



CESTNICK

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TAX MATTERS

## Students should take advantage of tax time.

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I'm not sure postsecondary students had much fun this school year. I think about the members of certain university teams. Some sports were cancelled altogether, like log splitting, steeplechase for humans, rock climbing, fishing and broomball. My kids have friends at university in these sports. If you're a student, maybe a little more money in your pocket would brighten your day. So I want to share some ideas to consider this tax season.

**1. File a tax return.** Generally, you don't have to file a tax return if you have no tax to pay. But it can still make sense if you've earned any income. Why? Filing will create RRSP contribution room that you can use later, when you're working full-time and want to contribute to an RRSP and claim a deduction for those contributions.

**2. Collect the GST/HST credit.** If you're 19 or older, you may be entitled to the GST/HST credit, which can put as much as \$451 in your pocket if you're single (more if you're married or living common-law or have children). The

payments are made quarterly on the fifth day of January, April, July and October. Make sure you file a tax return, which will let the taxman know whether you should be receiving the credit.

**3. Claim the climate action incentive.** If you're 18 or older and live in Alberta, Saskatchewan, Manitoba or Ontario, you may be entitled to money back in the form of the federal climate action incentive (CAI), worth as much as \$300. This is intended to reimburse you for part of the federal carbon taxes you pay at the gas pump. Other provinces have their own carbon pricing systems, so residents of those provinces won't receive the CAI.

**4. Claim tuition, education and textbook credits.** A student can generally claim a tax credit for tuition paid, plus an education and textbook tax credit. You'll need a T2202 slip (TL11 for a foreign school) from your school. If you don't need the credits to reduce your taxes to zero, you can transfer as much as \$5,000 of these costs to a parent, grandparent or supporting spouse or

carry them forward for use in a later year.

### **5. Report your pandemic**

**benefits.** If you collected the Canada Emergency Student Benefit or Canada Emergency Response Benefit, you'll have to report these amounts as income (you should have received a T4A slip). To offset the tax owing, you may need to use your tuition, education and textbook credits rather than transferring them to a parent.

### **6. Claim an exemption for certain**

**awards.** If you've received postsecondary scholarships, fellowships or bursaries, you'll generally be exempt from tax on those amounts if you also qualify as a full-time student. Go to [canada.ca](http://canada.ca) and check out instructions for Line 13010 of your tax return for more details.

### **7. Claim student-loan**

**interest.** Have you received a qualifying loan under the Canada Student Loans Act or similar provincial legislation? If so, you should be entitled to a tax credit for interest on the loan. You should have received an official slip to support your claim.

**8. Claim moving expenses.** You can claim moving expenses if your move to school, or home again, was at least 40 kilometres, provided you earned some income after the move. Holding down a part-time job while away at school or earning income in the summer after moving home again can entitle you to this claim. Check out the rules before making your claim.

**9. Claim child-care costs.** If you're a student who happens to have children, you may be able to claim a deduction for child-care costs.

**10. Don't consolidate all your debt.** If you're thinking of combining all your debts into a single loan at a more attractive interest rate, keep in mind that you may want to exclude your student loan if you're able to claim a credit for the interest on that loan. Otherwise, you'll lose that credit.

### **11. Consider the lifelong learning**

**plan.** If you have an RRSP and you're thinking of going back to school, you can generally withdraw funds from your RRSP on a tax-free basis for full-time education for you or your spouse (but not the kids – sorry). You can take out as much as \$10,000 a year for up to four years, though to a maximum of \$20,000. You'll have to repay these amounts according to the CRA's schedule or face tax on the withdrawals.

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