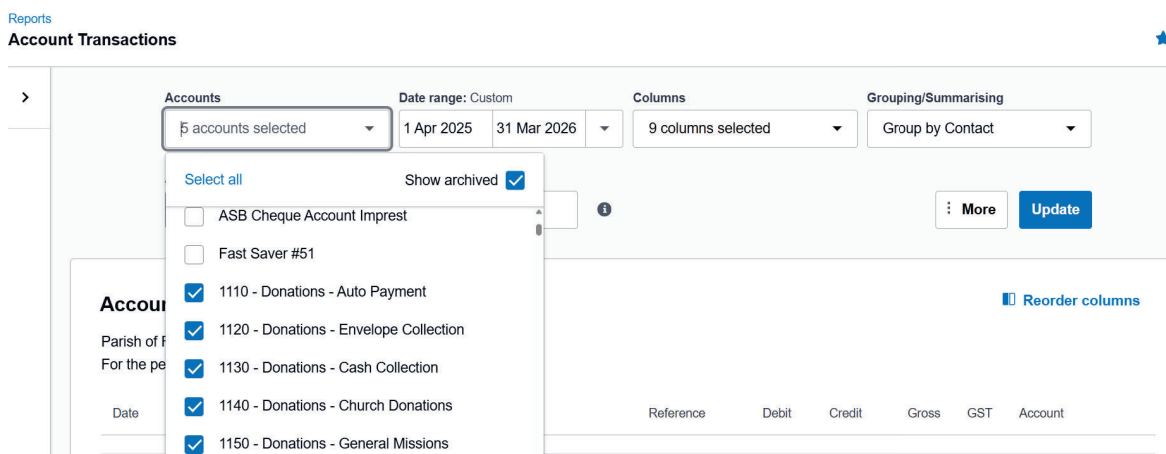
Step One - Reconcile Bank Account for Tax Period

1. Before running any of the Donor Reports **please ensure that all donations in the bank accounts are all reconciled** for the tax period. If they are not the reports will be inaccurate as the unreconciled transactions will not be included.

Step Two – Run the Donor report.

Account Transaction Report – Group by Contact

1. In the **Reporting** menu, select **All reports**.
2. Find and open the **Account Transactions** report. You can use the search field in the top right corner.
3. Under **Accounts**, search for or select the accounts to include in the report.
4. Select all the **Donation account codes not just auto payments and envelopes in case a donation was miscoded (1110, 1120, 1130, 1140, 1150) PLUS ALL ADDITIONAL income codes** such as “appeals codes” that a donor may have given for and possibly “other income” if donations have been coded there,
5. Select a **Date range**. You can also click the arrow  next to the date to choose a set reporting period, (1 April 25 to 31 March 26 for donation receipts)
6. Under Grouping/Summarising –**Group by Contact** to see details of each transaction by Donor.



7. Under filter – **Select Contacts** – select all - . **Untick any contacts that are not Donors** , such as bank accounts or hall hirers.
8. Click **Update** to run the report.
9. Review the Report

1. Check **that the donations coded match any internal records** that may be kept on donations (if you have any internal records).
 2. If there are duplicate contacts for the same person they can be merged but with caution. Be careful as sometimes there is one contact for a person who receives reimbursements from the Parish and then another contact for when that person makes a donation. Do not merge in this situation. *[Full instructions on how to merge true duplicate contacts in Xero are at the end of this document].*
 3. If donations have been coded to “Donations- Auto Payment” when they are “Donations-Envelopes” or vice versa it is ok and the coding does not need to be updated.
10. If you have made changes to any coding, rerun the report.
*(You can change report to also “**Summarise by Contact**” which will give you the totals for each donor, only do this once the coding has been checked and when you are sure no overseas mission giving or ineligible income has been coded to this contact which needs to be deducted.)*
11. Export the report to excel.
12. Save the report as a custom report “Save as” and then you will be able to have the filters and presets available to run the report when you need in the future. It will appear under All Reporting, Custom Reports.
13. Delete out any income lines in the excel spreadsheet that are not donations under each contact to get the donation total for each donor. Highlight any donations that are ineligible for tax credits that need to be reported separately.

