

Back to School Edition:

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DO YOU HAVE TO FILE A TAX RETURN?

A tax return must be filed if you have to pay income taxes. A tax return must also be filed if you have not repaid all amounts withdrawn from your RRSP under the *Home Buyers' Plan* or the *Lifelong Learning Plan*. Other situations may warrant the filing of a tax return. They are:



... You want to claim a refund;

... You want to apply for the GST/HST credit;

... You want to carry forward the unused part of your tuition and education amounts;

... You received income for which you contribute to an RRSP. To keep your RRSP deduction limit up to date, you must file a return; and

... You or your spouse wants 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 kilometres 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 and the tuition, education and textbook amounts.

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, 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.

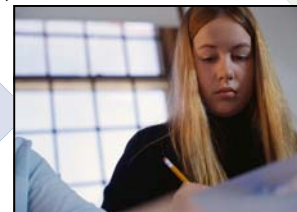
Education, Tuition and Textbook Tax Credit

You can claim the education credit for each whole or partial month in which you were enrolled in a qualifying education program. Part time students can qualify at reduced rates. Disabled part-timers can receive the full credit.

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



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 small businesses in the retail and service sectors 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.