

Deduction for self-education courses



So, you are undertaking a course or further education that relates to your work or business in some way – and you have to pay for the costs of the training or course. Well, the question of whether you can claim a deduction for this cost as “self-education” expenses is not always a clear cut matter.

As a broad proposition, self-education expenses are tax deductible if there is a sufficient connection with your income-producing activities.

In particular, if the expenses are incurred in improving your ability to carry out your current duties, they should be deductible – especially if they are likely to result in a pay rise. By way of a colourful example, the costs of flying lessons for an air traffic controller have been allowed on this basis.

Likewise, a deduction for overseas travel expenses or formal study tour costs incurred by a person may be allowed where the clear purpose of the travel or tour is to increase the specific skills that relate to your job – especially if they may lead to a promotion or pay increase. (But there would always need to be an apportionment for any “private” element of the travel or study tour.)

However, self-education expenses would not be deductible if they were incurred to help you obtain skills for a new occupation. Nor are they likely to be deductible if they are incurred in a preliminary manner before commencing your new job or a new occupation.

In short, self-education costs will not be deductible if they are undertaken to obtain a new career or obtain new employment.

On the other hand, if you are employed or are self-employed, then the cost of courses or training incurred would be deductible if there is a relevant connection with earning income by way of enabling you to carry out your existing duties better and/or more skilfully. This could include, for example, undertaking a higher degree that is connected with your current job – and, again, especially if it is likely to lead to increased pay.

Likewise, the expenditure incurred in attending professional development courses and seminars (eg, CPD events) would be deductible (unless these are paid for by your employer).

Similarly, technical books and digital subscription services that improve your knowledge and/or skills in the areas related to your occupation would be deductible – but subject to an apportionment for any “private” usage of the material. For example, an English high school teacher may buy many books which are relevant to his or her job – but there may also be a personal use element.

Which all goes to show that nothing about deductions for self-education expenses is entirely clear cut – so come and see us if you have this issue. 📖

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.