



CHILD CARE EXPENSES

Parents who spend at least 12 hours per month studying in an educational program lasting at least three consecutive weeks at a secondary school, college, university or other designated educational institution, are eligible to claim expenses incurred for child care expenses while they or their spouse/common-law partner attends certain schools.

MOVING EXPENSES

Students that were in full-time attendance at a post-secondary educational institution in Canada, and who moved at least 40 kilometres within Canada for employment purposes, may claim moving expenses against income earned from a full- or part-time job (including a summer job) the year the move took place or the following year. This also applies the year after graduation.

Eligible moving expenses include items such as:

1. Travel costs (e.g., reasonable amounts for meals and accommodation) to move the individual and members of their household.
2. Storage costs for household effects.
3. Costs for up to 15 days of temporary board and lodging near either residence.
4. The cost of cancelling a lease or selling the old residence as a result of the move.
5. The cost of connecting or disconnecting utilities as a result of the move.

PROPERTY TAX CREDIT

Students who are 16 years of age or older and living on their own or with friends might be eligible to claim the Ontario property tax credit. Each student is eligible to claim their portion of the rent towards their Ontario property tax credit. A student living in a residence affiliated with a university, college, or nursing school, might also be able to claim an occupancy cost of \$25 on their tax returns for that portion of the year in which they lived in residence.

CREDIT FOR PUBLIC TRANSIT PASS

The federal government has introduced a non-refundable tax credit for taxpayers who purchase transit passes generally totalling at least one month's duration for various modes of transportation (e.g., a local bus, streetcar, subway or commuter train). Students should save their passes and obtain receipts in case they are requested by CRA.



Check with your certified general accountant to determine how the tax credits detailed here apply to your specific situation.

For more information about the Certified General Accountants of Ontario and its resources, visit cga-ontario.org or call 1-800-668-1454.

Certified General Accountants of Ontario

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Essential Knowledge: Tax Tips for Post-Secondary Students in Ontario.



TUITION FEES AND EDUCATION CREDITS

Full-time Students

Full-time students may claim a federal credit of 15 per cent of their eligible tuition fees, plus an education credit of 15 per cent of \$400 per month in 2009. The equivalent Ontario provincial credit is indexed; students may claim a monthly credit of up to 6.05 per cent of \$478 (the indexed amount is determined annually and can be found on the Ontario TD1 form).

Part-time Students

Students registered to attend part-time studies may also claim the tuition fee credit of 15 per cent of eligible fees; in addition, they may deduct \$120 a month toward the 15 per cent federal education tax credit, and \$143 per month (indexed) toward the Ontario provincial education tax credit.

Students with Disabilities

Students with disabilities may be enrolled part-time to qualify for a full-time credit. Individuals with disabilities who are enrolled in approved Human Resources and Skills Development Canada (HRSDC) or equivalent provincial/territorial-approved training programs can also deduct those related expenses.

Career-related, Post-Secondary Education

The education tax credit also applies to students who are pursuing career-related, post-secondary education at their own expense (e.g., the CGA program of professional studies).

OTHER TAX CREDITS AND EXEMPTIONS

Textbook Tax Credit

The 2006 federal budget introduced a non-refundable "textbook tax credit" of 15 per cent of \$65 to cover each month the student is eligible to receive the full-time education tax credit and 15 per cent of \$20 for each month they are eligible for a part-time education tax credit.

Scholarships, Fellowships and Bursary Income

The 2006 federal budget fully exempted from taxation all scholarship, fellowship or bursary income with respect to post-secondary education or occupational training in a program, one that entitles the student to claim the education tax credit. Previously, only the first \$3,000 of such income was exempt.

Online versus Onsite

It is not always necessary for a student to be in physical attendance at a qualified institution in Canada to claim either the tuition or education tax credits. For example, online course participation via the website of a recognized post-secondary institution may also qualify the taxpayer for both tax credits.

Unused Tuition, Education and Textbook Credits

Unused tuition, education and textbook credits may be carried forward indefinitely to offset the income of students in future years. Alternatively, students may transfer unused federal credits of up to \$5,000 (an indexed \$6,142 for the Ontario portion of this credit), reduced by their income in excess of personal credits, to a supporting person – such as a parent or grandparent. However, the transferred credits must be claimed in the year they were incurred.

Students who are attending an accredited institution outside Canada – generally this will translate to a university-level course of at least 13 consecutive weeks duration leading to a degree – are eligible to transfer their unused credits, provided they owe Canadian income tax. However, students who reside in Canada near the U.S. border who are registered in (and commute to) a designated educational institution in the U.S., might be able to claim or transfer a tuition credit for a course of any duration.

Other Possibilities for the Tuition Credit

There are some mandatory ancillary charges — such as fees for computer services, labs, health and athletics — that are also eligible for the tuition credit. Mandatory computer-service fees eligible for a tuition credit could include such things as the use of a laptop computer and applicable software.

The Canada Revenue Agency (CRA) has ruled that students may deduct tuition fees paid to an accredited post-secondary institution for audit/hearer courses in which they attend lectures, but do not write examinations or receive credit.

STUDENT LOAN INTEREST TAX CREDIT

A 15 per cent federal tax credit and a 6.05 per cent Ontario provincial tax credit are available on the repayment of interest on federally or provincially approved student loans. To be eligible for this credit, students must consolidate their loans with an authorized lender after graduating from the post-secondary institution and assume responsibility for paying interest by the

first day of the seventh month, following completion of their studies.

Students have the option of applying the non-transferable credit to either the current year or to carry it forward to any one of, or spread over, the next five subsequent taxation years.

RRSP CONTRIBUTIONS

Even students who didn't earn enough money to necessitate paying income tax should file an income tax return. The rationale for this is because 18 per cent of earned income from the previous year is eligible to be contributed to an RRSP.

Students don't have to deduct an RRSP contribution in the year in which it was made; instead, they can carry it forward for deduction in a future period when they have sufficient income with which to offset the RRSP contribution.

RRSP EDUCATION WITHDRAWALS

Taxpayers are able to withdraw money from their RRSP for qualifying full-time education and training for either themselves or their spouse/common-law partner – but not both parties at the same time – on a tax-free basis. For individuals with disabilities, this provision, which is known as the Lifelong-Learning Plan (LLP), covers both full- or part-time education and training.

LLP withdrawals may not exceed \$10,000 in a year and \$20,000 over a four-year period. Taxpayers can participate in the plan as many times as they wish but may not begin a new plan before the end of the year in which all repayments are made for previous withdrawals. Withdrawals are generally repayable in equal instalments over 10 years, beginning about five years after the first withdrawal (sooner if the student fails to remain in the program full time).

Students in medical residency programs that last for at least three months and qualify for the tuition fee tax credit may also participate in the LLP.

GST REBATES

Many lower-income earners, including students, may be eligible for a GST credit. If so, don't forget to apply for the GST rebate on the tax return.