# Appendix J - Income Tax Filing Tips for Students

## Introduction

This appendix summarizes what Canadian students and their families need to address when filing your annual income taxes to minimize income tax paid, with a focus on considerations unique to "students", meaning:

- **Students** taking accredited courses from a post-secondary institution; and
- **Adults** taking vocational-related training, upgrading and/or certification

These income tax filing tips are **not** comprehensive. They do **not** cover:

- Provincial income tax
- Corporate tax
- Income tax for the self-employed
- Income tax for individuals who are not students

In this appendix, the author avoids dollar amounts where possible, (e.g., income thresholds) because they change annually.  For tax-related definitions, see Chapter 3 or Appendix A - Glossary of Financial Terms. Interpretation bulletins produced by Revenue Canada are updated regularly, and are a free, excellent source of information. Pertinent ones are listed at the end of this appendix.

## Who Must File Income Taxes

- You have not repaid all amounts withdrawn from your RRSP under the Lifelong Learning Plan.
- You must contribute to the Canada Pension Plan (CPP) this past year.
- You received Advanced Canada Workers Benefit (ACWB) in the past year.
- You wish to claim a tax refund.

CRA uses your tax file to calculate credits, eligibility and amounts for government benefits.

## Types of Income

The two key types of income are  taxable and non-taxable, with details outlined below

## Taxable Income that Must be Reported

- Wages or salary
- Tips
- Investment Income
- Research grants, less eligible expenses
- Self-employed or business income
- Employee Savings Plans and Trust income
- Training Allowances
- Social Assistance Payments

**Non-Taxable Income to Not Report**

- Scholarships and bursaries
- GST credits
- Lottery winnings
- Artist project grants

Prizes or Awards for Achievements in your Field

Inheritances

Canada Child benefit Payments

Fellowships

**Income Tax Filing Components Affecting Students**

This table lists lines on the T1 tax file may require your attention, where Schedule 11 applies, and data sources.

| No. | Who For | Line | Source | Subject |
|---|---|---|---|---|
| 1 | Students | 10400 | T4A | Research Grants |
| 2 | Students | 13010 | T4A | Scholarships, Fellowships, Bursaries |
| 3 | Students with kids | 21400 | T778 | Child Care Expenses |
| 4 | Students | 21900 | T1M | Moving Expenses |
| 5 | Students with a Disability | 31600 | T2201 | Disability Tax Credit |
| 6 | Students & Graduates | 31900 | T4A | Student loan interest |
| 7 | Student Pilots | 32000* | T2202, TL11B | Tuition paid to a flying club in Canada |
| 8 | Students studying outside Canada | 32000* | TL11A | Tuition fees paid outside Canada |
| 9 | Students Commuting to U.S. to Study | 32000* | TL11C | Tuition fees paid to a U.S institution |
| 10 | Students | 32300* | T2202 | Tuition and education amounts |
| 11 | Students | | | Tuition Transfer |
| 12 | Parents or Grandparents od Students | 32400* | T2202 | Tuition amount transferred **from** a child or grandchild |
| 13 | Married Students & Adults | 32600 | | Spousal Deductions and Transfers |
| 14 | All | 33099 | N/A | Medical expenses |
| 15 | Working Adults, 26 to 65 | 45350* | T2202 | Canada Training Credit |
| 16 | All | 92700 | T777 | Expenses of Training |
| *First enter data into Schedule 11, which then populates the lines on the T1 tax form. | | | | |

The following is an explanation of each tax subject from the table above.

**1. Research Grants**

Canadian research grants are taxable**,** but you can deduct eligible expenses, thus reducing total taxable income. Grant recipients should track and maintain records for all expenses.

**2. Scholarships, Fellowships, Bursaries**

Most revenue received in this category is not taxable because of the "scholarship exemption." The exception is post-doctoral fellowships, which are taxable. For more information, see Income tax folio S1- F2-C3, Scholarships, Research Grants and Other Education Assistance.

