
THE UNIVERSITY OF BRITISH COLUMBIA



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Date: October 13, 2009

To: HEADS UP – Vancouver and Okanagan

From: Michelle Berner, Director, HR – Total Compensation
Joanne Young, Manager, Payroll

Re: Change to Canada Revenue Agency's Tax Treatment of the Tuition Fee Benefit for Dependents of Faculty and Staff Members

Please distribute this important information to your faculty and staff members.

The University of British Columbia is pleased to advise that on July 28, 2009, the Canada Revenue Agency (CRA) announced changes to the tax treatment of tuition fee benefits used by dependents of faculty and staff members.

Some faculty and staff members may be eligible for retroactive tax refunds for 2007 and/or 2008. Dependents of faculty/staff members who utilized the tuition fee benefit may be required to amend their tax returns for 2007 and/or 2008. All faculty and staff should be aware of these changes for future use of the tuition fee benefit for dependents. Please share this information with your faculty and staff members.

Background

The University provides a tuition fee benefit to faculty/staff members and their dependents. The details of the tuition fee benefit vary across employment groups. However, the tuition fee benefit amount provided to dependents of faculty/staff members is subject to specific qualifying criteria.

Up until now, the faculty/staff member whose dependent utilized the tuition fee benefit was taxed on the amount of tuition fee benefit utilized, and this appeared on the faculty/staff member's T4 slip. The CRA has now determined that the dependent tuition fee benefit is, in fact, taxable to the student (i.e., the dependent of the faculty/staff member) and not the faculty/staff member. This change is in effect on a "going forward" basis, but is also retroactive for two tax years – 2007 and 2008.

Because the change is retroactive, a number of steps have to be taken.

Effect on the Faculty/Staff Member

Faculty/staff members who utilized the tuition fee benefit for their dependents in tax years (i.e., calendar years) 2007 and/or 2008 will have their T4 slips for those years adjusted to reflect this change in CRA policy. The tuition fee benefit amount for dependents will be removed from the taxable income of faculty/staff members on their 2007 and/or 2008 T4 slips.

The Payroll department is in the process of making this change, and has attempted to notify all affected faculty/staff members. Revised T4 slips will be mailed to those faculty/staff members who are affected, prior to the end of December 2009. They will be sent to their UBC mailing address, or to their home address if they are no longer with UBC.

The implication of this change is that affected faculty/staff members may request adjustments (i.e., reassessments) of their tax returns for 2007 and/or 2008, as they may be eligible for a tax refund. Instructions on how to request a reassessment of an individual income tax return will be included with the revised T4 slips.

Under the Income Tax Act there is no right of appeal for taxation years prior to 2007.

The tax treatment of faculty/staff members' use of the tuition fee benefit for themselves has not changed.

Effect on the Faculty/Staff Member's Dependent

Faculty/staff members' dependents that utilized the tuition fee benefit in 2007 and/or 2008 will be issued amended T4A slips reflecting this change. In other words, the tuition fee benefit amount will be recorded on the dependents' T4A slips as a scholarship.

Enrolment Services is in the process of amending their systems to accommodate this change, and will notify affected students (i.e., faculty/staff members' dependents). They will mail amended T4A slips to those students (i.e., faculty/staff members' dependents) that are affected, prior to the end of December 2009.

The implication of this change is that affected faculty/staff members' dependents will have an increased income amount for 2007 and/or 2008, and may be required to amend their tax returns for those years. Instructions on how to request an adjustment (i.e., reassessment) of an individual income tax return will be included with the revised T4A slips.

Additional Information

Information about the CRA's changes to the tax treatment of tuition scholarship benefits can be located at the following sites:

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/whtsnw-eng.html>.
<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/bnfts/dctn/ttn-eng.html>

If you would like additional information about your tuition fee benefit, please visit the Human Resources website, and specifically the Benefits web pages, at the following location:
http://www.hr.ubc.ca/benefits/employment_group/.

- Identify and click on your employment group on the right hand side of the web page.
- Then click on "Tuition Waivers" on the right hand side of the web page, near the bottom.

Questions about your tuition fee benefit may be directed to Stephanie Mah at stephanie.mah@ubc.ca, or 604.822.6823.

Questions regarding faculty/staff members' actual usage of their tuition fee benefit can be directed to Payroll:

- For faculty/staff members with surnames starting with A – L, contact Carol Piotrowski at carol@finance.ubc.ca, or 604-822-9290; and
- For faculty/staff members with surnames starting with M – Z, contact Wentworth Iwasiuk at wiwasiuk@finance.ubc.ca, or 822-8979.

Questions about changes to the CRA policy can be directed to the Payroll department at hrmshelp@finance.ubc.ca

Thank you.