

HOME CENTS

# Students: These 5 tax breaks can put money in your pocket

The Globe and Mail - ROMA LUCIW

It's been a while since my university days, but one thing I recall is feeling perpetually broke, scrounging around for bus (and beer) money and struggling to pay my rent on time.

Taxes? They seemed like a tedious task best handled by my parents, people who actually had a serious and steady income.

Had I been more money-savvy, I would have realized that filing a tax return could have translated into a refund from the government.

Listen up students: Even if you are earning only a pittance from that summer or part-time year-round job, you are entitled to claim certain tax credits.

In order to get them, however, you have to actually file a tax return.

Students who are earning money should have a look at their paycheques and note whether or not taxes are being withheld, says chartered accountant Robin Taub, who also blogs on personal tax matters for the Investor Education Fund. (Canadians are entitled to earn $10,500 in income without paying any federal taxes.)

Students would be wise to sit down either alone or with their parents and get familiar with basic tax forms, like the T1.

“Most importantly, students need to start to understand what deductions and credits are available to them,” says Ms. Taub, the author of A Parent’s Guide to Raising Money-Smart Kids. (Read an excerpt from her book [here](http://www.theglobeandmail.com/globe-investor/personal-finance/tax-centre/having-the-money-talk-with-your-teen/article2387213/).)

She provided us with five ways that students can claim some of the costs of their postsecondary studies and other expenses to reduce their taxes - or even get a refund.

1. Claim tuition fees for courses costing $100 or more that are taken at a recognized educational institution. As of the 2011 tax year, examination fees can also be claimed. They must be paid for a mandatory exam to become certified or licensed in your profession or trade. Another change in 2011 allows full-time students studying at a university abroad to claim tuition fees for at least three consecutive weeks of study, down from 13 weeks.

2. Claim an education tax credit of $400 per month (worth $60/month in tax savings) for each month that you are a full-time student. Claim $120/month if you are a part-time student.

3. Claim a credit for textbooks of $65 a month for full-time students and $20 a month for part-time students. Complete form T2202A, Tuition, Education and Textbook Amounts Certificate when you file your tax return. You must claim these tax credits first yourself, but if you aren’t able to use all of them, you can transfer the unused amount (up to $5,000) to your spouse, parent or grandparent. You can also carry forward and claim them in the future when you owe tax.

4. Claim 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, as a tax credit. If you cannot use the credit, you can carry it forward for five years. But you can’t transfer the tax credit to anyone else, even if someone else paid the interest on the loan. You also can’t claim interest paid on any other kind of loan, like a personal line of credit.

5. 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. Remember to keep receipts or expired passes as proof of your claim.