

The ins and outs of Income Tax

Q. I am a university student with a part-time job that becomes a full-time job during the summer months. My earnings are more than \$2,400 a year. I pay my own tuition fees out of my earnings and I understand that only I can deduct these fees from my income for tax purposes. If I do this, my net income will be reduced to \$2,000. Does this mean that my father can claim me as a dependant?

A. Yes, if your father supported you during the year. However, his \$780 exemption is reduced by the amount that your income exceeds \$1,590. You will find a "Dependant Exemption Table" in the Tax Guide to help you calculate the amount deductible.

Example:
 Maximum exemption \$780
 Deduct income over \$1,590 (\$2,000 less \$1,590) 410
 Allowable exemption \$370

In addition, a special exemption of \$50 a month is allowable for full-time trainees and students attending a wide range of schools and post-secondary institutions.

Q. In 1977 I received a scholarship of \$1,200. Do I include the full amount as income on my income tax return?

A. No, The first \$500 received as a bursary, scholarship or fellowship are exempt.

Q. I am a full-time university student but have a temporary job some 200 miles away. Can I deduct from my income the moving expenses I must pay to move closer to the new job location?

A. Yes. If you were in full-time attendance at a university or other post-secondary educational institution in Canada and you moved your residence to take a job

(including summer employment) or to start a business you may claim a moving expense deduction. You claim the deduction against income earned at your you may have earned before the move.

Q. I received a scholarship last year and had to move away from home to attend full-time courses at a university. Can I deduct my moving expenses?

A. Yes. If you moved to attend full-time courses at a university or other post-secondary educational institution in Canada you may deduct moving expenses, but only if these are claimed against award income such as scholarships, fellowships, research grants and similar awards and only to the extent that such income is reported on your return. Be sure to include Form T1-M with your income tax return.

Q. Can a university student claim a property tax credit for rent paid during the year?

A. Students who are roomers, tenants or boarders off campus in Alberta, British Columbia, Manitoba and Ontario can calculate the rent paid during the year towards the property tax credit, up to a certain maximum. Students must be over 16 and their principal residence cannot be that of someone else who is claiming them as a dependant.

Q. What is a "proper" receipt?

A. A "proper" receipt is the official receipt issued by an organization for income tax purposes. Photocopies and cancelled cheques are not normally accepted by the Department as proper receipts.

Here are some examples of claims requiring receipts:
 •Registered Retirement Savings

Plan
 •Registered Home Ownership Savings Plan

•Union dues - receipts should indicate what the dues are for
 •Medical expenses - receipts should show the patients name and date of payment; cancelled cheques are unacceptable.

•Charitable donations - receipts must indicate the registration number of the charity.

•Tuition fees - receipts must indicate what was covered by the fees and the school year attended. Failure to enclose proper receipts for claims will result in delays in processing your return.

Q. I understand that I may be eligible to claim two federal tax reductions this year. Please explain.

A. Everyone is eligible for the general tax reduction which has been increased to 9 per cent of the Basic Federal Tax for 1977. The minimum general tax reduction is either the amount of your basic federal tax or \$200, whichever is less.

Beginning this year there is a tax reduction for children. Basically, you can claim an additional tax reduction of \$50 for each dependant child living in Canada and under 18 years of age on December 31, 1977. (The number of children that you claim should be shown on line 63 on page 4 of your return.)

The maximum amount you can deduct for the two federal tax reductions is the least of:

a) the total of your general tax reduction and your tax reduction for children

OR

b) your basic federal tax

OR

c) \$500.

For more information see Item 49 in your Tax Guide.

Q. I received a grant to carry on research studies. Can I claim child care expenses against this income?

A. Yes you can, provided you meet the other necessary requirements for claiming child care expenses. You may claim the child care expense deduction if the expenses were incurred to enable you to carry on research or similar work for which you received a grant. You may also claim child care expenses if you undertake an occupation training course for which you received an allowance under the Adult Occupational Training Act.

Q. What moving expenses may be deducted from income for income tax purposes?

A. Moving expenses generally include the cost of travelling from a former to a new residence, including meals and lodging while en route, transportation and storage costs for household effects, the cost of up to 15 days temporary board and lodging near either the former or the new residence, real estate commission and legal fees incurred for the sale of the former residence, and the cost of cancelling an unexpired lease on your former residence.

For more information on what you may claim, ask your District Taxation Office for the pamphlet

"Moving Expenses".

Q. What should I do if my employer has not deducted Canada or Quebec Pension Plan contributions or Unemployment Insurance premiums?

A. First, consult with your employer to determine the

reason. If you are still not satisfied, report this omission to your District Taxation Office as soon as possible and, in any event, not later than April 30 following the year the omission occurred.

Q. I did not receive a T4 slip from my previous employer. Do I have to report the income?

A. Yes, all the income must be reported. Employers are required to forward T4 slips to the last known address of the recipient on or before February 28 each year. If you have not received a T4 slip by the second week in March, you should contact your employer.

After all reasonable attempts have been made to obtain the information slip, your income and deductions, Canada Pension, Unemployment Insurance Premiums and Tax Deductions should be estimated on your return. Forward pay stubs if possible. Attach a letter stating that you were unable to obtain a T4 slip and outline the estimated information. Also, give your employer's full name and address.

Q. Since filing my income tax return, I have been transferred to another province. I am expecting a refund. How do I notify the Income Tax Department about my change of address?

A. You should write to the Taxation Data Centre serving your region, giving your full name, new address and any other identification, such as your account number, Social Insurance Number and your previous address, and advise that you are expecting a refund. (You should also notify your post office and your former District Taxation Office of your change of address.)

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