



Gibraltar Society of Accountants

PO Box 178, Gibraltar
Tel: +350 200 74015
www.gibraltaraccountants.com

Tax Faculty – Newsletter 2/2017

Date 12 September 2017

Training costs – additional 50% deduction

This newsletter is issued strictly for informational purposes only. The information contained herein is not intended to provide, nor is it to be construed, as advice of any nature whatsoever. The below views are based on current interpretation and practice and current legislation, as expressed to us at a point in time, and are therefore subject to change. This newsletter is no substitute for the reader taking independent legal, tax, accounting or other relevant advice. The Gibraltar Society of Accountants accepts no responsibility or legal liability in relation to the contents of this newsletter.

Paragraph 16 of the Income Tax Act 2010 provides that:

“Where a person has incurred cost in the provision of qualifying training, an employer may claim a further deduction of 50% of these costs as a deduction under this paragraph in addition to the 100% deduction which may be claimed under paragraph 2(1).”

“A self-employed individual undertaking qualifying training may also claim the 50% deduction”

“Qualifying training’ means any qualification and training as approved by the Commissioner.”

However, the Act provides no further definition as to the criteria to be met to be approved as qualifying training.

The Acting Commissioner of Income Tax has confirmed that as a general guideline, qualifying expenditure would include:

- costs relevant to the work, either current or planned, carried out by an employee for their employer;
- costs of a course or training charged to the employer (or self-employed individual) by the course organiser, such organiser being an unconnected person as defined in Schedule 4 to the Income Tax Act 2010. Where the organiser is a connected person, but the organisation of such courses or training is a part of their business, such costs may be included provided they are at an arms-length basis;
- travel and accommodation costs incurred, where these are necessary to attend the course or training;
- costs of hiring a venue and similar costs, where these are met directly by the employer;

Qualifying expenditure excludes:

- salary and other indirect costs of an employer in arranging or providing training for their own staff.”
-