



Back to School Edition

- ◆ Record keeping got you down?
- ◆ Do you have to file a tax return?
- ◆ Common Deductions and Tax Credits for Students
- ◆ Non-refundable Tax Credits

DO YOU HAVE TO FILE A TAX RETURN?

A tax return must be filed if:

- You have to pay income taxes;
- You have not repaid all amounts withdrawn from your RRSP under the Home Buyers Plan or the Life Long Learning Plan;
- You have to pay CCP because your pensionable income exceeds \$3,500;
- You received working income tax benefit advance payments;

Other reasons to file a tax return include:

- To claim a refund;
- To apply for the GST/HST credit;
- To carry forward or transfer the unused part of your tuition, education and textbook amounts;
- To keep your RRSP deduction limit up to date, you must file a return; and
- To begin or continue receiving Canada Child Tax Benefit payments.

RECORD KEEPING GETTING YOU DOWN?



Business owners understand the importance of keeping records up-to-date. Unfortunately, paperwork has a habit of piling up – *quickly!*

PADGETT BUSINESS SERVICES offers a solution – **PADGETT CONNECT**

PADGETT CONNECT is an easy-to-use business software applications package that is customized for your business. You don't need to be a computer whiz or an accountant to use this product. New users can start entering their records within a ½ hour of installation on their computer. The package contains the following:

PADGETT CHEQUEBOOK – Makes bookkeeping simple
PADGETT INVOICING – Tracks and reports sales, customers and products

PADGETT PAYROLL – Makes paying your employees a breeze and keeps you in control

For more information on **PADGETT CONNECT**, visit us at www.padgettconnect.ca or contact your Padgett representative .



COMMON DEDUCTIONS AND TAX CREDITS FOR STUDENTS

The most common deductions that apply to students are moving expenses and child care expenses.

Moving Expenses

You can deduct moving expenses if you move to attend courses as a full-time student or if you moved to start a new job, including summer employment, or to start a business. Your new home must be at least 40 kilometers closer to the new school or place of work than the previous home. Moving expenses can only be deducted against awards, employment or self-employment income.



Child-Care Expenses

Parents who are full-time students, or single parents who study full-time, can deduct child care expenses on their tax returns. Part-time students may qualify for partial deductions.

NON-REFUNDABLE TAX CREDITS

The most common post-secondary non-refundable tax credits that apply to students are interest paid on student loans, the tuition, education and textbook amounts, the public transit amount, and the Canada employment amount.

Interest on Student Loans

To be eligible for the credit, interest must, in fact, have been paid. The interest must be on a loan made under the Canada Student Loans Act, the Canada Student Financial Assistance Act or a law of the province or territory, which governs the granting of financial assistance to students at the post-secondary level. Personal or family loans will not qualify. Credits that are not needed to offset income taxes are available for carry forward for up to five years.

You can only claim interest you have not previously claimed and you cannot claim interest that relates to a judgment obtained after you failed to pay back a student loan.

Tuition, Education, and Textbook Amount



You can claim the education credit of \$400 for full time and \$120 part time for each whole or partial month in which you were enrolled in a qualifying education program. Disabled part-timers can receive the full credit of \$400.

In addition to obtaining a tax credit for tuition fees paid, this tax credit also covers mandatory fees such as student services, library and lab charges, athletics, certain ancillary fees, computer services, exams, certificates and diplomas. Post-secondary students can claim a textbook tax credit of \$65 per month for full-time and \$20 per month for part-time studies.

Transferable Credits

The student has the option of transferring the tuition, education, and textbook amount to a parent, spouse, common law partner or grandparent if it is not fully absorbed on his or her income tax return. If the student carries them forward, the transferability will be lost. The amount that can be transferred is limited to a maximum amount of \$5,000 (or \$850 in tax credits) per year.

Additional Information

Please refer to the Canada Revenue Agency guide "P105—Students and Income Tax" for more details.

PADGETT BUSINESS SERVICES

WHERE YOUR SUCCESS TAKES ROOT



Padgett Business Services is dedicated to meeting the tax, government compliance, profit & financial reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business planning concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.