



## Tax Planning Checklist for Students

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If you are a student or are considering a return to school, you may wish to discuss the following tax savings strategies with your qualified tax advisor:

1. **Tuition fees** – You may be eligible to claim a 15% non-refundable tax credit for eligible tuition fees. To qualify, the tuition fees must be paid:
  - To universities, colleges, and other educational institutions in Canada for courses at the post secondary level;
  - To certified institutions to develop or improve your skills in an occupation – however, you must be 16 years or older in the calendar year for which you claim the tuition fee credit; or
  - To a university outside Canada for your full-time attendance in a course that is at least 13 consecutive weeks long course and that leads to a degree.

In addition, the tuition fees paid to each Canadian educational institution in respect of the year must total over \$100 to qualify. Once you qualify, the full amount of your tuition fees will be eligible for the credit. Eligible tuition fees also include charges for the use of library or laboratory facilities, administration fees, examination fees, mandatory computer service fees, and athletic and health services fees.

2. **Education amount** – You may also be eligible to claim the education credit if you are considered to be a “full-time” or “part-time” student. The non-refundable tax credit is equal to 15% of \$400 for full-time students or \$120 for part-time students, multiplied by the number of months in the calendar year during which student satisfied the following criteria:
  - Attendance at a university, college, or other designated educational institution in Canada; or
  - Attendance at a university outside Canada in a course leading to a bachelor or equivalent level degree that lasted for at least 13 consecutive weeks.

Both full-time and part-time students must have been enrolled in a post-secondary level program that is at least 3 consecutive weeks long. In addition, in order for you to be considered to be a full-time student, you must have been required to spend at least 10 hours per week on courses or work in your post-secondary program. In general, you will be considered a full-time student if you have taken 60% or more of the usual course load for the program during a semester.

3. **Textbooks** – If you are entitled to claim the education amount and you are a full-time student, you may also be entitled to a further credit for textbooks, of \$65 per month. If you are part-time, you may be entitled to \$20 per month.

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4. **Transfer of unused tuition, education and textbook credits** – You will be required to first apply sufficient tuition and education credits earned in a given year to reduce your taxes payable in the year to zero. If you have any unused tuition and education credits still remaining, you may be able to transfer them to one designated individual—either a spouse (including a common-law partner) or a parent or grandparent (which can include a spouse's or common law partner's parent or grandparent) up to a limit of \$5,000 per year. Alternatively, you may be able to carry forward the unused tuition and education credits to future years. You may only transfer unused tuition and education credits to a parent or grandparent if your spouse (or common-law partner) has not claimed either the married exemption credit or any spousal credit transfers (i.e. age, pension, or disability).
  5. **Interest on student loans** – You may also be eligible to claim a 15% non-refundable tax credit on interest paid after 1997 on loans made for post-secondary education under the *Canada Student Loans Act*, the *Canada Student Financial Assistance Act*, or similar provincial or territorial statutes.

You are not permitted to claim interest paid on any other kind of loan, or on a student loan that has been combined with another kind of loan. For example, if your student loan carries a 7% interest, you cannot claim the interest paid on a second loan (presumably at a lower interest rate) that was used to pay off the student loan. You may want to consult with your qualified tax advisor about whether you would be better off tax-wise with a lower interest rate loan even if the interest is not deductible.

If you do not want to claim the interest in the year that it was paid, you may be able to carry forward the claim and apply it on your tax return for any of the subsequent five years.
  6. **Scholarships, fellowships, bursaries and study grants** – If you are a student and are entitled to receive the education amount, you may be able to receive annual scholarships, fellowships, bursaries tax free. If you are not able to claim the education amount, the first \$500 is usually tax free and the rest is taxable.
  7. **Moving expenses** – If you move in order to attend full-time courses at a university or other post-secondary educational institution in or outside of Canada, you may be able to deduct your moving expenses—but only against your income from scholarships, fellowships, and research grants and only to the extent that such income is reported on your tax return. Similarly, you may also be able to deduct moving expenses if you move within Canada to take a job, including summer employment, or to start a business, but your deduction will be limited to the extent of the employment or business income earned at the new location. In all cases, you can only claim moving expenses if the move results in you residing at least 40 kilometers closer to the educational institution or work location.

8. **Childcare expenses** – As a student, you may be entitled to deduct childcare expenses against any income earned in the year. The general rule governing the deduction of childcare expenses is that the lower income spouse or common-law partner is required to claim the childcare expenses. However, if you have a spouse or common-law partner and you are the lower income spouse or common-law partner, then a portion of the childcare expenses may be claimed by your higher income spouse or common-law partner.
9. **Lifelong Learning Plan** – So long as you are a resident of Canada, you may be able to withdraw up to \$10,000 per year—to an overall cap of \$20,000—from your RSP to finance full-time training or post-secondary education for yourself or your spouse or common-law partner. The withdrawals can only be made over a maximum period of four calendar years. The amounts withdrawn from your RSP will have to be repaid over a 10-year period.
10. **Research Grants** – If you received a research grant, you may be able to subtract expenses for traveling, including meals and lodging while away from home in the course of your research work, fees paid to assistants and the cost of equipment, fees and lab charges. The amount of your grant remaining after deducting expenses is usually included in your income on your tax return. You cannot deduct expenses incurred for personal or living expenses, expenses that are reimbursed, are unreasonable, are otherwise deductible from your income or are paid by others.
11. **Educational assistance payments** – If you receive an educational assistance payment (EAP) from a Registered Education Savings Plan, you will have to report the EAP received as taxable income on your tax return in the year that the EAP is received. You should contact your qualified tax advisor to discuss further.
12. **GST credit** – Students who are 19 years or older may be entitled to receive the GST credit. If you are eligible, you must apply to receive the GST credit by filing a tax return every year.
13. **Public Transit Amount** – You may be able to claim the cost of public transit passes of specified durations (most commonly monthly or weekly). You can usually only claim the costs of passes for you, your spouse or dependent children, if you haven't been reimbursed. You should keep your receipts and passes as proof of purchase to substantiate your claim of the tax credit if requested by CRA.

If you have any questions or require clarification of any of the issues discussed in this document, do not hesitate to discuss these with your qualified tax advisor.

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