



Master Accountants Inc.

Accountable By Profession

All That Students Need To Know

Scholarships, fellowships, bursaries, study grants, and artists' project grants

Scholarships are non-taxable in full

Scholarships (study grants), fellowships, bursaries, and artists project grants can be exempt from tax (fully or partially) or taxable, based on their type and the taxpayer's financial situation. The full amount of scholarships, fellowships, or bursaries that are received by you as a student with respect to your enrolment in a program that entitles you to claim the education amount are not taxable and are no longer reported as income on your tax return.

If you are not eligible for the education amount, only the part of the post-secondary scholarships, fellowships or bursaries that is more than \$500 is taxable.

If you received an artist's project grant that you used in producing a literary, dramatic, musical, or artistic work, you can claim an exemption or your expenses, whichever you prefer. If you claim the exemption, total all the amounts you received in the year (This is usually reported on your T4A slip) and include the amount that exceeds \$500 in your income for the year.

If you claim expenses, total all the amounts you received in the year and only include the amount that exceeds your expenses in your income for the year. You must attach a list of the expenses to your return.

The exemption or expenses you claim cannot be more than the grant. In addition, you cannot claim:

- ◆ personal living expenses while you were at your usual place of residence
- ◆ expenses for which you can be reimbursed
- ◆ expenses you can otherwise deduct on your tax return.

Prizes and awards you received as a benefit from your employment or in connection with a business are not eligible for the \$500 tax-free amount.

Student loans, of course, are completely non-taxable. You can even claim a tax credit on the interest when you are paying the loan back.

Research grants are taxable, but you may deduct any expenses you incurred to conduct research (e.g. traveling expenses). Wages earned as teaching assistant, however, are fully taxable.

What are these terms anyways?

Scholarships and bursaries are amounts paid or benefits given to students to enable them to pursue their education.

Fellowships are similar to scholarships and bursaries in that they are amounts paid or benefits given to persons to enable them to advance their education. The recipient is usually a graduate student and the payer is normally a university, charity, or similar body.

An artist's project grant is a scholarship, fellowship, bursary or prize used in producing a literary, dramatic, musical, or artistic work.

Tuition Fees

You can claim tuition fees for post-secondary courses at a college or university. If you are 16 and over, you also can claim tuition fees paid to institutions that have job retraining or education courses certified by the Minister of Human Resources and Skills Development, other than those designed for university credit, that develop or improve a person's skills in an occupation.

To qualify, the total tuition fees that you paid for the year to any one educational institution must be more than \$100.

If you are claiming tuition fees paid to an institution in Canada, you must have an official tax receipt or Form T2202A. The certificate you need for tuition fees paid to a flying school or club in Canada is Form TL11B, which you can get from your local CRA tax services office or the flying school or club. Do not include your receipts or forms with your return. However, keep them in case the CRA wants to see them later.

Master Accountants Inc.

1 Grenview Blvd. N., Toronto, ON M9A 1T9
Ph: 416-543-6320 Fax: 416-239-7315 www.MasterAccountants.com



Master Accountants Inc.

Accountable By Profession

All that students need to know - Continued

Education Amount

You can claim education amount for each whole or part month in which you were enrolled in a qualifying program. If you were under 16 at the end of the year, you can claim this amount only for courses you took at the post-secondary level. Generally, you cannot claim this amount for a program for which you received a benefit, a grant, an allowance, or a reimbursement of your tuition fees. However, you can claim this amount even if you received salary or wages from a job that is related to your program of study, certain other kinds of payments, such as scholarships and student loans, or if you received and included in your income any financial assistance provided under either: Part II of the Employment Insurance Act or a labour-market development agreement as part of a similar provincial or territorial program; or a program developed under the authority of the Department of Human Resources and Skills Development Act.

- ◆ Your educational institution has to confirm the period in which you were enrolled in a qualifying program. The following amounts apply for each month in which you were enrolled:
- ◆ If you were enrolled full-time, you can claim \$400 per month.
- ◆ If you attended only part-time, and you can claim the disability amount, you can claim \$400 per month. If you could attend only part-time because you had an impairment that restricted you in certain activities (see RC4064, Medical and Disability-Related Information), but your condition was not severe and prolonged, you can still claim \$400 per month.
- ◆ If you were enrolled part-time, you can claim \$120 per month.

You cannot claim more than one education amount for a particular month.

Textbook amount

You can claim this amount only if you are entitled to claim the education amount. The amount is:

- ◆ \$65 for each month you qualify for the full-time education amount; and
- ◆ \$20 for each month you qualify for the part-time education amount.

Proof that textbooks were actually purchased is not required.

