

## Education and Vocational Training

This document should be read in conjunction with Schedule 1, paragraph 4 of the VAT Consolidation Act 2010 (VATCA 2010)

Document last reviewed June 2017

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A more recent version of this manual is available.

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## 1. Introduction

This Tax and Duty Manual sets out the VAT treatment applicable to education and vocational training and retraining services.

Section 54 of the Finance Act 2015 amended the VAT exemption that applies to education and vocational training. The amendment ensures Irish VAT legislation reflects judgments of the Court of Justice of the European Union. The amendment provides that VAT exemption applies to providers of children's or young people's education and school or university education where it is provided by a recognised body. Private tuition covering school or university education is similarly exempt from VAT. Vocational training and retraining services continue to be exempt from VAT where the conditions set out at paragraph 4.1 of this manual are met. Where a provider of vocational training or retraining meets each of these conditions the training is exempt from VAT.<sup>1</sup> Where education or vocational training is provided for no charge (e.g. non-fee paying school), the supply is outside the scope of VAT.

Where education or vocational training is provided for a charge, the supply will either be subject to VAT or exempt. While the majority of providers of education and vocational training continue to be exempt, a small number of providers no longer fall within the scope of the exemption. This manual will assist providers to establish if their supplies are exempt from VAT. Where the supply is not exempt, VAT is chargeable on the supply at the appropriate rate.

If an education or training provider has any doubt as to the taxable status of a particular activity, they should contact their local [Revenue District](#) for advice.

This Tax and Duty manual explains the VAT treatment of:

- Education services
- Private tuition
- Vocational training and retraining
- Conferences
- Activities not regarded as exempt education or vocational training
- Place of supply of education and vocational training
- Supplies of goods or services incidental to education
- Research services.

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<sup>1</sup> Where a provider of vocational training or retraining meets each of the conditions at paragraph 4.1 of this manual, there is no requirement that the provider must be a recognised body.

## 2. VAT treatment of children's or young people's education and school or university education

The provision of children's or young people's education and school or university education is exempt from VAT where it is supplied by a recognised body. In circumstances where educational services are supplied by a body which is not a recognised body for the purposes of the VAT Act, the service will be subject to VAT at the appropriate rate.<sup>2</sup> Where recognised bodies provide services other than children's or young people's education and school or university education such services may be liable to VAT.

### 2.1. What does "children's or young people's education" and "school or university education" mean?

While the terms "children or young people's education" and "school or university education" are not defined in VAT legislation, it is Revenue's view that they refer to the education programmes followed by pupils and students pursuing the prescribed curriculum at pre-school, primary, second and third level institutions. In order for an activity to be characterised as "education" for the purposes of the exemption, it will be comprised of a combination of elements which will include a clear teacher / student relationship together with the organisational infrastructure to support the effective transfer of knowledge and skills between a teacher and student.<sup>3</sup>

#### Example 1

A third level institution which is a recognised body charges fees to students to undertake a Diploma in Business Studies. This activity can clearly be characterised as "education" and therefore the course fees are exempt from VAT.

Revenue recognise however that the concept of education is not limited only to education which leads to examinations for the purpose of obtaining qualifications, but includes other activities which are taught in schools or universities in order to develop students' knowledge and skills, provided that those activities are not purely recreational.

#### Example 2

A third level institution which is a recognised body delivers an evening course on English Literature one evening per week over a period of ten weeks. The subject matter of the course is one which is generally taught in schools or universities to develop students' knowledge and skills. The course fee is therefore exempt from VAT.

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<sup>2</sup> Paragraph 4(3) of Schedule 1 of the VAT Consolidation Act 2010, as amended.

<sup>3</sup> Case C-434/05 - Horizon College v Staatssecretaris van Financiën



### Example 3

In addition to providing education to students, a recognised body offers weekly yoga classes where students can practice yoga. Yoga classes are not consistent with the education programmes followed by students pursuing the prescribed curriculum at school or third level. The practice of yoga is not “education” as that term is understood for the purposes of the VAT exemption. Therefore, the yoga class fees are subject to VAT at the appropriate rate.