Master Donor Record – Omissions or changes

When the donor report has been exported to excel save this as the master record for the donation totals for the year. This report will be what is used to verify the donation tax receipt figures.

This means that if you believe that donations have been coded incorrectly in Xero or there have been omissions in the 2025 accounts then you can edit and update this master list to reflect your internal records. However, **changes can only be made to the excel list if you have verifiable documentation such as bank statements or cash collections sheets** which show the donation was recorded to that envelope number/person.

Any changes for 2026 can be done directly in Xero.

Please note any changes made to the 2025 figures in Xero in the excel sheet for auditing purposes.

Step Three – Assign Receipt Numbers

Each donor will need to be assigned a unique receipt number. Previously, TIML used the envelope number plus tax year (customer number plus tax year), for example, 100-2026 or 26_2026.

Step Four(A) – Producing donation templates not using mail merge

1. Open the “DOA Donation receipt template” and select “No” if asking you connect to a database.
2. Type in the following fields on the donation template as they will be the same for each donor:
 1. Parish Name (updated in 4 places)
 1. top of page
 2. in the first sentence
 3. middle of page and bottom of page under Treasurer signature
 4. middle of page at top of tax receipt section
 2. Treasurer Name (updated in 2 places)
 1. Top of page in the sign off
 2. Bottom of page by the signature
 3. Date of Issue
 4. The electronic signature for the Treasurer can also be added here.
3. Save the template as a new document.
4. Create a duplicate copy of the template for each donor and type in the following individual information on each new donor document.
 1. Name of Donor (top and bottom)
 2. Total Combined Giving
 3. Mission Giving only
 4. Eligible tax giving (at top and at bottom)
 5. Receipt Number
 6. Address of Donor (if not known you can just write the city)
5. Print each receipt and the Treasurer to sign each donation receipt if not done electronically.
6. Distribute to each Donor.

Step Four (B) – Producing donation receipts using a mail merge

1. Open the “**Mail Merge Template_Donation receipts.xls**” spreadsheet and **fill in each column for each donor** past on the information in the past reports and your internal register in regard to contact information.

If the 0 will not stay in front of the postcode number you can put a ‘ in front of the 0 so it would be ‘0615.

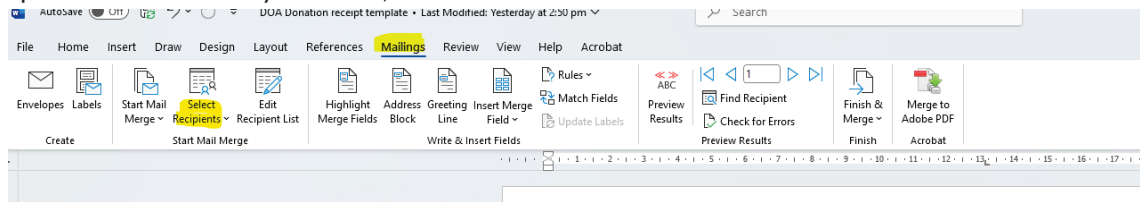
If you do not know the address you can leave it blank or just write in the city.

You can copy down the Date, Parish Name, Treasurer Name as it will be the same for each Donor.

Save the file.

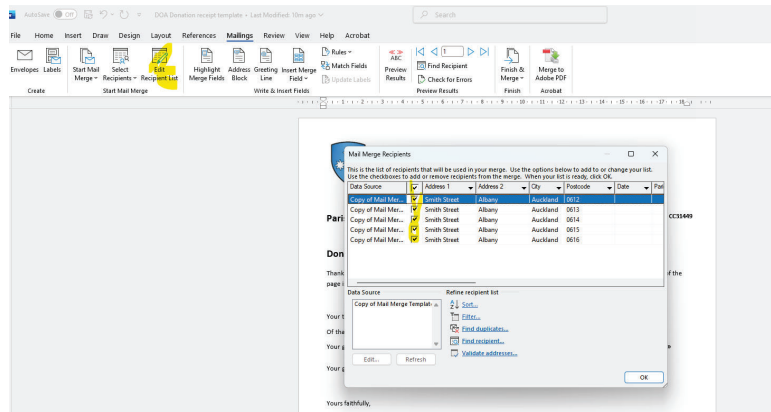
2. Open the “**DOA Donation receipt template.doc**” and select “No” if asking you connect to a database.

