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

## Series 1: Individuals

## Folio 2: Students

## Chapter 2: Tuition Tax Credit

## Summary

When calculating Part I tax payable, a student may be able to claim the non-refundable tuition tax credit. The purpose of the tuition tax credit is to allow students to reduce their income taxes by taking into account tuition fees paid for certain types of education. The amount of the tuition tax credit is determined by multiplying the lowest personal tax rate percentage (for example, 15% for years after 2006) by the amount of eligible tuition fees paid in respect of the year. The unused amount of a student's tuition tax credit may be carried forward to future years or be transferred to a spouse or common-law partner, or to a parent or grandparent of either the student or the student's spouse or common-law partner, subject to certain requirements and limitations.

This Chapter provides the reader with an extensive review of the legislation and related provisions concerning the tuition tax credit and is intended for readers who have a general understanding of the Act. Individuals seeking a less technical overview of the legislation pertaining to students and the tuition tax credit may prefer to first review [Pamphlet P105 – Students and Income Tax](#), or the [Students information page](#) on the Canada Revenue Agency (CRA) website.

The CRA issues income tax folios to provide a summary of technical interpretations and positions regarding certain provisions contained in income tax law. Due to their technical nature, folios are used primarily by tax specialists and other individuals who have an interest in tax matters. While each paragraph in a chapter of a folio may relate to provisions of the law in force at the time it was written (see the [Application](#) section), the information provided is not a substitute for the law. The reader should, therefore, consider the Chapter's information in light of the relevant provisions of the law in force for the particular tax year being considered.

The CRA may have published additional guidance and detailed filing instructions on matters discussed in this Chapter. See the CRA [Forms and publications](#) web page for this information and other topics that may be of interest.

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## Discussion and interpretation

### General overview

**2.1** Subsection 118.5(1) sets out the circumstances under which a student may be eligible for a tuition tax credit for tuition fees paid to educational institutions both in and outside Canada. Specifically, the Act allows for a tuition tax credit for eligible fees paid to certain educational institutions in Canada pursuant to paragraph 118.5(1)(a), universities outside of Canada pursuant to paragraph 118.5(1)(b), and certain educational institutions in the United States to which a student commutes, when the student resides in Canada near the Canada-United States border, pursuant to paragraph 118.5(1)(c). In addition, paragraph 118.5(1)(d) allows a tuition tax credit for fees paid by an individual to certain bodies in respect of an occupational, trade or professional examination.

### Determining amount of the credit

**2.2** The amount of the tuition tax credit is determined by multiplying the lowest tax rate percentage referred to in subsection 117(2) by the total of:

- the amount of eligible tuition fees paid in respect of the year to qualifying educational institutions; and
- fees for certain occupational, trade, or professional examinations (see ¶2.40 to 2.42) that are paid in respect of the year to institutions described in ¶2.40(c).

To qualify for the credit, such fees paid in respect of the year to a particular institution must exceed \$100, unless the fees are paid to a university outside Canada for purposes of paragraph 118.5(1)(b) where no minimum fee threshold applies.

For years after 2006, the lowest federal tax rate percentage is 15%. Thus, for example, if an amount of \$2,000 has been paid for eligible tuition fees for a tax year, the student is entitled to a tuition tax credit of \$300 for that year (\$2,000 x 15%).

### Educational institutions in Canada

#### General comments

**2.3** Pursuant to paragraph 118.5(1)(a), a student who is enrolled at an educational institution in Canada may be eligible to claim a tuition tax credit for eligible tuition fees paid in respect of the year to that educational institution, as long as the total of such fees exceeds \$100 (in accordance with subsection 118.5(1.1)). Specifically, an educational institution in Canada whose tuition fees may be eligible for the tuition tax credit is an educational institution in Canada that is:

- a. a university, college, or other educational institution providing courses at a post-secondary school level (subparagraph 118.5(1)(a)(i) – see ¶2.5); or
- b. certified by the Minister of Employment and Social Development (ESD) to be an educational institution providing courses (other than courses designed for university credit) that furnish a person with skills for, or improve a person's skills in, an occupation (subparagraph 118.5(1)(a)(ii) – see ¶2.6).

**2.4** If a student is deemed by section 250 to be a resident of Canada, subsection 118.5(2) removes the requirement in paragraph 118.5(1)(a) that the educational institution must be in Canada. However, this rule applies only for the period of deemed residence. Income Tax Folio S5-F1-C1, Determining an Individual's Residence Status, primarily discusses factual residence in Canada, but it also contains a discussion of deemed residence in Canada pursuant to section 250.

### Determining eligibility of an institution

**2.5** For purposes of subparagraph 118.5(1)(a)(i), there is no all-inclusive list of universities, colleges, or other educational institutions in Canada providing courses at a post-secondary school level. Some assumptions and interpretations that are normally applied in determining eligibility of an institution for purposes of subparagraph 118.5(1)(a)(i) are as follows:

- a. Unless there is specific information to the contrary, an educational institution is generally accepted to be a **university** or **college** if the applicable province or territory in which the institution is located considers it to be a university or college, as long as courses are given at a post-secondary school level. This means that the institution should be recognized and authorized by the province or territory to grant academic credentials and should be complying with provincial legislation with respect to the courses it offers;
- b. An **other educational institution** may include a professional organization that provides educational courses at a post-secondary school level to members, as long as one minimum qualification for membership is secondary school graduation. Generally, a professional organization is one that is empowered, under federal or provincial legislation, to make regulations governing certification and licences to practice the profession, examination of candidates for membership and the right to practice, and the institution of a professional code of conduct for its members. An organization, professional or otherwise, that provides evaluation, examination, or other such services, but does not provide educational courses, is not considered to be an **educational institution** for purposes of paragraph 118.5(1)(a);
- c. An educational institution is not ineligible under subparagraph 118.5(1)(a)(i) solely by reason of the fact that it provides other courses in addition to post-secondary school level courses; and
- d. An institution in Canada that has been designated as a **specified educational institution** under the Canada Student Loans Act or that has been recognized for the purposes of the Canada Student Financial Assistance Act or An Act respecting financial assistance for education expenses of the Province of Quebec is presumed to satisfy the eligibility requirements.