## 2.2. Am I a recognised body?

A recognised body is one of the following:

- A public body.
- A school recognised by the Minister for Education and Skills.
- A provider to which an Education and Training Board has outsourced the provision of education.
- A training provider to which SOLAS has outsourced the provision of education.
- A provider of training for initial or continued access to a regulated profession within the meaning of the Recognition of Professional Qualifications (Directive 2005/36/EC) Regulations 2008 (S.I. No. 139 of 2008).
- A provider of a course leading to an award recognised on the National Framework of Qualifications.
- A provider of a course which is currently listed on the Interim List of Eligible Providers.
- A provider of a course leading to an award by an institution which is an approved college for the purposes of claiming tax relief for tuition fees.
- A provider of a course which is validated by Quality and Qualifications Ireland.
- A body providing education to children of school going age which is equivalent to a curriculum prescribed by the Minister for Education and Skills for early childhood education, primary or post-primary schools.

### 2.2.1. Schools and Public Bodies

Public bodies and qualifying schools are recognised bodies for the purposes of the VAT Act.<sup>4</sup> This means the provision of education by qualifying schools and public bodies is exempt from VAT, regardless of the age of the student.

#### Qualifying Schools

Primary and secondary schools recognised by the Minister for Education and Skills qualify as a recognised body. A list of qualifying [schools](#) is available on the Department of Education website. Revenue also regard pre-schools as recognised bodies and therefore pre-school fees are exempt from VAT.

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<sup>4</sup> Paragraph 4(3)(b)(i) & (ii)(l) of Schedule 1 of the VAT Consolidation Act 2010, as amended.

## Public Bodies

A public body which includes a [Department of State](#), a [local authority](#) or a body established by any enactment is a recognised body for the purposes of applying the VAT exemption to their supplies of education.

### 2.2.2. Provision of education to children of school going age by other providers

An education provider who provides education to children of school going age which is equivalent to the early childhood curriculum or the curriculum provided by primary and post primary schools is a recognised body. In Revenue's view, children of school-going age includes persons up to the age of 18 years.

While the education may be delivered outside the school environment or outside of school hours, its aim must be to supplement the education programme that the pupil is currently undertaking at pre-school, primary or post primary school. As a general rule, the provider must be able to demonstrate that it is delivering the education to school-going children while they are contemporaneously following that education programme in school. In all cases the education must be of a standard and nature akin to that prescribed on either the early childhood curriculum or the curriculum provided by primary and post primary schools.

#### Example 4

A provider is supplying swimming lessons to primary school children that meet the requirements of the curriculum for primary schools, as set out by the Department of Education and Skills. Where the provider can demonstrate that the swimming lessons supplement the education programme the pupils are currently undertaking at school and the lessons form part of the curriculum, the swimming lessons are exempt from VAT. It is important to note that the exemption only applies to children's swimming lessons where the conditions set out above are met. Exemption does not apply to adult swimming lessons.

Other sports activities which supplement the physical education programme the pupils are currently undertaking at school such as gymnastics are exempt from VAT where the above conditions are met.

#### Example 5

A music teaching school provides music lessons to a post primary student that meet the requirement of the Junior Certificate curriculum, as set out by the Department of Education and Skills. Where the provider can demonstrate that the music lessons supplement the education programme the pupil is currently undertaking at school and the lessons form part of the curriculum, the music lessons are exempt from VAT.

It is important to note that the exemption only applies to lessons which are provided to children of school going age. This provision does not extend to adult lessons.

### **2.2.2.1. Children's summer schools**

The fees charged by a children's summer school are exempt from VAT where the provider delivers a structured learning programme of an academic, artistic or sporting nature which supplements the education programme students are undertaking at school. The tuition must be given by personnel with the appropriate qualifications or experience.