**3. Child Care Expenses**

You can likely claim expenses for someone to look after your children so that you or your spouse can attend secondary or post-secondary part-time or full-time or conduct research or grant-related work

**4. Moving Expenses**

You may claim your moving expenses as a deduction from income if you moved to attend full-time-post-secondary courses. This applies to moving to obtain a summer job and moving back to university or college. However, your new home must be 40 kilometers closer to the school or job than your previous home. You can also carry forward any unused moving expenses to the following taxation year. The following moving expenses are eligible to claim:

- Travel costs of the individual and his household
- Storage and transport costs for furniture and materials
- Up to 15 days of temporary accommodation near either residence
- Lease cancellation costs at the old residence
- Sale commissions and other selling costs to sell the old residence
- Legal fees and any land transfer taxes incurred in purchasing a new residence

**5. Disability Tax Credit**

If you have a severe and prolonged impairment, apply for the credit. If you are approved, you or a supporting family member may claim the credit at tax time to reduce tax payable.

### 6. Student Loan Interest

If you have a government funded student loan, claim a federal tax credit on the interest portion of loan repayments. If the deduction does not result in the maximum tax relief possible, the unused portion can be carried forward and claimed on future tax filings, for up to five years.

### 7. Tuition Fees Paid to a Flying Club

The flying club completes the T2202 form for eligible expenses including instructor time, aircraft rental, ground school instruction, and exams, with costs varying by the type of license (PPL, CPL) and location, often totaling thousands of dollars.

### 8. Tuition Fees Paid Outside Canada

You can claim tuition paid to a U.S. or other foreign school for full-time studies of at least 13 weeks leading to a degree. First, convert foreign currency to Canadian dollars using the Bank of Canada's exchange rates.

### 9. Tuition Fees paid to a U.S Institution and You Commuted

You could claim tuition fees for courses at the post-secondary level in the USA if you lived near the border and commuted to school.

### 10. Tuition Fees Deduction

Education institutions in Canada must issue each student with an official form T2202A Tuition and Education Credit Certificate, each year. Use this to claim tax credits and calculate amounts to transfer to a family member or carry forward for future years, even if someone else paid the fees. Courses and institutions that qualify are

- Courses at the post-secondary level
- Courses to improve occupation skills, if you’re over 16, and the institution was certified by the Minister of Human Resources Development

**Eligible tuition fees include:**

- Admission fees
- Library and lab fees
- Exam fees
- Application fees
- Charges for certificates, diplomas or degrees

- Computer service fees
- Academic fees
- Book costs that are included in total correspondence course fees
- Any other mandatory fees imposed by the institution

**Exclusions from the tuition tax credit:**

- Transportation and parking
- Fees for extracurricular activities
- Accommodations
- Food and Beverages
- Textbooks
- Classes that do not count as post-secondary education, such as high school upgrade courses.

**11. Tuition Transfer**

You may not need 100% of your tuition fees as a deduction to reduce your federal income tax to zero. If there is any amount left over after you claimed the tuition amount, you can transfer it to:

- Your spouse
- One of your parents
- One of your grandparents
- Your spouse's parent or grandparent

If you cannot do any of the above, you can carry forward any unused credit against future income.

**12. Transfer of Tuition Fees to You from a Student**

If the total tuition fees and education amount that you need to claim is over a maximum threshold, then you **cannot** transfer the unused deduction amount to a parent or grandparent. In determining who should claim the transfer, consider:

- Only one person can claim the transfer from the student
- If a parent or grandparent **claim the student as a dependent**, only that person can claim the transfer of unused deductions from the student

Alternatively, you could carry forward the leftover amount to claim in future years, by completing Schedule 11. You will likely be able to use the tax credit once you start earning more money.

**13. Medical Expenses**

Claim medical expenses, including medical and dental insurance, for yourself, spouse or common-law partner and dependent children under 18 years of age if someone else (like a parent) did not pay these expenses.

**14. The Canada Training Credit (CTC)**

Working Canadians aged 26 to 65 can claim this credit for eligible fees paid for post-secondary level courses or a qualifying program (3+ weeks, 10+ hours/week instruction). As of the 2024 tax year, you accumulate $250 per year to a lifetime maximum of $5,000. Your claim is based on the lesser of 50% of your fees or your available lifetime balance. You can check the balance in your on-line CRA My Account or Notice of Assessment. High income earners are ineligible. Training expenses that are ineligible for this credit include transportation, housing, food and beverages, parking, textbooks, and high school courses.