### Institutions certified by the Minister of ESD

**2.6** The individual income tax enquiries line at 1-800-959-8281 has an updated list of institutions in Canada that have been certified by the Minister of ESD for purposes of subparagraph 118.5(1)(a)(ii). Institutions wishing to obtain information on certification requirements and procedures for certification by the Minister of ESD for purposes of subparagraph 118.5(1)(a)(ii) should direct their enquiries to:

Certification of Educational Institutions  
Learning Branch  
Employment and Social Development Canada  
200 Montcalm Street  
P.O. Box 2090  
Gatineau, Quebec K1A 0J9

### **Tuition fees that will not qualify**

**2.7** Paragraph 118.5(1)(a) specifies that tuition fees will not qualify for the tuition tax credit to the extent that they are any of the following:

a) for 2017 and subsequent tax years, fees that, although paid to a university, college, or other educational institution in Canada providing courses at a post-secondary school level as referred to in subparagraph 118.5(1)(a)(i) (see ¶2.5), are not in respect of courses at a post-secondary school level (see ¶2.8) unless the student is:

- i. at least 16 years of age at the end of the year; and
- ii. enrolled in the educational institution to obtain skills for, or improve the student's skills in, an occupation.

a.1) for 2016 and prior tax years, fees paid to the educational institutions described in ¶2.7(a) that are not in respect of courses at a post-secondary school level (see ¶2.8);

b) fees paid to an educational institution certified by the Minister of ESD unless the student is:

- i. at least 16 years of age at the end of the year; and
- ii. enrolled in the educational institution to obtain skills for, or improve the student's skills in, an occupation.

c) fees paid on behalf of, or reimbursed to, the individual by the individual's employer and the amount paid or reimbursed is not included in the individual's income;

d) fees that are part of an allowance received by the student's parent on the student's behalf from an employer and are excluded from the parent's income by reason of subparagraph 6(1)(b)(ix);

e) fees for which the student is, or was, entitled to receive a reimbursement or any form of assistance under a program of the federal or a provincial government designed to facilitate the entry or re-entry of workers into the labour force, if the amount of the reimbursement or assistance is not included in computing the student's income; or

f) fees paid on the student's behalf, or fees for which the student is or was entitled to receive a reimbursement, under a federal government program designed to assist athletes, where the fees so paid or reimbursed are not included in computing the student's income.

### **Courses at the post-secondary school level**

**2.8** An educational institution in Canada might provide courses at the post-secondary school level as well as other courses. For purposes of ¶2.7(a.1) (which only applies to 2016 and previous tax years), even though the educational institution can qualify for purposes of subparagraph 118.5(1)(a)(i) (see ¶2.5(c)), the tuition fees paid may not qualify. Tuition fees paid to the institution for 2016 and previous tax years, for any of the other courses not at a post-secondary school level would not qualify for a tuition tax credit. For example, courses taken to obtain or improve skills in an occupation or for purposes of academic upgrading to allow entry into a university or college program would usually not qualify for the tuition tax credit as these courses are not considered to be at a post-secondary school level. Generally, for a course to be considered to be at the post-secondary school level:

- a. the course should provide credit towards a degree, diploma, or certificate; and
- b. a prerequisite for taking the course should be completion of secondary school.

It is generally assumed that a course is at the post-secondary school level if the education ministry for the province in which the course is given considers it to be at that level. In any case, it is the status of the course and not the status of the individual that is relevant.

### Obtain skills for an occupation

**2.9** For purposes of ¶2.7(a) and ¶2.7(b), the phrase **to obtain skills for an occupation** means that there must be sufficient skills to be acquired in the course to enable the student to work at an occupation. The phrase **to improve the student's skills in an occupation** implies that the student already possesses sufficient skills to enable the student to work at an occupation and the course must be capable of improving those skills. An occupation, for this purpose, is considered to be a profession, vocation, trade, or other particular employment. It is a question of fact whether a particular course is capable of improving a student's occupational skills or is sufficient to furnish the student with enough skills to enable the student to work at an occupation. If a student takes a number of courses that are required in order to acquire the skills necessary to work at an occupation, each course will qualify. On the other hand, if a student takes only an initial or introductory course in a particular trade or profession, that course will normally not qualify because sufficient skills have not been obtained. However, if the student goes on and takes the necessary additional courses required for a person to carry on that trade or profession, both the initial course and the additional courses will qualify. Second language training (in particular, French or English) may be viewed as providing a student with skills in an occupation as long as the course is undertaken for the specific purpose of gaining or improving language skills required for an occupation. Where a course is taken at an educational institution for personal or recreational purposes, no tuition tax credit is available. The fact that an educational institution is a university, college, other educational institution, or an educational institution certified by the Minister of ESD does not mean that the student is automatically eligible for the tuition tax credit. Such a determination depends on each individual's particular situation.

## Educational institutions outside Canada

### Tuition fees paid to an educational institution outside Canada

**2.10** A student at an educational institution outside Canada may claim a tuition tax credit for the tuition fees paid for the year to that institution in the circumstances and to the extent set out in either (a) or (b) below:

- a. Pursuant to paragraph 118.5(1)(b), the individual must be, during the year, a student in full-time attendance at a university outside Canada in a course leading to a degree (see ¶2.12 and 2.13) at not lower than the bachelor or equivalent level. The student may then claim a tuition tax credit for any tuition fees paid in respect of the year to that

university, provided that the fees are for a course of not less than:

- i. three consecutive weeks, for each course within a program of study taken in the **2011 and subsequent tax years**; or
- ii. thirteen consecutive weeks, for each course within a program of study taken in the **2010 and earlier tax years**.

This is discussed further at ¶2.31 to 2.33.

- b. Pursuant to paragraph 118.5(1)(c), the individual must be, at any time in the year, enrolled at a university, college, or other educational institution in the United States (see ¶2.14) providing courses at a post-secondary school level. The student may then claim a tuition tax credit for any tuition fees paid for the year to that institution if the following conditions are met:

- i. the student resided throughout the year in Canada near the boundary between Canada and the United States;
- ii. the student commuted to that educational institution in the United States; and
- iii. the total of the tuition fees paid to the educational institution for the year exceeds \$100.

**2.11** However, tuition fees do not qualify under paragraph 118.5(1)(b) or 118.5(1)(c) to the extent that:

- they are paid on the student's behalf by his or her employer and are not included in the student's income; or
- they are included as part of an allowance received by the student's parent on the student's behalf from an employer and are excluded from the parent's income by subparagraph 6(1)(b)(ix).

### **Bachelor's degree or equivalent**

**2.12** Paragraph 118.5(1)(b), as described in ¶2.10(a), specifically makes reference to full-time attendance at a **university outside Canada in a course leading to a degree**. An educational institution located in a country outside Canada is presumed to qualify for purposes of paragraph 118.5(1)(b) if it is recognized by an accrediting body (that is nationally accepted in that country) as being an educational institution which confers degrees at least at the bachelor or equivalent level.

An institution that cannot grant degrees at the bachelor or higher level, but whose credits are transferred to or verified by another institution that grants the degree is not considered to be a **university** and the fees paid to the institution do not qualify for the tuition tax credit.

### **List of universities outside Canada**

**2.13** The CRA maintains a list of recognized universities and higher educational institutions outside Canada (excluding the United States, the United Kingdom and all of the Commonwealth countries) and a list of universities outside Canada registered as qualified donees for the purposes of paragraph 118.5(1)(b). For more information go to the web page Recognized educational institutions outside Canada.

