

6

TaxTips

for the Stressed
Student

Run in Fear: The Taxman Cometh!

It's that inevitable time of the year again. Taxes are due by April 30th. Even if your major is in Accounting, you'll find most people have yet to even think about filing their taxes. But as your T4's and T2202A's roll in, you should take sometime on a weekend before your final exams hit to sit down and get your tax papers together.

As you start the process, you'll come to realize that you can make your life much simpler next year if you simply start a file right away.

Here are some tips to help you along:

1. Gather your Forms

Start gathering all your material early. Here is a quick checklist:

- *Form T4* – For every job you held in the past year, you need a T4 from your employer. If you haven't received it in the mail, ask for it! It's your right (and responsibility) to have a separate one for every job you have held this past year.
 - *Form T4A* – Get one for any scholarships, bursaries, fellowships or even payments from a Registered Education Savings Plan. You may have to log in to the institution's website to print it off (ie OSAP)
 - *Form T5* – If you happen to be investment-savvy, this statement shows investment income such as interest on savings or Canadian Savings Bonds.
 - *Form T2202A* – This form shows the tuition you paid as a full-time student. You will need it to claim any such amounts. You can print yours off from WebAdvisor, under the Financial Profile section of your account.
-

2. File Early!

File early to avoid having to wait too long for your Notice of Assessment, which you need when applying for OSAP loans. Everyone rushes to apply in the last two weeks of April, so get ahead of the game, especially if you have a refund!

Think about it: your money is not earning any interest for you while resting in the federal coffers. You might as well get it out of there so you can reinvest it or pay off some bills.

3. Claim thy Deductions

As students with presumably low incomes, we are entitled to a ton of deductions. In fact, if you aren't getting a refund as a student, you are either filthy rich or you are missing some deductions. Here's a list of common deductions for students.

- Rent – Yes! Your rent is tax-deductible. Make sure you get a receipt from your landlord. If you
-

Claim thy deductions (cont.)

are sharing a house, don't hesitate to ask for separate receipts for each one of you and your housemates.

- *Your textbook, tuition and education* – Use Form T2202A here to calculate the amount for which you are eligible. If you use one of the many software solutions out there, it is done automatically.
 - *Interest paid on loans* – If you received a Canadian Student Loan (not a personal loan), you can claim the interest payments on that. Make sure to get this information from the lending institution well in advance.
 - *Moving expenses* – If you moved in the last year to continue your education or to work, you can claim your transportation, storage, travel, lease cancellation costs and incidental costs (such as phone hookup costs and costs incurred to change your name on legal documents).
-

Claim thy deductions (cont.)

- *Public Transit* – Yup, a lesser known deduction is that for public transit. You can claim the \$101 you pay to the CSA every semester as a public transit credit. You can print off the supporting documentation using WebAdvisor, under Account Summary. (Check “Display Account Details” to show the exact amount paid)
- *Much, much more* - For other deductions you can claim, visit: www.cra-arc.gc.ca/students/

4. File Online

The Canada Revenue Agency has set up an excellent portal for submitting your taxes online. To get set up, you need your Social Insurance Number (SIN) and last year’s Notice of Assessment (the letter you got from the government with the amount of your refund that has probably been stuffed in your least accessible drawer). To submit taxes online, you will need a software

File Online (cont.)

solution. Fortunately, since most of us are perceived as lowly impoverished beings, there is a free tax software called UFile (*available at www.drtax.ca/en/UFile.aspx*) that will let you file your taxes for free. You can also use the Studio Tax software (more info at www.studiotax.com) which is also free.

Both these solutions are relatively easy to use, with a simple click-through interface. They also have excellent support websites, to help you with any problems.

Once you complete your return, make sure you pick the NetFile option which creates a file for you to upload to the CRA website.

Why file online? Because the turnaround is vastly different. It's much less if you file earlier. With a mail-in tax form, it can take up to 6 weeks to process. However, file online and your return is processed within 14 days.

File Online (cont.)

When you file, you are given the option to get your refund directly deposited to your account or receive cheques. Go for the former. It will save you the hassle of going to the bank every single time you get a cheque in the mail. It will also save trees!

5. Save all your documents!

All the hard work you put in to get those documents should not go to waste. Create a folder, entitled Tax Return 2013 and save every last bit of evidence (including any receipts for your deductions). The CRA can review your claim up to 6 years after you file it and you don't want to have to rush around in 2017 trying to figure out your 2013 return.

Phew! You're done! Now just sit back and wait for the refund. That's it. Taxes are made much more stressful than they need to be.

6. One More Thing...

Tax Refund = Booze Money. Really? This happens every year. Students get so excited about their tax refund that they waste it away on frivolous items. Instead, you might consider:

- Reinvesting the money in an RRSP. Try investing in mutual funds. Watching your money grow can be much more rewarding in the long run.
- Travel! Take that trip to Thailand or Buffalo or the far side of the moon.
- Pay off loans! Even though you can claim the interest, you can avoid it altogether by paying off your loans.

There you have it. Some tips to help you make the most of tax season and, maybe, even enjoy it! Follow these tips and you should be on your way to some extra cha-ching. For more info, visit: www.cra-arc.gc.ca/students/