#### **Example 6**

A provider runs a summer programme which teaches children about science, design and technology. As the programme clearly supplements the education programme the children are currently undertaking at school, the fees are exempt from VAT.

#### **Example 7**

A provider runs a summer programme which teaches children basketball. As the programme supplements the education programme the children are currently undertaking at school, the fees are exempt from VAT.

### **2.2.3. Provision of education or training services to and by an Education and Training Board, SOLAS or Local Enterprise Office**

Where an Education and Training Board (ETB), SOLAS or a Local Enterprise Office (LEO) provides education or vocational training, these services are exempt from VAT.

Where an education or training provider receives money from an ETB or SOLAS for the purpose of delivering education or training, those educational services qualify for the education exemption. This provision is also extended to Local Enterprise Offices.

### **2.2.4. Provision of training to a regulated profession**

An education provider who provides training for initial or continued access to a regulated profession in the State is a recognised body. A complete list of regulated professions in Ireland can be accessed through the European Commission's [database](#).

Training for "initial access" means education and training which is designed and tailored to the pursuit of a regulated profession. Training for "continued access" means continuing education and training which ensures that participants are kept abreast of professional developments in the regulated profession.

Where there is doubt as to whether a training provider qualifies as a recognised body in this category, it will be the provider's responsibility to show that their



training is recognised by the relevant designated authority for the regulated profession.

### **2.2.5. Providers delivering courses leading to an award which is recognised by the National Framework of Qualifications or validated by Quality and Qualifications Ireland**

An education or training provider who delivers a course which leads to an award which is formally recognised on the National Framework of Qualifications by Quality and Qualifications Ireland (QQI) is a recognised body.

Similarly, an education or training provider who provides a course which is formally validated by [QQI](#) qualifies as a recognised body.

The provision of education by these providers is exempt from VAT.

### **2.2.6. Providers of courses leading to an award by an approved college or by a body included on the Interim List of Eligible Programmes**

Where a body is providing education which leads to an award by an [approved college](#), that body is a recognised body and the VAT exemption applies to their educational services. A list of approved colleges is set out at [Appendix 1](#).

The provision of a programme listed on the [Interim List of Eligible Programmes](#) is VAT exempt. The list, which is published by the Minister of Justice and Equality, consists of Irish accredited higher education courses, certain professional programmes and English language programmes.

## **3. Private tuition**

Private tuition given by teachers or instructors is exempt from VAT where it covers school or university education. This means that where tuition is provided by an independent instructor or teacher (i.e. sole proprietor providing tuition on their own account and at their own risk) these activities are exempt from VAT. The subject taught must be one taught regularly in schools or universities.

### **Example 8**

A teacher provides math grinds to a student on a one to one basis or to a group outside of school hours. As the teacher is providing the tuition on his/her own account and at his/her own risk, and the subject is one which is typically covered in school or university, the lessons are exempt from VAT.

## 4. Vocational training and retraining

Vocational training or retraining is defined as “*instruction relating directly to a trade or profession as well as any instruction aimed at acquiring or updating knowledge for vocational purposes*”.<sup>5</sup>

Vocational training and retraining encompasses any training relating directly to a trade or profession given to a person in order to improve their ability to carry out their work or to prepare trainees for future employment, regardless of the duration of the course.

### 4.1. Conditions to be met

In order for training or retraining to be exempt from VAT, each of the conditions set out below must be met:

- It must be vocational in nature; that is, it must be directed towards an occupation and its associated skills.
- It must be provided to improve the vocational rather than the personal skills of the trainee.
- The vocational skills that the trainee acquires can be transferable from one employment to another, or to self-employment.
- The training will generally be provided by means of a structured programme, have concise aims, objectives and clear anticipated outcomes.
- There should be a clear trainee/trainer relationship between the student and the teacher or instructor.

Where any of the above conditions are not met or the course is primarily directed towards personal development or undertaken for recreational purposes, the course will be subject to VAT at the appropriate rate.