These lists are not all-inclusive and may be subject to change. Therefore, students can direct enquiries regarding tuition fees paid to such institutions to the CRA's general enquiries line at 1-800-959-8281, when calling from Canada or the United States. Students outside Canada and the United States may call 613-940-8495 (collect calls are accepted). The CRA will consider adding an institution to the list of universities outside Canada registered as qualified donees at the request of the institution. Such requests should be directed to:

Collections and Verification Branch  
Validation, Policies, and Procedures Section  
Canada Revenue Agency

3rd Floor, 395 Terminal Avenue  
Ottawa ON K1A 0L5  
Canada

## Eligibility of United States educational institutions

**2.14** The eligibility under paragraph 118.5(1)(c) of a United States educational institution to which a student commutes from Canada (see ¶2.10(b)) is determined by the CRA on an individual basis by applying considerations similar to those used in determining the eligibility of Canadian educational institutions under subparagraph 118.5(1)(a)(i). Any educational institution in the United States which is within commuting distance of Canada and which is listed on the U.S. Department of Education's Database of Accredited Postsecondary Institutions and Programs or the Council for Higher Education Accreditation's list of accredited institutions is presumed to be an institution that qualifies for purposes of paragraph 118.5(1)(c). Also, any institution in the United States within commuting distance of Canada that is designated as a **specified educational institution** under the Canada Student Loans Act or recognized for the purposes of the Canada Student Financial Assistance Act or An Act respecting financial assistance for education expenses of the Province of Quebec is presumed to be an eligible institution for purposes of paragraph 118.5(1)(c). Enquiries may be directed to the CRA at the phone numbers indicated in ¶2.13.

## Meaning of “commute”

**2.15** To qualify under paragraph 118.5(1)(c), the student must reside in Canada near the Canada-United States border throughout the year and commute to the educational institution in the United States. For this purpose, **commute** means regular, physical travel to and from the educational institution. Students who take courses only over the internet and do not physically travel to the institution in the United States are not considered to be commuting to the educational institution.

## Further information

**2.16** Further information regarding educational institutions outside Canada can be found in Information for Educational Institutions Outside Canada and Information for Students – Educational Institutions Outside Canada.

## Full-time attendance and enrolment

**2.17** Paragraph 118.5(1)(b) specifies that a student must be in **full-time attendance** at a university outside Canada. Students are ordinarily accepted as being in **full-time attendance** if the university regards them as such. Accordingly, a certificate from a university stating that a student was in full-time attendance in a particular academic year or semester will normally be accepted.

**2.18** A student is not considered to be in full-time attendance at a university outside Canada if:

- only a few subjects at evening classes are being taken;
- courses are taken only by correspondence (see ¶2.20); or
- although a day student, the student is carrying only a minor course load and at the same time is devoting so much time and energy to other activities (such as money-earning activities) that they are clearly the student's primary occupation.



However, a student holding a full-time job while taking a major course load is considered to be in full-time attendance, provided that the educational institution being attended regards the student as a full-time student.

### Online attendance and correspondence courses

**2.19** The requirement in paragraph 118.5(1)(b) for **full-time attendance** at a university outside Canada in a course leading to a degree can be met through online attendance. However, the university must be able to establish that the enrolment of a student at the university constituted full-time attendance, such as through scheduled, interactive, course-related activities conducted over the internet (for example, the use of on-line course rooms, live on-line conferences, chat-lines and/or virtual libraries).

**2.20** On the other hand, correspondence courses, either by mail or over the Internet, are generally courses that require little or no significant interactive, scheduled sessions with either the instructor or other students. Email is typically used to correspond with an instructor, to submit assignments, or to access an online database or class website. As such, the requirement for **full-time attendance** at a university outside Canada for a correspondence course will not generally be satisfied.

Tuition fees paid for correspondence courses may be eligible for the tuition tax credit if taken with an educational institution in Canada, but not if taken with a foreign educational institution, since paragraph 118.5(1)(b) requires full-time attendance (see ¶2.20) and paragraph 118.5(1)(c) requires physical commuting to the institution.

### Researching, writing and laboratory time

**2.21** A student who is participating in graduate studies (for example, to obtain a master's degree or doctoral degree) on a regular basis is ordinarily considered to be in full-time attendance if registered for the regular academic year, even though the requirements for attendance in class are minimal. Therefore, such a registered student who spends much of the time in a laboratory or a library engaged in research or writing a thesis or who spends part of the academic year engaged in research elsewhere than at the university would normally be regarded as being in full-time attendance. As in ¶2.18, a graduate student holding a full-time job is not necessarily precluded from being considered in full-time attendance at a university.

### Meaning of "enrolled"

**2.22** Paragraphs 118.5(1)(a) and (c) require a student to be **enrolled** at an educational institution described in these paragraphs. There is no requirement that the student be in full-time attendance, although paragraph 118.5(1)(c) does require that the student commute to the institution in the United States. The term **enrolled** is not defined in the Act, but it is to be given its ordinary meaning. In the context of enrolment of a student at an educational institution, a student must be registered with the registrar of the institution such that the student would be liable for any tuition fees required to be paid to the institution with respect to the courses within a program of study. Consequently, tuition fees paid for courses by a part-time student, such as night school courses, can qualify for the tuition tax credit under these provisions.

### Scholarships, fellowships, bursaries, or prizes

**2.23** As long as the conditions outlined in subsection 118.5(1) are otherwise satisfied, a student will be eligible to claim the tuition tax credit for tuition fees paid to an educational institution, whether the student pays the tuition fees personally, the fees are paid on behalf of, or reimbursed to, the student by a third party (see exceptions described in ¶2.7

and [2.11](#)), or the student receives free tuition or a reduction in tuition fees directly from an educational institution (see [¶2.24](#)).

**2.24** A student in receipt of a scholarship, fellowship, bursary, or prize described in paragraph 56(1)(n) can generally claim a tuition tax credit for the value of their tuition, even if the award is exempt from the student's income by virtue of the scholarship exemption under subsection 56(3), providing it otherwise qualifies as tuition according to subsection 118.5(1) (see [¶2.25](#)).

**2.25** Where a student receives free tuition or a reduction in tuition fees from an educational institution, the difference between the pre-determined tuition fee established by the educational institution for the course(s) and the amount paid by the student will generally be considered a scholarship or bursary for tax purposes and included in computing the student's income under subparagraph 56(1)(n)(i), unless the amount is included in the student's employment income or the employment income of the student's family member. Tuition fees paid from awards received by a student from the student's employer will be eligible for the tuition tax credit to the extent that such amounts are included in computing the student's income (see [¶2.7](#) and [2.11](#)).

**2.26** Where an arm's length employer pays for or reimburses, in whole or in part, the cost of a student's tuition, in connection with the employment of the student's family member, such tuition will be eligible for the tuition tax credit provided it otherwise qualifies under subsection 118.5(1). For information concerning the taxability of this amount to the student or family member, see [Income Tax Folio S1-F2-C3, Scholarships Research Grants and Other Education Assistance](#).

**2.27** The amount of tuition fees reported on the tuition certificate (see [¶2.63](#)) that will be eligible for the tuition tax credit will be the full pre-determined tuition fee established by the educational institution for the course(s), prior to any reduction as a result of the award, providing it otherwise qualifies as tuition according to subsection 118.5(1).

### **Assistance under certain government programs**

**2.28** A student may receive assistance under a federal or provincial government program that falls within the meaning of the terms scholarship or bursary for purposes of subparagraph 56(1)(n)(i). Where the program also falls within the description outlined at [¶2.7\(e\)](#) or [2.7\(f\)](#) above, a tuition tax credit will not be available with respect to any portion of the assistance that is subject to a full or partial scholarship exemption under subsection 56(3), pursuant to subparagraph 118.5(1)(a)(iii.1) or (v) (as applicable).

