

Taxation of Scholarships and Bursaries

“The federal Budget 2006 announced the elimination of federal income tax on all income from scholarships, bursaries, and fellowships. The federal legislation was recently approved on February 21, 2007, to authorize the policy changes.

For 2006, the full amount of scholarships, fellowships, or bursaries are not taxable and are no longer reported as income on your tax return. The scholarships, fellowships, or bursaries must be received by you as a student with respect to your enrolment in a program that entitles you to claim the Education Amount (Form T2202, Education and Textbook Amounts Certificate). If you are not eligible for the education amount, report on line 130 only the amount that is more than \$500.

T4A's issued by Alberta Advanced Education – Students Finance will show the tax amount of scholarships and bursaries in Box 28 – Other Income. Box 38, shows the footnote code as 05, which is for Scholarships/Bursaries. This amount should **not** be reported on your 2006 tax return, as long as you are eligible for the Education Amount (Form T2202, Education and Textbook Amounts Certificate).“

If you are unsure of your tax status, contact the Canada Revenue Agency at: 1-800-959-8281 or www.cra.gc.ca.