#### Example 9

A cookery school delivers training to trainee chefs seeking to acquire the culinary techniques and skills necessary to become professional chefs. On completion of the course, the trainee has the requisite skills and qualifications to undertake employment as a professional chef in the hospitality industry. As the delivered training prepares trainees for future employment and is directly related to a profession or trade, the training course is exempt from VAT.

Similarly, where a cookery school delivers a structured training course designed to further enhance the culinary techniques and skills of professional chefs; this course is exempt from VAT. This is because the course seeks to improve the vocational skills of the trainee.

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<sup>5</sup> Article 44 of Council Implementing Regulation of 15 March 2011 (282/2011/EU)

**Example 10**

A payroll specialist provides training to payroll operators in a company. The training covers, for example, all of the essential rules in the operation of PAYE, PRSI and the USC. As the course seeks to improve the vocational skills of the trainee, this course is exempt from VAT.

However, if it were the case that a payroll specialist provided advice to the company on how the company could increase the output of the payroll department, this service would not be regarded as vocational training. Such a service is provided for the sole benefit of the employer, rather than to improve the vocational skills of employees.

**Example 11**

A provider delivers training on anti-money laundering legislation to employees in a financial services firm. The training will familiarise employees with the provisions contained in anti-money laundering legislation. As the training is directed at improving the vocational skills of the trainees, the course is exempt from VAT.

However, if the provider were to advise a financial services firm on the appropriate anti-money laundering controls it should have in place to comply with legislative requirements, such a service would not come within the scope of the exemption. Such a service is provided for the sole benefit of the employer and does not improve the vocational skills of employees. The service is therefore taxable at the appropriate rate.

**Example 12**

A computer software company supplies, installs and provides training in the use of a software package. In such circumstances, the provision of the software is regarded as constituting the principal supply, while the training is regarded as an ancillary supply. The training shares the tax treatment of the principal supply and is therefore taxable at the appropriate rate.

Where an instructor is contracted solely to provide trainees with the knowledge and skill to use a recently installed software programme the training is exempt from VAT. This is because the training improves the ability of trainees to carry out their work and the skills acquired can be transferred from one employment to another.

**4.2. Courses which are primarily of a recreational nature**

Courses or training programmes which are primarily undertaken for recreational purposes do not come within the scope of the exemption. A course which is primarily for recreational purposes is undertaken for the enjoyment and satisfaction of the participants rather than for developing skills and knowledge which will assist the participant in their trade or profession.

**Example 13**

A cookery school delivers a two or three day training course which provides tips and recipes to participants to enable them to produce quick and easy meals. This course is open to all participants who have an interest in cooking. As the course is not directed towards a trade or profession and is primarily undertaken for recreational purposes, it does not come within the scope of the vocational training exemption. The course is subject to VAT at the appropriate rate.

**Example 14**

A dance school provides a ten week belly dance course to adults. Belly dance classes are regarded as recreational in nature and participants undertake the classes for their own enjoyment and satisfaction. As the course is not directed towards a trade or profession and is primarily undertaken for recreational purposes, it does not come within the scope of the vocational training exemption and is subject to VAT at the appropriate rate.

**4.3. Personal development programmes**

A programme that is geared towards the personal rather than the vocational development of the participant does not qualify for the exemption and is liable to VAT.

**Example 15**

A life coaching programme is not considered to be directed towards a trade or profession. Rather, it is considered to be directed towards the personal development of the trainee. It therefore cannot be considered to come within the ambit of the vocational training exemption and such courses are subject to VAT at the appropriate rate.

Where a provider delivers a course which qualifies participants to work as life coaches, this course would be regarded as vocational training where each of the conditions at paragraph 4.1 are met.

**Example 16**

A provider offers a course in personal finance which aims to assist participants to manage their home and family budget. As the course cannot be considered to be directed towards a trade or profession, it does not come within the scope of the vocational training exemption. The course is geared towards the personal development of the participant and is therefore subject to VAT at the appropriate rate.



