

## Financing adult learning database

<b>Name of the instrument - Local language</b>	Mokestinės lengvatos besimokantiems darbuotojams
<b>Name of the instrument - English translation</b>	Tax allowance
<b>Scheme ID</b>	132
<b>Country</b>	 Lithuania
<b>Reporting year</b>	2020
<b>Type of instrument</b>	Tax incentive for individuals
<b>Sub-type of instrument</b>	Treatment of work/profession related training costs
<b>Type of entry</b>	Single instrument

<b>Short description</b>	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 5% and 32%). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. For the deduction, a ceiling is introduced (25 % of the income). Eligible costs include tuition fees/fees for participation (external providers). Individuals with no taxable income (an annual gross salary below EUR 4 800) cannot profit from the tax deduction. The tax incentive can be used once in each calendar year.
--------------------------	---

<b>Level of operation</b>	National
<b>Name of a part of the country</b>	Not applicable
<b>Name of the region (for regional instruments)</b>	Not applicable
<b>Name of the sector (for sectoral instruments)</b>	Not applicable
<b>Relevance</b>	Key instrument
<b>Legal basis</b>	Law on personal income tax; art 21, 2002 July 2, Nr. IX-1007 (Amendment of 2007)

<b>Objective(s) and target(s)</b>	To enhance the investment of the citizens in the formal education leading to the acquisition of the higher education degrees and VET qualifications.
<b>Year of implementation</b>	2003
<b>Year of latest amendment</b>	2007
<b>Operation/management</b>	State Tax Inspectorate under the Ministry of Finances of the Republic of Lithuania governs the application of allowance.
<b>Eligible group(s)</b>	The benefit can be used only by a permanent resident of Lithuania, i.e. a resident who: - Has a permanent residence in Lithuania during that tax period, or - Whose personal, social, or economic interests are located in that tax period in Lithuania rather than abroad, or - Who has been in Lithuania for 183 or more days in full or intermittently during that tax period.
<b>Group(s) with preferential treatment</b>	No preferential treatment
<b>Education and training eligible</b>	The first vocational qualification and (or) the first higher education degree, as well as first doctoral studies.
<b>Source of financing and collection mechanism</b>	State (loss of tax revenue) Individual
<b>Financing formula and allocation mechanisms</b>	All incurred costs and expenses related to VET and higher education, if the total amount of deduced costs and expenses does not exceed 25% of all taxable revenues (not including the costs that are eligible for excluding from taxation) can be deducted from the tax base. In cases when a resident of Lithuania who is not older than 26 years of age and is not a payer of income tax or does not have the possibility to exercise the right to deduct the expenses paid for studies, one of the parents (adoptive parents) or guardians and/or spouse may deduct these expenses from their income. The tax incentive can be used in each calendar year.
<b>Eligible costs</b>	Tuition fees/fees for participation (external providers)
<b>Volumes of funding</b>	Not available
<b>Beneficiaries/take up</b>	Not available
<b>Organisation responsible for monitoring/evaluation</b>	State Tax Inspectorate (STI) under Ministry of Finance, responsible for the administration of corporate income tax
<b>Monitoring/evaluation reports available</b>	Not available
<b>Most relevant webpage - in English</b>	Not available

<b>Most relevant webpage - local language</b>	<a href="http://www.vmi.it/">http://www.vmi.it/</a>
<b>Recent changes</b>	<p>2007 People participating in vocational training have become eligible applicants for tax incentives. Vocational training was not eligible cost to receive tax incentive addressed to studying employees.</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
<b>Sources</b>	<p>The State Tax Inspectorate at the Ministry of Finances, <a href="http://www.vmi.it">http://www.vmi.it</a></p> <p><a href="https://www.vmi.it/cms/documents/10174/8274962/KD-4850.pdf/23aec6b5-a13...">https://www.vmi.it/cms/documents/10174/8274962/KD-4850.pdf/23aec6b5-a13...</a></p> <p><a href="https://www.vmi.it/evmi/gpm-lengvatos-ir-npd-taikymas">https://www.vmi.it/evmi/gpm-lengvatos-ir-npd-taikymas</a></p> <p><a href="https://www.e-tar.it/portal/lt/legalAct/TAR.C677663D2202">https://www.e-tar.it/portal/lt/legalAct/TAR.C677663D2202</a></p>