

TUITION TAX CREDIT BECOMES LAW!

Justice Wyman W. Webb, a judge of the Tax Court of Canada, has ruled in favour of allowing Tuition Tax Credit for music lessons at the post-secondary level. In a judgment dated October 11, 2007 in Toronto, Ontario, Justice Webb agreed that music students studying at a post secondary level should be allowed to claim their tuition or defer it to their parent. The case, in which Stella Tarkowski challenged the CRA for denying her husband Marek the tax credit that he had claimed for his son's music lessons, has set a precedent for music teachers across Canada who teach at the advanced levels.

The ruling states that:

Students, regardless of their age, studying practical or theoretical subjects at a GRADE NINE level or above, in recognized curriculum, such as offered by the Royal Conservatory or Conservatory Canada are now eligible to claim their tuition (lessons, exam fees, etc) . Further, students taking post secondary courses may transfer up to \$5000.00 per year to a parent. The tax savings for the person who owes federal and provincial income tax is about one fifth of the expense claimed.

It should be noted that although this case was heard in October, 2007, no appeal process on behalf of Canada Revenue Agency has been issued.

Music teachers are encouraged to issue receipts to their students who fit the above mentioned criteria and make the parents aware of this tax benefit.

For the complete court ruling please refer to:

<http://decision.tcc-cci.gc.ca/en/>

Once on the site, click on 2007 then click on October, the decision is No. 36 on the list.

**Tax Court of Canada
Tarkowski v. Queen
Docket: 2007-565(IT) I**