### **Individuals eligible to claim the tuition tax credit**

**2.29** The tuition tax credit determined under subsection 118.5(1) may be claimed by the student and any unused portion may be carried forward to be used in future years (see [¶2.46](#)). Alternatively, the unused portion may be transferred to, and claimed as a tax credit by, the student's spouse or common-law partner (see [¶2.55](#)) or the parent or grandparent of either the student or the student's spouse or common-law partner (see [¶2.59](#)).

### **Period covered by fees**

**2.30** The tuition tax credit for a particular tax year can be based only on tuition fees and [occupational, trade, or professional examination fees](#) paid in respect of that year. This means that the credit is based only on fees paid for courses and exams taken in that calendar year. For example, when the academic session covered by eligible tuition fees paid in a particular year extends from September of that year to April of the next year, the tuition tax credit for the fees is

computed for each of those years as one-half of the fees multiplied by the lowest tax rate percentage (see ¶2.2). This reflects the fees for the four months from September to December and the fees for the four months from January to April of the subsequent year.

### Length of course eligible

**2.31** Where a student is in full-time attendance at a university outside Canada during the year, the tuition fees paid in respect of the year for a course will be eligible for the tuition tax credit under paragraph 118.5(1)(b), if the duration of the course is at least:

- a. three consecutive weeks, for each course within a program of study taken in the **2011 and subsequent tax years**; and
- b. thirteen consecutive weeks, for each course within a program of study taken in the **2010 and earlier tax years**.

**2.31.1** The CRA will consider a course of less than three consecutive weeks duration to satisfy the requirement described in ¶2.31(a) in situations factually similar to Fortnum v the Queen, 2018 TCC 126.

**2.32** With respect to satisfying the 3 or 13 consecutive week requirement outlined in 2.31(a) and (b), the tuition tax credit would not be denied simply because:

- the student dropped out of the course before completing 3 or 13 weeks of study under the course (as applicable), provided they were in full-time attendance before leaving the course;
- the course (which usually satisfies the necessary consecutive weeks requirement) does not do so in a particular academic term because the term itself happens to fall a little short of being a full 3 or 13 weeks (for example, because of a holiday at the beginning or end of the term); or
- the particular academic term in which the course falls is interrupted, for example, by Easter Holidays.

**2.33** Unlike paragraph 118.5(1)(b), paragraphs 118.5(1)(a) and (c) do not have a requirement regarding the length of a course for students who are enrolled at an educational institution in Canada, or who reside in Canada near the Canada-United States border and commute from Canada to an educational institution in the United States.

### Eligible tuition fees

**2.34** The following items that relate to a particular program (whether identified separately or included as course or subject fees) are considered eligible tuition fees:

- admission fees;
- charges for use of library or laboratory facilities;
- exemption fees;
- examination fees (including re-reading charges) that are integral to a program of study;
- application fees (but only if the student subsequently enrolls in the educational institution);
- confirmation fees;
- charges for a certificate, diploma or degree;
- membership or seminar fees that are specifically related to an academic program and its administration;
- mandatory computer service fees; and
- academic fees.

When the goods and services tax (GST) or harmonized sales tax (HST) is added to a tuition fee that is eligible for the tuition tax credit, the amount of the fee including the GST or HST is eligible for the tuition tax credit.

### Amounts that are not eligible tuition fees

**2.35** Fees for the following items (whether identified separately or included as course or subject fees) are **not** considered eligible tuition fees:

- student social activities;
- medical expenses (but see ¶2.36 regarding health services fees);
- transportation and parking;
- board and lodging;
- goods of enduring value that are to be retained by students (e.g. microscope, uniform, gown, computer, etc.);
- initiation fees or entrance fees to professional organizations including examination fees or other fees (such as evaluation fees) that are not integral to a program of study at an eligible educational institution;
- administrative penalties incurred when a student withdraws from a program or an educational institution; and
- the cost of books (other than books or similar material included in the cost of a correspondence course when the student is enrolled in such a course given by an eligible educational institution in Canada).

### Ancillary fees and charges

**2.36** Certain ancillary fees and charges imposed by an educational institution described in subparagraph 118.5(1)(a)(i) (see ¶2.3), in respect of enrolment at the institution in a program at a post-secondary school level, are also eligible tuition fees pursuant to subsection 118.5(3). These include health services fees and athletic fees. However, such ancillary fees and charges are limited to \$250 unless the fees are required to be paid by all full-time students (for an individual enrolled in full-time studies), or by all part-time students (for an individual enrolled on a part-time basis).

**2.37** Subsection 118.5(3) also specifies that ancillary fees and charges are **not** eligible tuition fees when levied in respect of:

- a student association;
- property to be acquired by students;
- services not normally provided at educational institutions in Canada that offer courses at the post-secondary school level;
- tax-exempt financial assistance, other than a scholarship or other amount described in paragraph 56(1)(n) and excluded under 56(3); and
- the construction, renovation or maintenance of a building or facility except to the extent that the building or facility is owned by the institution and used to provide courses at the post-secondary school level, or the building or facility is used to provide services for which the fees and charges would be eligible under subsection 118.5(3) and the fees for such services are required to be paid by all students.

Ancillary fees and charges paid to an educational institution referred to in subparagraph 118.5(1)(a)(ii), or paragraphs 118.5(1)(b) or 118.5(1)(c), are not eligible for the tuition tax credit.

### Enrolment in flying training school or club

**2.38** Subject to the comments in ¶2.7, fees paid by or on behalf of students enrolled at flying training schools or clubs certified by the Minister of ESD (see ¶2.3 and 2.6) are eligible tuition fees under paragraph 118.5(1)(a), only if the student is taking flying lessons in order to become a commercial pilot or a professional instructor. Fees are eligible only to the extent that they may be regarded as having been paid for **tuition**. Therefore, a student must be under instruction and direct supervision before the cost of flying time is eligible for the tuition tax credit. As a result, the cost of solo flying does not, generally, qualify as tuition. However, the Transport Canada flight training requirements for certain licences or ratings include, in part, a specified number of hours of flying time under instruction, including both dual and solo flights. There is also a total flight experience requirement of a certain number of hours. The CRA accepts that the student is under instruction and direct supervision while completing the required minimum hours of dual and solo flight training time. However, as the additional flying time required to meet the total hour requirement need not be under instruction and direct supervision, these costs would not qualify as eligible tuition. Accordingly, the cost of dual and solo flying hours required to obtain certain licences or ratings, to become a commercial pilot or a professional instructor, to the minimum flight training requirements of Transport Canada, is considered to be part of the student's tuition.

**2.39** Fees for ground school and flight simulators are also eligible for the tuition tax credit, but costs incurred by a student in flying a personal aircraft while taking a course at a flying training school or club are not eligible.

### Occupational, trade, or professional examinations

**2.40** Pursuant to paragraph 118.5(1)(d), fees paid in respect of an occupational, trade, or professional examination that is taken in **2011 or a subsequent tax year** are eligible for the tuition tax credit, with certain exceptions (as described in ¶2.41). An occupational, trade, or professional examination is one that satisfies the following:

- a. it is an examination required in order for the individual to obtain a professional status recognized under a federal or provincial statute, or to be licensed or certified as a tradesperson;
- b. the status, licence, or certification referred to in (a) allows the individual to practice the profession or trade in Canada; and
- c. the fees in respect of the examination are paid to an educational institution referred to in paragraph 118.5(1)(a) (see ¶2.3), a professional association, provincial ministry, or other similar institution.

