

Andrea Agnoloni



Tax Credit for Students

Summer is the time students take up part-time or full-time jobs to help pay university fees for the year.

Even if students earn less than the basic tax exemption, they are entitled to claim certain tax credits. But to benefit from the tax credit, they must file a tax return. If income taxes were deducted, the student gets the tax deductions back upon filing a tax return. Students earning money should have a look at their pay cheques to see if taxes are being withheld.

Every taxpayer is entitled to earn \$11,138 in 2014 without paying any federal taxes.

It is recommended the student file the TD1 Form with the employer when starting employment and declare whether the income he or she earns in the Summer job will be less than the basic exemption. That allows the employer not to deduct income tax from the pay cheque.

A few credits are available to students to reduce or eliminate their taxes.

Tuition Fees

These are tuition fees for courses costing \$100 or more that are taken at a recognized educational institution, a university, college, or other institution providing postsecondary education and institutions providing courses that furnish a person with skills in an occupation.

Full-time students studying at a university abroad can claim tuition fees. The course must be at least 3 consecutive weeks of study. Only full-time attendance qualifies for the fee.

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Education Amount

There is an education tax credit of \$400 per month (worth \$60 per month in tax savings) for each month of full-time attendance. The credit is reduced to \$120 per month for part-time students. The education amount cannot be claimed if the student received a grant or a training allowance or was reimbursed by the employer for the course.

Textbook Amount

This is a credit for textbooks of \$65 a month for full-time students and \$20 a month for part-time students. The textbook amount can only be claimed if the student is allowed to claim the education amount.

To claim the credits, the student must receive the form T2202A, Tuition, Education and Textbook Amounts Certificate from the institution he or she attended. If studying abroad, the form is the TL11-D.

The tax credits must be claimed by the student first, but if the student is not able to use all of them, he or she may transfer the unused amount

(up to \$5000) to the spouse, parent, or grandparent. The remainder can be carried forward and claimed in the future when the student owes tax.

Interest on Student Loans

Most of the interest paid on student loans granted under the *Canada Student Loans Act*, the *Canada Students Financial Assistance Act*, or similar provincial laws can be claimed as a tax credit. The credit can be carried forward for 5 years if it cannot be used in the first year. The credit cannot be transferred to anyone else, even if someone else paid the interest on the loan. No interest paid on any other kind of loan, such as a personal line of credit, can be claimed for that purpose.

Public Transit Pass

Students who use public transit to get around can claim the public transit tax credit. The credit is for the cost of any monthly or annual passes (not individual tickets) for unlimited travel on local buses, streetcars, subways, commuter trains or buses, and local ferries within Canada. Receipts or expired passes must be kept as proof of the claim. ▲

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