


Financing adult learning database

Name of the instrument - Local language	Steuerliche Absetzbarkeit als Werbungskosten/Sonderausgaben
Name of the instrument - English translation	Tax allowance - work-related (income-related) expenses/special expenses
Scheme ID	50
Country	 Germany
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 eligible costs multiplied by the marginal tax rate (between 14 % and 45 %). 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 as well as the costs of a computer. For the deduction, a ceiling is introduced (EUR 6 000 in 2019). Individuals with no taxable income (an annual gross salary below EUR 9 744) cannot profit from the tax deduction. The tax incentive can be used once in each calendar year.</p>
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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	§9 and §10(1) No 7 EStG German Income Tax Act Law on Amendments to the Tax Code and other laws 21.7.2004 (§ 10 para. 1 no. 7 EStG)
Objective(s) and target(s)	Not available
Year of implementation	2004
Operation/management	The scheme is part of the federal taxation system. Costs for education and training reduce the base of the tax calculation.
Eligible group(s)	Employees and self-employed
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	- Education (in general schools, colleges, universities). - Training in a profession not related to the current employment and with the aim of changing the profession. - Further training in the current profession to expand or adapt to changing requirements.
Source of financing and collection mechanism	State (loss of tax revenue) Individual
Financing formula and allocation mechanisms	maximum amount: EUR 6.000 (reducing the tax base)
Eligible costs	Eligible costs reduce the tax base. The reduction is a benefit in line with the marginal tax rate (14 - 45%); however, training costs together with other eligible costs must be higher than a basic allowance for becoming effective. Details of tax treatment (depending on the type of education and training): - Education - Special expenses - Partial deductibility - Training not related to the current profession: special expenses - Partial deductibility - Further training in the current profession: expenses deductible without limit - Retraining due to health reasons: extraordinary burdens (deductible without limit) Education and training costs can be classified as deductible only up to EUR 6000 as special expenses per calendar year.
Volumes of funding	Not available
Beneficiaries/take up	Not available
Organisation responsible for monitoring/evaluation	Federal Ministry of Finance
Most relevant webpage - in English	http://www.make-it-in-germany.com/en/for-qualified-professionals/workin...
Most relevant webpage - local language	https://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren...
Recent changes	No recent amendment

	Recent changes in response to COVID-19
	No changes
Sources	Dohmen, Dieter. (2013). Finanzierung beruflicher Weiterbildung in Deutschland. Report. Zeitschrift für Weiterbildungsforschung. H, 3, 61-84.