When the GST or HST is added to an examination fee that is eligible for the tuition tax credit, the amount of the fee including the GST or HST is eligible for the tuition tax credit.

**2.41** Fees paid in respect of an occupational, trade, or professional examination will **not** qualify under paragraph 118.5(1)(d) to the extent that they are:

- paid on behalf of, or reimbursed to, the individual by the individual's employer and the amount paid or reimbursed is not included in the individual's income (subparagraph 118.5(1)(d)(i));
- fees for which the individual is, or was, entitled to receive a reimbursement or any form of assistance under a program of the federal or a provincial government designed to facilitate the entry or re-entry of workers into the labour force, if the amount of the reimbursement or assistance is not included in calculating the individual's income (subparagraph 118.5(1)(d)(ii)); or
- fees paid by an individual to a particular institution in the year where the total of the fees described in paragraph 118.5(1)(a) and 118.5(1)(d) does not exceed \$100 (subsection 118.5(1.1)).

**2.42** Examinations taken in order to begin study in a profession or field, such as a medical college admission test, are not considered to be an occupational, trade, or professional examination for purposes of paragraph 118.5(1)(d). In contrast, fees paid by a foreign-trained lawyer or law graduate to the National Committee on Accreditation (NCA) to undertake a challenge examination that is required to obtain a Certificate of Qualification to access the bar admission process of a Canadian law society would be considered an occupational, trade, or professional examination for purposes of paragraph 118.5(1)(d). However, fees paid by an NCA candidate to enroll in a program to prepare the individual for the challenge examination would not generally qualify under paragraph 118.5(1)(d). Paragraph 118.5(1)(d) is effective for fees paid in respect of an occupational, trade, or professional examination taken in 2011 or a subsequent tax year.

### Ancillary fees and charges for examinations

**2.43** Subsection 118.5(4) states that fees paid in respect of an occupational, trade or professional examination of an individual includes certain ancillary fees and charges paid to a body described in ¶2.40(c). Eligible amounts include the cost of examination materials used during the examination (such as identification cards that must be purchased and worn on the examination day) and certain prerequisite study materials. However, it would not include costs for travel and parking, ancillary fees and charges otherwise included in subsection 118.5(3) or other costs that are ineligible for the tuition tax credit. The total for the year of such expenses is limited to **\$250** unless the fees are required to be paid by all of the individuals taking the occupational, trade, or professional examination.

**2.44** Subsection 118.5(4) specifies that eligible ancillary examination fees and charges will not include fees levied in respect of:

- property to be acquired by the individual, such as lab coats, calculators, computers, or other items of enduring value;
- tax-exempt financial assistance, other than a scholarship or other amount described in paragraph 56(1)(n) and excluded under 56(3); and
- the construction, renovation, or maintenance of any building or facility.

**2.45** Ancillary fees and charges for examinations that are paid to institutions certified by the Minister of ESD as specified in subparagraph 118.5(1)(a)(ii) (see ¶2.3) are not eligible for the tuition tax credit. Subsection 118.5(4) applies to eligible ancillary fees and charges paid in respect of occupational, trade, or professional examinations taken in **2011 or subsequent tax years**.

## Carry-forward of unused tuition, education, and textbook tax credits

### Overview

**2.46** Effective January 1, 2017, the education and textbook tax credits have been eliminated. This measure does not eliminate the tuition tax credit, and it does not affect a student's ability to claim the education and textbook tax credits for 2016 and prior tax years. Unused education and textbook credit amounts carried forward from years prior to 2017 will remain available to be claimed in years after 2016. For more information, see Income Tax Folio S1-F2-C1, Qualifying Student and the Education and Textbook Tax Credits.

Section 118.61 provides for the carry-forward of a student's unused tuition tax credits for the current year to future tax years. The carry-forward rules also apply to the education and textbook tax credits. Alternatively, students may transfer the unused portion of their tuition, education, and textbook tax credits for the year (up to certain limits) to a spouse or

common-law partner or to a parent or grandparent (see ¶2.55 to 2.59). Students are permitted to use a combination of these options to transfer a part of the unused portion of these credits and keep the remaining balance for use in future years. However, unused tax credits that are carried forward to a future year may not subsequently be transferred.

### Deduction of carry-forward

**2.47** The amount of a student's tuition, education, and textbook tax credit carry-forward that can be claimed in the current year is determined by subsection 118.61(2). Under this provision a student may claim, in the current year, the lesser of:

- the unused tuition, education, and textbook tax credits carried forward from the previous year; and
- the amount that would be the student's Part I tax payable for the current year if only certain specified non-refundable tax credits were claimed.

**2.48** There is no requirement to claim any or all of the available tuition, education, and textbook tax credits in a particular year. However, the amount that can be carried forward is determined by the formula in subsection 118.61(1) (see ¶2.50) and does not depend on what the student chooses to claim. Therefore, if a student chooses not to claim all or such portion of the available tuition, education, and textbook tax credits required to reduce federal taxes payable to zero before claiming certain other tax credits (medical, charitable, interest on student loans, dividend tax credits, and the foreign tax credit), the tuition, education, and textbook tax credits not claimed cannot be carried forward and will be lost. Generally, the carry-forward mechanism is designed to address the situation in which a student does not have sufficient tax owing against which to apply the available tuition, education, and textbook tax credits available in a particular year.

### Calculating unused tuition, education, and textbook tax credits

**2.49** Subsection 118.61(1) provides for the calculation of a student's tuition, education, and textbook tax credits at the end of a tax year that may be carried forward to future years. Generally, the carry-forward amount is determined by adding the student's unused portion of the current year's tuition, education, and textbook credits for the year to any unused tuition, education, and textbook credits from previous years. This total is then reduced by any amount of the carry-forward balance that the student can claim on his or her return for the current year, in addition to any amount of the current year's tuition, textbook, and education tax credits that the student chooses to transfer to his or her spouse or common-law partner or to a parent or grandparent.

### The formula

**2.50** The amount of the student's unused tuition, education, and textbook tax credits at the end of a tax year is determined by the following formula, found in subsection 118.61(1):

$$A + (B - C) - (D + E)$$

The variables in this formula are as follows:

**A** is the student's unused tuition, education, and textbook tax credits at the end of the previous year.

**B** is the total of the amounts that the student may claim for the year as tuition, education, and textbook tax credits.

Note: For the purpose of this formula, the education, and textbook tax credits are only applicable in variable B for the 2016 and prior tax years.

**C** is the lesser of **B**, and the amount of the student’s Part I tax payable for the year determined before claiming any tax credits, other than tax credits under section 118.61 (tax credit for unused tuition, education, and textbook tax credits carried forward from previous years) and sections 118 (personal tax credits), 118.01 to 118.07 (tax credits for adoption, digital news subscription, home renovation, first-time home buyers, volunteer firefighters and search and rescue volunteers), 118.3 (tax credit for disability), and 118.7 (tax credit for premiums for Canada and Quebec Pension Plans (CPP/QPP), Quebec Parental Insurance Plan (QPIP) and employment insurance (EI)).

Note: Due to differing years of enactment or repeal, not all credits are available for all years. It is important to consider the legislation for the tax year for which variable C is being calculated.