**15. Expenses of Training**

You can deduct the cost of a training course as an employment expense, if it maintains, upgrades, or updates the skills or qualifications you need for your employment. You cannot deduct the cost of a training course as an employment expense if the course is for personal reasons, or the cost is unreasonable. If you cannot deduct the cost of a training course as an employment expense, you may be able to claim it as a tuition amount. (See item 10 above).

**16. Spousal Deductions and Transfers**

If one person in a marriage is attending school and their annual net income is less than a threshold, their spouse may claim all or part of the spousal deduction amount. This applies to legally married partners and a common-law spouse, with whom you have been living for 12 months.

**Ways to File Your Taxes**

There's no right or wrong way to prepare and file your taxes. Pick the one that's right for you, from the options below. Online tax filing programs make it easy to file your income taxes. However, since income tax is unique to the specific circumstances of the individual, you may need to seek advice from a qualified professional. The author's No. 1 tip is to start a digital and/or paper folder on January 1 of every year and file all receipts and tax-related data there. Subsequently, when tax time arrives, you won't waste time hunting for records. The first year that you handle your own taxes can feel difficult and will take more time than handing it off to someone else, , but after that, it becomes easier and faster. A key reason to file your own taxes is the knowledge you gain about Canada's tax system and ways you can minimize tax paid by planning.

| Option | Who | Media | Fees/Cost |
|---|---|---|---|
| a | Self | Paper | $13 |
| b | Self <25 yrs. old | Digital | $0 |
| c | Self >25 yrs. old | Digital | $40-$50 |
| d | Non-Profit | Either | $0-$50 |
| e | Family | Either | $0-$50 |
| f | Professional | Either | $50-400 |

a. Complete the T1 tax form on paper, and file by registered mail, To Revenue Canada (You can download the fillable PDF T1 here: https://www.canada.ca/en/revenue-agency/services/forms-publications/tax-packages-years/general-income-tax-benefit-package.html#toc0
b. If you are under 25, you can file with H&R Block's or TurboTax for free.
c. If you are over 25, you can file with H&R Block's tax software for $40 to $50.
d. Through the Community Volunteer Income Tax Program (CVITP) and the Income Tax Assistance – Volunteer Program (ITAVP) in Quebec, community organizations host free tax clinics for people with a modest income and a simple tax situation. Follow this link to determine if you qualify and find the nearest tax clinic. https://www.canada.ca/en/revenue-agency/services/tax/individuals/community-volunteer-income-tax-program.html
e. You could ask a family member or friend to prepare and file on your behalf, but if you're over 25, the author suggested that you reimburse them for the software's cost.
f. Pay a professional, e.g. an accountant to prepare and file your taxes. The rate charged will depend upon how complex your situation is, but this is the most expensive way to file. The lowest fee would be for a student under 25, with a simple tax situation.

*CRA Tax Interpretation Bulletins and Circulars*

**Source: www.canada.ca/en/revenue-agency/services/forms-publications/current-income-tax-interpretation-bulletins.html.**

**P105 – Students and Income Tax 2025**

- **Helpful information for students about filing your Income Tax and Benefit Return.**

**Income Tax Folio S1-F2-C2, Tuition Tax Credit**

- When calculating Part I tax payable, a student may claim the non-refundable tuition tax credit.

**Income Tax Folio S1-F2-C3, Scholarships, Research Grants, and Other Education Assistance**

- Taxation of scholarships, fellowships, bursaries, prizes, research grants, certain government financial assistance for education and training, forgivable loans, and repayable awards.

**IT – 357R2 – Expenses of Training**

- Deduct the cost of a training course as an employment expense, if the course maintains, upgrades, or updates your existing skills or qualifications.

**IT – 406R2 – Tax Payable by an Inter Vivo Trust**

- Rates of tax payable by inter vivos trusts.

**IT - 209R – Inter-Vivos Gift of Capital Property to Individuals directly or Through Trusts**

- income tax effects to donor and recipient of various types of gifts.

**IT – 490 – Barter Transactions**

- CRA's views on the income tax implications arising from bartering.

**RC 4065**

- Claiming medical expenses

**IC 93-3 Registered Education Savings Plan (RESP)**

- Helps promoters and sponsors manage RESZPs

**Disability Tax Credit (DTC)**

- Explains DTC details such as eligibility criteria and application process

**Form 90 - Income Exempt from Tax under the Indian Act**

- Calculate your net exempt income if you are registered or entitled to be registered under the Indian Act.