


Financing adult learning database

Name of the instrument - Local language	Werbungskosten (Komponente Weiterbildungskosten)
Name of the instrument - English translation	Tax allowable professional expenses (Further Education component)
Scheme ID	4
Country	 Austria
Reporting year	2020
Type of instrument	Tax incentive for individuals
Sub-type of instrument	Treatment of work/profession related training costs
Type of entry	Single instrument

Short description	<p>Adults can deduct costs related to continuing vocational training for their current occupation or a future occupation from the base of their individual income tax. The state co-funding - in the form of foregone tax revenues - equals the eligible costs multiplied by the marginal tax rate (between 20 % and 55 %). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. Eligible costs include tuition fees, costs for teaching material and professional literature, related travel and accommodation costs, and the costs of a computer. For the deduction, no ceiling is introduced. Individuals with no taxable income (an annual gross salary below EUR 11 000) cannot profit from the tax deduction. No comprehensive statistical information is available, however, the number of beneficiaries and the volumes of tax refunds are substantial (with an estimated volume of more than EUR 50 000 000). The tax incentive can be used once in each calendar year.</p>
Short description of the related instruments	Not applicable

Level of operation	National
Name of a part of the country	Not applicable
Name of the region (for regional instruments)	Not applicable

Name of the sector (for sectoral instruments)	Not applicable
Relevance	Key instrument
Legal basis	§ 16 Abs 1 Z 10 EStG - (Einkommenssteuergesetz; act on income tax)
Objective(s) and target(s)	Not available
Year of implementation	1988
Year of latest amendment	2020
Operation/management	Locally responsible tax collection office (under the authority of the Federal Ministry of Finance).
Eligible group(s)	Individuals paying income tax (that means: those with low income - below 11 000 net - do not benefit from the scheme)
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	Training relevant for the current profession or comprehensive retraining.
Source of financing and collection mechanism	State (loss of tax revenue) and the individual/the household
Financing formula and allocation mechanisms	Full training costs, including fees, travel costs, costs for accomodation, professional literature, and costs (applicable share) of a private computer, reduce the taxable income. Training costs need to be declared in the yearly tax statement, together with other forms of income or costs increasing/decreasing the tax base. A balance payment (calculated income tax compared to taxed prepaid) can be provided directly to bank account of the tax payer. Tax statements are due in the spring of the following year and related balance payment are available typically within a couple of weeks.
Eligible costs	Full training costs, including fees, travel costs, costs for accomodation, professional literature, and costs (applicable share) of a private computer, reduce the taxable income.ion: reduction of a tax base. (Costs for professional literature and the use of a computer are deductible also in years, where no further education course is attended). Further education activities need to be related to the professional activity and must not be excessivley expansive (e.g no luxury hotels). General rules for defining professional expanses (e.g. with regard to applicable travel and accomodation costs) apply.
Volumes of funding	Tax reduction due to further education costs are not published, however, they need to be considered as substantial, with an estimate of above EUR 50 000 000 a year.

Beneficiaries/take up	Data on the proportion of tax payers reporting further education costs is not published, however, the number is substantial, given that providing a tax declaration for achieving a reduction of prepaid income taxes is a widely used practice for the dependent employees and a mandatory step for the self-employed. Incurred further education costs are therefore likely to be reported as part and parcel with other tax-reducing expenses (e.g. health related). For example, among dependent employees alone, more than half a million declared any professional expenses (including further education costs), in 2017.
Organisation responsible for monitoring/evaluation	Federal Ministry of Finance
Most relevant webpage - in English	https://english.bmf.gv.at/services/publications/Income_tax_2009_2.pdf?4...
Most relevant webpage - local language	https://www.bmf.gv.at/steuern/arbeitnehmerpensionisten/arbeitnehmerver...
Recent changes	<p>01-09-2020. For achieving an economic relief during the Covid-19 crisis, marginal tax rates have been partly lowered earlier than planned, effective with 1st of Jan. This leads to a small reduction of the effects of the tax deduction for adults with an income between 11 000 and 18 000 (marginal tax rate 20% instead of 35%)</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
Sources	<p>https://www.bmf.gv.at/steuern/arbeitnehmerpensionisten/arbeitnehmerver...</p> <p>Bundesrepublik Österreich (2015) Gesamte Rechtsvorschrift für Einkommensteuergesetz 1988, Fassung vom 16.04.2015. Wien. Online: https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gese...</p> <p>Bundesministerium für Finanzen (2006) 1. Wartungserlass 2006 betreffend EStR 2000. Wien. Online: https://findok.bmf.gv.at/findok?execution=e1s1&dokumentId=5eef3e5b-bfba...</p> <p>Bundesministerium für Finanzen (2007) EStR 2000 - Wartungserlass 2007. Wien. Online: https://findok.bmf.gv.at/findok?execution=e2s1&dokumentId=30615e35-cc21...</p>