**D** is the amount of the tuition, education, and textbook tax credit carry-forward from previous years that may be claimed for the current year under subsection 118.61(2).

**E** is the tuition tax credit (and education and textbook tax credits for 2016 and prior tax years) transferred for the year by the student to the student’s spouse or common-law partner, parent, or grandparent (see ¶2.55 to 2.59).

Example 1

**2.51** Mr. A attended a Canadian university in both 2016 and 2017. His eligible tuition and education, and textbook amounts totalled \$8,500 for 2016 and his eligible tuition amount totalled \$4,500 for 2017. As such, Mr. A’s total tuition, education, and textbook tax credits for federal tax purposes were \$1,275 for 2016 (\$8,500 x 15%) and his total tuition tax credit for 2017 was \$675 (\$4,500 x 15%). In 2016, Mr. A earned employment income and owed personal income tax of \$800 (net of his basic personal exemption, Canada employment credit and applicable CPP and EI tax credits). In 2017, he had no employment income and owed no income tax. Mr. A did not have a tuition, education, and textbook tax credit carry-forward balance from years prior to 2016.

**2.52** In circumstances where Mr. A chooses not to transfer any of his tuition, education, and textbook tax credits to his spouse, the calculation of his unused tuition, education, and textbook tax credits available for carry-forward at the end of each year would be as shown below.

Calculation of Mr. A’s carry-forward amount:

Variable	Description	2016	2017
A	Unused tuition, education, and textbook tax credits from previous years	NIL	\$475
B	Total that the student may claim for the current year’s tuition, education, and textbook tax credits	\$1,275	\$675
C	Lesser of: (i) B (for current year); and (ii) Student's adjusted Part I tax payable for current year.	Lesser of: \$1,275 and \$800.  C=\$800.	Lesser of: \$675 and NIL.  C=NIL.
(B - C)	Sub-total	\$475	\$675
D	Carry-forward amount deducted in the year	NIL	NIL



E	Tuition, education, and textbook amount transferred to designated individual	NIL	NIL
(D + E)	Sub-total	NIL	NIL
A + (B - C) - (D + E)	Carry-forward amount	<b>\$475</b>	<b>\$1,150</b>

Accordingly, Mr. A's carry-forward of unused tuition, education, and textbook tax credits under subsection 118.61(1) is \$475 in 2016 and \$1,150 in 2017.

### Change in lowest tax rate percentage

**2.53** Where a student carries forward unused tuition, education, and textbook tax credits and the lowest tax rate percentage for the year changes, subsection 118.61(4) provides an adjustment so that the unused tax credits are carried forward at the new lowest tax rate percentage.

### Non-resident students

**2.54** A student who is not a resident of Canada and who is not subject to Canadian income tax may **not** create a pool of tuition tax credits eligible for transfer or carry-forward for possible use in future years should the student then be subject to tax in Canada.

### Transfer of unused tuition, education, and textbook tax credits

**2.55** As discussed in ¶2.46, effective January 1, 2017, the education and textbook tax credits have been eliminated. This measure does not eliminate the tuition tax credit, and does not eliminate a student's ability to carry-forward or transfer the tuition tax credit. It does not affect a student's ability to claim the education and textbook tax credits for the 2016 and prior tax years. As sections 118.8 and 118.9 only allow a student to transfer to a spouse or common-law partner or to a parent or grandparent credits earned in the current year, the 2016 tax year is the final year that a student may transfer education and textbook tax credits. For more information regarding the elimination of the education and textbook tax credits, see [Income Tax Folio S1-F2-C1](#).

The amount of current year tuition, education, and textbook tax credits that may be transferred by a student to either a spouse or common-law partner, or in certain circumstances, to a parent or grandparent, is determined under section 118.81. Specifically, the formula provided in section 118.81 limits the amount of tuition, education, and textbook tax credits eligible for transfer to a maximum dollar value, and also to the extent that the student has personal income tax otherwise payable. The formula to calculate the amount of tuition, education, and textbook tax credits that may be transferred to a designated individual is as follows:

#### A - B

The variables in this formula are as follows:

**A** is the lesser of: (i) the total of the amounts that the student may claim for the year as tuition, education, and textbook tax credits; and (ii) \$5,000 x the lowest tax rate percentage for the year. Variable A therefore currently creates a \$750 limit on the amount of the tuition, education, and textbook tax credits that may be transferred (representing tuition,

education, and textbook credits of  $\$5,000 \times 15\%$ )

**B** is the student’s Part I tax payable determined before claiming any tax credits, other than tax credits under sections 118 (personal tax credits), 118.01 to 118.07 (tax credits for adoption, digital news subscription, home renovation, first-time home buyers, volunteer firefighters and search and rescue volunteers), 118.3 (tax credit for disability), 118.61 (tax credit for unused tuition, education, and textbook tax credits carried forward from previous years), and section 118.7 (tax credit for premiums for CPP/QPP, QPIP and EI).

Note: Due to differing years of enactment or repeal, not all credits are available for all years. It is important to consider the legislation for the tax year for which variables A and B are being calculated.

This amount (or such lesser amount as determined by the student) may be transferred to the designated individual for the year provided the student designates in writing the amount they wish to transfer (see ¶2.62).

Example 2

**2.56** Consider the same scenario as in Example 1. However, Mr. A decides to transfer his unused tuition tax credit for 2017 to his spouse pursuant to section 118.81, instead of keeping the unused balance for his own use in future years. The amount of tuition tax credit that may be transferred to Mr. A’s spouse is calculated as shown below.

Tuition tax credit that may be transferred to Mr. A’s spouse:

Variable	Description	2017
A	Lesser of: Total that the student may claim for the current year’s tuition tax credit; and $\$5,000 \times 15\%$ (lowest tax rate percentage for 2017).	Lesser of: \$675 and \$750. A = \$675.
B	The student’s adjusted Part I tax payable for the current year	NIL
(A - B)	Total available to transfer	\$675

Mr. A could transfer up to \$675 of tuition tax credit to his spouse for 2017 by designating this transfer in writing on the appropriate certificate described in ¶2.63 and completing Schedule 11, Tuition, Education, and Textbook Amounts, of his federal income tax return.

Transfer to a spouse or common-law partner

**2.57** Where a student calculates and transfers unused tuition, education, and textbook tax credits to a spouse or common-law partner according to the formula provided in section 118.81 (see ¶2.55), it is section 118.8 that subsequently allows the student’s unused tax credits to be claimed by the spouse or common-law partner for purposes of computing taxes payable. Section 118.8 allows the spouse or common-law partner to claim not only the transferred tuition, education, and textbook tax credits from the student, but also certain other unused tax credits for the year. As such, once the amount of eligible tuition, education, and textbook tax credits available for transfer is determined pursuant to

section 118.81, the actual amount of the student's unused tax credits that may be claimed by the student's spouse or common-law partner is subject to an additional calculation which takes into consideration the possible transfer of unused child, age, pension, and disability tax credits of the student, as follows:

### **A + B - C**

The variables in this formula are as follows:

**A** is the total of the tuition, education, and textbook tax credits that the student transferred to a spouse or common-law partner for the year, pursuant to section 118.81.

**B** is the total of the amounts that the student may claim for the year as child, age, pension and disability tax credits.

