

# Tax deductions you may not have known about

The following was reprinted from the Toronto Globe and Mail. Special thanks to Professor Unger [Dept of Sciences] for bringing it to our attention.

## INCOME TAX

Although most post secondary students are aware of the two major tax deductions—tuition fees and the \$50.00 a month education deduction, few take advantage of the moving expense deduction, available each year for moves both to and from the educational institute.

The Income Tax Act states that students must be in full time attendance, but this is subject to the interpretation of the institution's classification system. The Department of National Revenue has relied on the institution's interpretation, thus co-operative students are considered fulltime as are graduate students if they

meet the requirements of the university.

Summer school or part time attendance are not considered as qualifications for purposes of moving expense deduction.

To be eligible for the deduction the distance between the students new residence and the post secondary institution must be at least 25 miles less than the distance between his old residence and the institution. This would apply to students attending post secondary education away from home and students whose summer residence is away from the community in which the institution is situated. The post secondary school may be outside Canada, but either the new residence or the old residence must be in Canada to qualify for the deduction.

The court decided that the definition provided in the act for a "qualifying educational program" also applies to full-time attendance. Thus the department may have to recognize "full-time attendance" as relating to "a program of not less than three consecutive weeks' duration that provides that each student taking the program spend not less than 10 hours a week on courses or work in the program." Work includes such things as preparation for classes and essay writing.

The only catch to deducting moving expenses for commencement of education is that the amount can be claimed only against scholarship fellowship, bursary or prize for achievement income received in association with full-time attendance at the educational institution. The deduction may not be applied against part-time employment or business

earnings while in school, or against summer earnings.

Most graduate students receive qualifying income. However, the only source of such income for many undergraduates is the grant portion of student loans in excess of \$500.

If students are unable to claim all or a portion of the deduction in the year of the move, either because they have no qualifying income or the amount not claimed may be carried forward to the following year and applied against qualifying income.

Moving expenses may not be deducted if they were paid for by an employer, or if the student was reimbursed by an employer for the moving expense and the amount was not included in the student's income.

Amounts eligible for the deduction include transportation costs for the student and the student's family, including reasonable amounts for meals and lodging; transportation and storage costs for household effects; costs of up to 15 days for temporary board and lodging near either the old or new residence; and most costs associated with selling and buying a residence, or cancelling a lease for the old residence.

The other half of the moving expense deduction is available to students attending Canadian post-secondary schools, and applies to expenses associated with taking up summer employment or commencing full-time employment in Canada. The same amounts as mentioned above may be deducted and the 25-mile rule applies, as does the "full-time attendance" designation.

However, the amounts expend-

ed for this type of move may be deducted only against employment or business income that is earned after the move. Carryforward provisions similar to those discussed above apply to these moving expenses, as do the comments relating to employer reimbursement.

This deduction does not apply to part-time employment income earned while in school, or to bursaries, scholarships, etc.

Many students are in the position of not earning enough income to pay tax (in 1978 no federal tax is payable on taxable income equal to or less than \$2,301). In some cases, not claiming the moving expense deduction may reduce the deductions available to a student's supporting individual or spouse.

For example, assume a student has qualifying income in 1978 of \$3,830 and moving expenses of \$500. The personal and medical deduction of \$2,530, tuition fees of \$700 and the \$400 education deduction (\$50 times eight months) reduce taxable income to \$200, upon which no tax is payable.

However, if the \$500 moving expense deduction is employed, the student need use only \$100 of the education deduction to reduce taxable income to nil. The supporting individual then can apply the other \$300 against his or her income. If the deduction is being transferred to the spouse, Schedule 9 of the spouse's tax return must be completed. Because the \$100 medical deduction is excluded from the calculations on Schedule 9, only \$200 of the education deduction may be transferred.

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## Business week promising

Oct 10th through 13th is Business Week, and this year there are some really promising events. Following is a list of events.

Tuesday Oct 10th, from 8:00 p.m. to 12:00 p.m. is the SMOKER. This event will be held at the STUD Cafeteria and beverages will be sold for the low, low, price of 50 cents each. There will be a chugging contest so bring along your team and sign up on the poster, 3rd floor, Tilley Hall. And of course, the feature event of the evening will be some films. (Note: these films have been found to be very "revealing" and provide great "insight" into "human nature".)

Wednesday Oct 11th is a new event for Business Week. DINNER & THEATRE NIGHT is an evening of

fun and entertainment, varied enough to suit all tastes. It starts off as a spaghetti supper in the SUB Patio room (rm 6) at 5:00 p.m. Wine will be served before, during and after the meal! At 7:00 the events are moved to Tilley 102 for the feature movie KING KONG. Tickets for this event will be presold in the Business Society Office (the glass-door next to 303) starting on Thursday Sept 5th. The price is \$3.50 for non-members and \$2.50 for members (this includes the movie and the supper). For those wishing to see the movie only tickets will be sold as usual at the door.

Also on Wednesday, there will be a guest speaker at 12:30 in Tilley Hall, room 102. The names and further details on this will be posted throughout Tilley.

Thursday Oct 12th, is FOLK NIGHT on campus. The atmosphere will be casual and informal with the band from the Folk Collective providing some of the entertainment. All are encouraged to bring along their own

musical instruments. There will also be wine served along with coffee, tea and donuts. The tea is being provided by Shirley and Anne Hanson from "Hanson's Not Just Tea" on Queen St. They have 40 different types of tea available which will be sold by the cup and the ounce for those who wish to take some home. So for those who love a "Folk Atmosphere" this is definitely the event to catch.

On Friday Oct 13th we decided that it may be a little risky to hold an event on this day of "bad luck". Nevertheless it was suggested that we have a BAD LUCK PUB to drown all our past bad experiences and therefore on Friday the 13th the Bad Luck Pub will take place at the Marshall D'Avary Cafeteria from 8:30 to 1:00.

Saturday night, the Business Society will be holding the "Worker Party" for all those who helped us make these events possible. This is a closed event. Admission by invitation only.

Hope to see you all "MIXING BUSINESS WITH PLEASURE" during Business Week!

## In memory of....

The president of the company which makes most of America's football helmets says that football could be dead as a sport in the 1980's.

Frank Gordon, president of Riddell Incorporated, writes in the Chicago Tribune that football's future is "seriously threatened" by the tremendous increases in the cost of liability insurance faced by football equipment manufacturers, sporting goods dealers, school districts, colleges, coaches and park districts. The cause for the price rise, in turn, is the greatly increased number of lawsuits filed on behalf of injured football players. Gordon says that about 14 percent of the retail price of a Riddell football helmet goes toward paying his firm's \$1.5 million (dollar) product liability insurance bill.

Gordon believes that football is as safe as any contact sport can be expected to be. And he emphatically states that his helmets are safe and protective. Parents, he concludes, must understand that any sport entails some risks. (Newscriot)

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