- Go to “Mailings” and “Select Recipients” and “Use existing list” and open the spreadsheet file that you saved, “Sheet 1”.

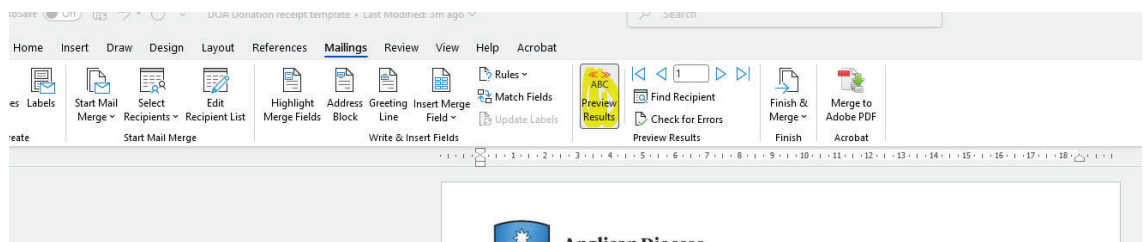


- Once you have connected the spreadsheet and as the mail merge file, you will not be able to edit it while the word document is open. If you want to make changes to the spreadsheet you will need to close the word document first.

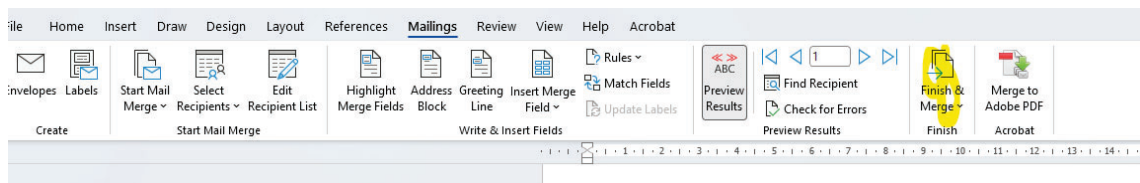
- Look at **Edit Recipient list**. Here you can tick the ones that you want to merge. If there are blank lines untick them. Press Ok.



- Select Preview Results. This will show you what the document will look like with the information filled in. You can preview each one by clicking the arrows, next to preview results.



- If you are happy with the documents, you can then press, “Finish and Merge”.



This will give you options to:

1. Edit Individual Documents – Creates a file with the information prepopulated, with each donor receipt in the file. From here you can make manual edits to individual receipts which will not change the template.
 2. Print documents – Sends them to the printer as they are. Best option if you are happy with all the receipts and are ready to print.
 3. Email Documents – not recommended unless you have all the email addresses and your outlook app connected.
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8. The Treasurer will then need to sign the receipts (if not electronically signed).
 9. Distribute to each Donor.

How to merge contacts

Be careful that the contacts to be merged are truly duplicates. If a donor also receives reimbursements, they will have had 2 contacts set up for them, one to process reimbursements and the other to record their donations.

You can also just combine the totals for each contact on the excel spreadsheet instead of merging the contacts in Xero.

To merge two or more contacts:

1. In the **Contacts** menu, select **All contacts**.
2. Select the checkbox for each contact you want to merge.
3. Click **Merge**.
4. Start typing the name of the contact you want to merge into, then select the contact.
5. Click **Merge**, then click **Confirm merge**.

You can also merge two contacts from the **Options** menu in the individual contact record.

Invoices, as well as bills and other financial transactions created before merging the contacts, inherit the name of the contact that they were merged into.

Assistance Request

If you need assistance, please email parishsupport@trustmanagement.co.nz.