Public Transit Tax Credit

You can claim the cost of monthly public transit passes or passes of longer duration such as an annual pass for travel within Canada on public transit during the year. These passes must permit unlimited travel on local buses, streetcars, subways, commuter trains or buses, and local ferries.

You can also claim the cost of shorter duration passes if each pass entitles you to unlimited travel for an uninterrupted period of at least 5 days and you purchase enough of these passes so that you are entitled to unlimited travel for at least 20 days in any 28-day period. You can also claim the cost of electronic payment cards when used to make at least 32 one-way trips during an uninterrupted period not exceeding 31 days. Only you or your spouse or common-law partner can claim the cost of transit passes (to the extent that these amounts have not already been claimed) for:

- ◆ yourself;
- ◆ your spouse or common-law partner; and
- ◆ your or your spouse's or common-law partner's children who are under 19 years of age on December 31 of the taxation year.

Receipts If you are filing a paper return, do not include your receipts and passes, but keep them in case we ask to see them. If you are filing electronically, keep all of your documents.

Financing you Education

Putting yourself through post-secondary education can certainly cost a small fortune. It's for this reason that measures have been introduced to help student finance their education. You can make tax-free withdrawals from your RRSP to pay for you full time schooling, or for that of your spouse or common-law partner.

The amount you are eligible to withdraw may not exceed \$10,000 in any one year, or \$20,000 in any one year, or \$20,000 over a period of four years. The repayment is not required until the first sixty days after the fifth year following the year of withdrawal. However, if you or your spouse decide not to proceed with the education program, the full amount of withdrawal must be repaid in that year, else the outstanding amount will be included in your year's income.

Moving expenses

Master Accountants Inc.

1 Grenview Blvd. N., Toronto, ON M9A 1T9
Ph: 416-543-6320 Fax: 416-239-7315 www.MasterAccountants.com



Master Accountants Inc.

Accountable By Profession

All that students need to know - Continued

You might be able to deduct moving expenses if you move to study courses as a full-time student at a college, university, or other institution offering post-secondary education. However, you can only deduct these moving expenses from the part of your scholarships, fellowships, bursaries, certain prizes, and research grants required to be included in your income.

If your eligible moving expenses are more than the scholarships, fellowships, bursaries, certain prizes, and research grants income you report for the year, you can deduct the unused part of those expenses from the same type of income you receive and report on your return for the following years.

You can claim moving expenses you incur at the beginning of each academic period when you move to the educational institution, as long as you meet the 40-kilometre limitation and have income earned at the new location. You can also claim moving expenses when you move back after a summer break, or a work semester if you have income earned at the new location.

You can deduct reasonable amounts that you paid for moving yourself, your family, and your household effects. Not all members of your household have to travel together or at the same time.

Eligible moving expenses include:

- ◆ transportation and storage costs (such as packing, hauling, in-transit storage, and insurance) for household effects, including items such as boats and trailers;
- ◆ traveling expenses, including vehicle expenses, meals, and accommodation, to move you and members of your household to your new residence (Ask us about using the simplified method of claiming meal and traveling expenses);
- ◆ costs for up to 15 days for meals and temporary accommodation near either residence for you and the members of your household; (Ask us about using the simplified method of claiming meal expenses); and
- ◆ the cost of cancelling a lease for your old residence, except any rental payment for the period during which you occupied the residence.

Receipts need not be filed with your return, but should be kept in case the Canadian Revenue Agency (CRA) asks to see them later.

Unused and extra tax credits

Even if you have no tax to pay this year, the only way to receive all the benefits that are available to you is by filing a tax return.

All Canadians 19 years or over, are eligible for annual GST/HST credit. To obtain this money, which is paid in quarterly installments, you have to apply for it by filing a tax return and completing the GST/HST application section fo your return. If you are turning 19 before April 1, 2011, make sure you apply for the credit on your 2009 tax return.

If you worked last summer and tax deductions were made from your paycheck, you can probably recover most of the tax, and some of the CPP premiums, when you file your tax return. If your net income is low enough, you may even be able to save your parents some taxes. To Maximize the savings, you must not waste any deductions and tax credits that are available to you. For example, tuition fees, education amount and textbook tax credit that you do not need this year, can be transferred to the extent of \$5,000 a year to:

- ◆ Parents or grandparents (if you are single)
- ◆ Spouse or common-law partner (if you are married)

Alternatively, if you cannot fully utilize your tuition fees, education amount and textbook tax credit, you have the option of carrying forward the unused portion to future years when you can use them.

TAX TIP

If you are transferring an amount to another person, do not transfer more than the person can use. That way, you can carry forward as much as possible to use in a future year.

Master Accountants Inc.

1 Grenview Blvd. N., Toronto, ON M9A 1T9
Ph: 416-543-6320 Fax:416-239-7315 www.MasterAccountants.com