

Tax Tip

Week of January 16, 2012

Educational Allowances for Children

If an employer pays any amounts to an employee as an educational allowance for the employee's child, these amounts in the employee's income for the year. However, if the employee and his or her family have to live in a specific location away from their home and the schools in the area do not meet the educational needs of the employee's children, the educational allowance may not be taxable if all of the following conditions are met:

- the education provided is in the official language of Canada primarily used by the employee
- the school is the closest suitable one available in that official language
- the child is in full-time attendance at the school
- The subsidy provided is reasonable