

Financing adult learning database

Name of the instrument - Local language	Aftrek studiekosten en andere scholingsuitgaven
Name of the instrument - English translation	Tax reduction for study costs or other education related expenditures
Scheme ID	163
Country	 Netherlands
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 (any tax-paying citizen) 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's co-funding - in the form of foregone tax revenues - equals the eligible costs multiplied by the marginal tax rate (between 9.45 % and 49.5 %). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. Eligible costs include tuition fees (external training providers) as well as costs for training materials. For the credit, a ceiling is introduced (EUR 15 000). Individuals with no taxable income cannot profit from the tax deduction. The tax incentive can be used once in each calendar year. The number of beneficiaries and the volumes of tax refunds is substantial (according to a dated estimate, more than EUR 218 000 000 in 2018, with 230 000 beneficiaries for the same year. Highly educated people are over-represented among the users of the training tax incentive.</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	Law on income tax 2001
Objective(s) and target(s)	To stimulate individuals to take care of their own employability and compensate them for the training costs they bear for their career purposes.
Year of implementation	2001
Year of latest amendment	2021
Year of termination	2021
Operation/management	The operation/management of the tax incentive is in the hands of the Dutch tax authority. A citizen may deduct a maximum of EUR 15 000 per year.
Eligible group(s)	All individuals who are not entitled to study financing (i.e. DUO loan, scholarships, etc).
Group(s) with preferential treatment	If the citizen is younger than 30 and in the 'standard study period', there is no maximum ceiling. The standard study period is a period of not more than 5 years in which the citizen studies and cannot have a fulltime job
Education and training eligible	Formal education and training programme related to a person's (future) job. The tax deduction exists for people who are following a training course or a study for their (future) profession and/or are incurring costs for a RPL procedure (Erkenning Verworven Competenties).
Source of financing and collection mechanism	State (loss of tax revenue) Individual
Financing formula and allocation mechanisms	It is a tax credit (deduction from tax due), and can be used once in each calendar year. If the citizen also has a tax partner with study costs, the same calculation is made for the partner.
Eligible costs	Deduction from tax base. The deduction is most often used for the purchase of books and literature, as well as the payment of tuition fees.
Volumes of funding	According to the available data for 2017 and 2018, the volumes of the tax incentive amounted to EUR 212 000 000 and EUR 218 000 000 each year, respectively
Beneficiaries/take up	According to the available figures, approximately 225 and 230 thousand people benefitted from these incentives in 2017 and 2018. Highly educated people are over-represented among the users of the training tax incentive and lower educated people make less use of the scheme.
Organisation responsible for monitoring/evaluation	CPB (Centraal Plan Bureau)
Most relevant webpage - in English	Not available

Most relevant webpage - local language	https://zoek.officielebekendmakingen.nl/kst-32359-4.html
Recent changes	<p>In addition to the efforts of the social partners, the government is working on a regulation for a public individual learning and development budget STAP. This budget gives people the financial opportunity to choose their own course or training. This is an elaboration of an agreement in the Coalition Agreement to replace the tax deduction of training expenses with an individual learning account as of fiscal year 2021. Of all taxpayers between 25 and 60 years of age, 2.6% make use of this, for an average of 1,700 euros per year. The users are relatively often highly educated and/or employed. The deduction seems to be used the most for the purchase of books and for tuition fees. Three-quarters of the users of the deduction for training expenditure follow a learning trajectory at a non-financial institution or a private training institute. Of those who follow a publicly funded program, most are enrolled in a bachelor's or master's program in higher education. That is why the new STAP scheme (STAP = "STimulans ArbeidsmarktPositie" or Stimulating Labour Market Position scheme) is aimed at reaching all citizens with a more generic measure. As of 2021 the existing training deduction scheme will be replaced by a new scheme. €1000 p.p.p. for working population. 100,000 - 200,000 people per year (first come = first served). Can be used for a VET diploma, sector-recognised certificate, course etc.</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
Sources	<p>Explanation of the tax reduction scheme by the Dutch Tax Authority: download.belastingdienst.nl/belastingdienst/docs/studiekost_</p> <p>SEO Economic Research, Effectiveness and Use of the Tax Reduction for Study Costs, 2005 http://www.seo.nl/uploads/media/826_Gebruik_en_effectiviteit_van_de_aft...</p> <p>https://www.rijksoverheid.nl/documenten/kamerstukken/2019/11/11/tk-av-1...</p> <p>https://www.cpb.nl/sites/default/files/omnidownload/CPB-Notitie-1juli20...</p>