**C** is the amount, if any, of the student's Part I tax payable determined before deducting any tax credits other than the basic personal tax credit under subsection 118(1), the Canada Employment credit under paragraph 118(10), tax credits for adoption, digital news subscription, home renovation, first-time home buyers, volunteer firefighters, and search and rescue volunteers under sections 118.01 to 118.07, the tax credit for disability under section 118.3, the tax credit for unused tuition, education, and textbook tax credits carried forward from previous years under section 118.61, and the tax credits for premiums for EI, CPP/QPP and QPIP under section 118.7 that exceeds the lesser of:

- i. the total of the amounts that the student may claim for the year as tuition, education, and textbook tax credits; and
- ii. the student's Part I tax payable determined before claiming any tax credits, if applicable, other than tax credits under sections 118 (personal tax credits), 118.01 to 118.07 (tax credits for adoption, digital news subscription, home renovation, first-time home buyers, volunteer firefighters, and search and rescue volunteers), 118.3 (tax credit for disability), 118.61 (tax credit for unused tuition, education, and textbook tax credits carried forward from previous years), and 118.7 (tax credit for premiums for CPP/QPP, QPIP and EI).

Note: Due to differing years of enactment or repeal, not all credits are available for all years. It is important to consider the legislation for the tax year for which variable C is being calculated.

**2.58** The general rule is that an amount may be claimed as a tax credit under section 118.8 for a particular tax year by an individual who was the student's spouse or common-law partner at any time in the year. The individual may not, however, make the claim for the year under section 118.8 if he or she was living separate and apart from the student at the end of the year and for a period of 90 days commencing in the year because of a breakdown of their marriage or common-law partnership.

### **Transfer to a parent or grandparent**

**2.59** If the student is an unmarried person or a person who is not in a common-law partnership in the year, or if the student is married or living in a common-law partnership but the student's spouse or common-law partner claims neither a personal tax credit for the student under section 118 nor a tax credit under section 118.8 for any of the student's unused tax credits, the student's combined tuition, education, and textbook tax credits for the year may be transferred to, and claimed as a tax credit under section 118.9 by, the student's parent or grandparent. The amount of tuition, education, and textbook tax credits that may be transferred to the student's parent or grandparent is also calculated according to the formula in section 118.81 (see ¶2.55). A student may transfer unused tuition, education, and

textbook tax credits to only one supporting individual in a year. However, a parent or grandparent may, under section 118.9, claim transferred tuition, education, and textbook tax credits from more than one child or grandchild in a year.

### Meaning of “parent” and “grandparent”

**2.60** By virtue of subsection 252(2), and for the purposes of the transfer described in ¶2.55 and 2.59, a grandparent of a student includes an individual who is:

- the grandfather or grandmother of the student’s spouse or common-law partner; or
- the spouse or common-law partner of the student’s grandfather or grandmother.

**2.61** Also by virtue of subsection 252(2), a parent of a student includes an individual:

- who is a natural parent, a step-parent, or an adoptive parent of the student;
- who is a natural parent, a step-parent, or an adoptive parent of the student’s spouse or common-law partner; or
- of whom the student is or was, pursuant to paragraph 252(1)(b), considered to be a child. Such an individual is one upon whom the student is or was at any time wholly dependent for support and under whose custody and control, in law or in fact, the student is or was immediately before attaining the age of 19. However, such an individual would not include a student’s foster parent who received support payments from an agency responsible for the student’s care, since the student would not be considered wholly dependent on the foster parent in such a case.

### Certificate to support claims

**2.62** In all cases in which a tuition tax credit or the unused portion of a tuition tax credit is claimed, the individual or individuals making the claim should retain a copy of the certificate (see ¶2.63) or receipt (see ¶2.68) issued by the educational institution or body to support the tuition or occupational, trade, or professional examination fees paid. In all cases in which a student’s unused tuition, education, and textbook tax credits are transferred to and claimed by the student’s spouse or common-law partner under section 118.8 or the student’s parent or grandparent under section 118.9, a copy of the appropriate certificate or receipt issued by the educational institution or body must be obtained from the student and retained for verification purposes.

### Types of certificates issued for tuition fees

**2.63** While it is no longer necessary to file the certificate with the T1 income tax return, the individual must be able to provide the document at the request of the Minister of National Revenue, pursuant to subsection 220(2.1). The relevant certificates are described below.

Form for institutions in Canada for 2019 and later tax years:

- Form T2202, Tuition and Enrolment Certificate is the appropriate certificate for fees paid to any of the educational institutions in Canada that are referred to in ¶2.3. The signature of an authorized officer is not necessary on form T2202. It is also the appropriate certificate to designate the transfer of tuition amounts.

Forms for institutions in Canada for 2018 and earlier tax years:

- Form T2202A, Tuition and Enrolment Certificate, or an official income tax receipt is the appropriate certificate for tuition fees paid to any of the educational institutions in Canada that are referred to in ¶2.3. The signature of an authorized officer is not necessary on form T2202A. It is also the appropriate certificate to designate the transfer of

tuition amounts. For 2016 and previous tax years, it is the appropriate certificate to substantiate education and textbook tax credits earned in the year or to designate the transfer of tuition, education, and textbook amounts; and

- Form TL11B, Tuition and Enrolment Certificate – Flying School or Club, is the appropriate certificate if the fees are paid to a flying training school or club (see ¶2.38).

Forms for institutions outside Canada:

- Form TL11A, Tuition and Enrolment Certificate – University Outside Canada, is the appropriate certificate for tuition fees paid to a university outside Canada (see ¶2.10(a));
- Form TL11C, Tuition and Enrolment Certificate – Commuter to the United States, is the appropriate certificate for tuition fees for individuals commuting to an educational institution in the United States (see ¶2.10(b)); and
- Form TL11D, Tuition Fees Certificate – Educational Institutions Outside Canada for a Deemed Resident of Canada, is the appropriate form if the fees are paid to an educational institution outside Canada for a deemed resident of Canada (see ¶2.3). Form TL11D is issued only in respect of tuition fees. Where a deemed resident of Canada designates a transfer of their tuition amounts, Form T2202 or Form TL11A must also be completed. For 2016 and previous tax years, where a deemed resident of Canada claims education and textbook tax credits or designates a transfer of their tuition, education, and textbook amounts, Form T2202A or Form TL11A must also be completed.

**2.63.1** For 2019 and later tax years, designated educational institutions in Canada are required to file a T2202 in respect of each qualifying student enrolled at that designated educational institution. In situations where the enrolled student does not meet the definition of a qualifying student, an official income tax receipt and letter of certification (see ¶2.65 and 2.65.1) would be the appropriate documentation to support the student's claim for tuition fees paid to those educational institutions.

### Amended certificates

**2.64** If a certificate has been issued by an educational institution to a student who subsequently receives a refund for part or all of the tuition fees covered by that certificate, the institution should request that the student return the original certificate and, in the case of a partial refund, an amended certificate should be provided covering the actual tuition fees paid.

### Letter of certification

**2.65** In cases in which an educational institution is not required to use Form T2202A (for 2018 and earlier tax years) or Form T2202 (see ¶2.63.1), the educational institution should provide the student with a letter of certification substantially in the following form, where the underscores represent areas to be completed:

"NAME AND ADDRESS OF EDUCATIONAL INSTITUTION \_\_\_\_

NAME OF STUDENT\_\_\_\_

IT IS HEREBY CERTIFIED

THAT the student named above was enrolled at this educational institution in a course entitled \_\_\_\_;

THAT, out of the total fees paid for the session(s) given during 20\_\_\_\_, the sum of \$\_\_\_\_ constitutes the amount of tuition paid for purposes of paragraph 118.5(1)(a) of the Income Tax Act, and;

THAT no part of the above amount was levied for student activities (either social or athletic), medical care or health services, the cost of books, or similar material (other than costs which are an integral part of the fees for a correspondence course), charges for board and lodging or any charges other than fees for tuition and the related fees for admission, use of library and laboratories, examinations, degree or diploma, re-reading of examination papers, and student memberships specifically related to an academic program and its administration.

Signature of Authorized Officer \_\_\_\_"

**2.65.1** In cases where a flying school or club is not required to use Form TL11B (for 2018 and earlier tax years) or Form T2202 (see ¶2.63.1), the flying school or club should provide the student with a letter of certification substantially in the following form, where the underscores represent areas to be completed:

"NAME AND ADDRESS OF FLYING SCHOOL OR CLUB \_\_\_\_

NAME OF COURSE \_\_\_\_

NAME OF LICENCE OR RATING \_\_\_\_

NAME OF STUDENT \_\_\_\_

IT IS HEREBY CERTIFIED;

THAT the student named above was enrolled at this flying school or club in a course leading to a commercial flying designation during the periods indicated;

THAT out of the total fees paid for the session(s) given during 20\_\_\_\_, the sum of \$\_\_\_\_ constitutes the amount of tuition paid for purposes of paragraph 118.5(1)(a) of the Income Tax Act, and;

THAT no part of the above amount was for the use of an aircraft to get flying experience over and above the hours required by Transport Canada to obtain the rating or licence identified above, student activities (either social or athletic), medical care or health services, the cost of books or similar material (other than costs which are an integral part of the fees for a correspondence course), charges for board and lodging or any charges other than fees for tuition and the related fees for admission, use of library and laboratories, examinations, degree or diploma, re reading of examination papers, and student memberships specifically related to an academic program and its administration.

Signature of Authorized Officer \_\_\_\_"

**2.66** An educational institution in Canada wishing to incorporate the required certificate with its regular receipt for tuition fees may do so, provided that the document contains substantially the same information as that contained in the letter of certification shown in ¶2.65 or ¶2.65.1. A receipt issued by an educational institution for tuition fees paid that does not contain such information is, by itself, not acceptable.

### **Proof of working towards or improving skills in an occupation**

**2.67** In addition, when the tuition fees are for occupational skills courses at a university, college, other educational institution (for 2017 and subsequent tax years), or an educational institution certified by the Minister of ESD (see ¶2.6 and 2.9), the CRA may request that students provide proof that they are working towards an occupation or improving their skills in an occupation by taking such courses.

### **Receipt for occupational, trade, or professional examinations**

**2.68** An individual should receive, or ask for, a receipt to substantiate the occupational, trade, or professional examination fees paid to a body described in ¶2.40(c). The individual should retain a copy of the receipt to support the amount of the exam fees paid.

The receipt should contain the following information, where the underscores represent areas to complete the required information:

"NAME OF INSTITUTION: \_\_\_\_

IT IS HEREBY CERTIFIED:

THAT the following examination \_\_\_\_ was taken by \_\_\_\_ on \_\_\_\_;

THAT, out of the total fees paid for the examination, the sum of \$\_\_\_\_ constitutes the amount of eligible fees paid for purposes of paragraph 118.5(1)(d) of the Income Tax Act;

THAT the examination is required to obtain a professional status recognized by federal or provincial statute or to be licensed or certified as a tradesperson where that status, license or certification allows the person to practice the profession or trade in Canada;

THAT no part of the above amount was levied for travel, parking, equipment of enduring value, or any charges other than examination fees and ancillary fees (for example, ancillary fees may include the cost of examination materials used during the examination, such as identification cards and certain prerequisite study materials).

Signature of Authorized Officer: \_\_\_\_"

## Canada training credit

**2.69** Section 122.91 provides for a refundable tax credit called the Canada training credit (CTC) effective January 1, 2019. The CTC allows an individual to claim up to 50% of the eligible tuition and other fees paid in respect of the 2020 and subsequent tax years. Individuals must be resident in Canada throughout the tax year and file an income tax and benefit return for the tax year. Eligible tuition and other fees paid are amounts that would otherwise be deductible by the individual, under paragraph 118.5(1)(a) (see ¶2.3) or paragraph 118.5(1)(d) (see ¶2.40 to 2.42).

**2.70** The amount of the CTC that can be claimed by an individual in a tax year cannot exceed the lesser of the following two amounts:

- the individual's Canada training credit limit (CTC Limit) (see ¶2.71) for the tax year; and
- half of the eligible tuition and other fees paid in respect of that tax year.

**2.71** An individual who meets all of the following conditions will accumulate \$250 each year, to a maximum of \$5,000 over their lifetime, to be used in calculating their CTC Limit for the next year. The individual must:

- be at least 26 years old and under the age of 66 at the end of the tax year;
- file a return of income for the preceding tax year;
- be resident in Canada throughout the preceding tax year;
- have a combined total of \$10,000 or more from working income (as defined in subsection 122.7(1)), and income from certain maternity and parental employment insurance benefits, in the preceding tax year; and
- have a net income for the preceding year that does not exceed the top of the third tax bracket in that year. The Indexation adjustment for personal income tax and benefit amounts table provides information about tax bracket

thresholds.

**2.72** An individual's CTC Limit for a tax year is equal to their CTC Limit for the previous year minus any Canada training credit claimed in the previous year, plus the annual accumulation of \$250 in the year (subject to the lifetime limit). Where an individual is not at least 26 years old or has attained the age 66 by the end of the tax year, their CTC Limit for a tax year is nil.

### Effect on tuition tax credit

**2.73** The tuition tax credit that an individual may be able to claim in respect of a tax year will be reduced by 15% of the CTC the individual claims for that tax year.

## Application

This updated Chapter, which may be referenced as S1-F2-C2, is effective May 3, 2021.

When it was first published on March 28, 2013, this Chapter replaced and cancelled Interpretation Bulletin IT-516R2, Tuition Tax Credit.

The history of updates to this Chapter as well as any technical updates from the cancelled interpretation bulletin can be viewed in the [Chapter History](#) page.

Except as otherwise noted, all statutory references herein are references to the provisions of the Income Tax Act, R.S.C., 1985, c.1 (5th Supp.), as amended and all references to a Regulation are to the Income Tax Regulations, C.R.C., c. 945, as amended.

Links to jurisprudence are provided through CanLII.

Income tax folios are available in electronic format only.

## Reference

Section 118.5 (also sections 118, 118.3, 118.6, 118.61, 118.7, 118.8, 118.81, 118.9, 122.91, and 250, subsections 117(2), 252(2) and 56(3), paragraphs 56(1)(n), and 252(1)(b), subparagraph 6(1)(b)(ix) of the Act and Schedule VIII of the Regulations).

### Date modified:

2021-05-03