## 4.4. Driving lessons

Driving lessons are generally subject to VAT at the reduced rate. However, exemption continues to apply to driving lessons where the lessons concern vehicles which are designed or constructed for the carriage of 1.5 tonnes of goods or more, or for the carriage of 9 persons or more (including the driver).

### Example 17

Driving lessons which equip trainees with the knowledge and skills to become a competent driver of an articulated truck are exempt from VAT.

## 4.5. Vocational training providers post Finance Act 2015

Where a provider of vocational training meets *each of the conditions* set out at paragraph 4.1, those vocational training courses continue to be exempt from VAT. Where a provider has charged VAT since Finance Act 2015 and now takes a view that these courses are exempt, they may contact their local [Revenue District](#) for further guidance.

## 5. Conferences

The admission charge to conferences will generally be subject to VAT. A conference may be regarded as coming within the scope of the education and vocational training in the circumstances set out below.

### 5.1. The purpose of the conference is to provide education to participants and the conference is organised and held by a recognised body

Where a conference or seminar, with the primary purpose of providing education to the participants, is organised and held by a recognised body, the admission fees (including registration fees) are exempt from VAT.

### 5.2. The purpose of the conference is to provide vocational training or retraining to participants

In circumstances where a conference or seminar is organised with the primary purpose of providing vocational training or retraining to the participants, the admission fees (including registration fees) for the conference are exempt from VAT. Each of the conditions at paragraph 4.1 must be met in order for the conference to be regarded as vocational. Where this is not the case, the fee for attending the conference is subject to VAT at the appropriate rate.

## 6. Activities not regarded as exempt education or vocational training

### 6.1. Management consultancy services

Management consultancy services that consist of advice on the structure or operation of a company and seek to address deficiencies in or to improve the way organisations are managed or run. These services are provided primarily for the benefit of the organisation rather than those working in it. These services do not come within the scope of the education exemption and are subject to VAT.

Management consultancy services can be distinguished from a management training course. A management training programme seeks to equip managers with the skills to manage others. A management training course which is delivered by a recognised body or meets the conditions set out at paragraph 4.1 (i.e. it is vocational in nature) is exempt from VAT.

### 6.2. Lecturing services

Where a professional service such as lecturing is provided to an educational institution, such a supply is not an activity capable of being covered by the term “education”. In such cases, the lecturer makes him/her self available to the education institute and provide services to the institute. It is the education institute who in turn provides the exempt education to students. The lecturing services do not constitute “education” as the term is understood for VAT purposes and are subject to VAT at the appropriate rate.

However, exemption may apply in very limited circumstances. The Court of Justice of the European Union has held that where a recognised body makes available a teacher/lecturer to another recognised body, and the teacher/lecturer temporarily carries out teaching duties under the responsibility of that establishment, such a supply may be exempt from VAT on the basis that it is a supply of services “closely related” to education.<sup>6</sup> Each of the following conditions must be met:

- both the education and the placement which is closely related to it are provided by recognised bodies
- that placement is of a nature and quality such that, without recourse to such a service, there could be no assurance that the education provided by the host establishment and, consequently, the education from which its students benefit, would have equivalent value and
- the basic purpose of such a placement is not to obtain additional income by carrying out a transaction which is in direct competition with commercial enterprises liable for VAT.

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<sup>6</sup> Case C-434/05 - Horizon College v Staatssecretaris van Financiën

It is important to note that this is the only instance in which lecturing services provided to an educational institute are exempt from VAT.

### **6.3. Other professional services provided to an educational institute**

Professional services such as designing or developing a course for the benefit of an educational institute do not come within the scope of the exemption. These services are taxable at the appropriate rates.

## **7. Place of supply of education and vocational training**

The place of supply of education and training services is covered by the general VAT place of supply of services rules. This means that where education and vocational training services are supplied to a business customer (B2B), the place of supply is the place where the business customer is established.<sup>7</sup> Where the services are supplied to consumers (non-taxable persons) the place of supply will be where the supplier is established. It is only after establishing the correct place of supply that a given supply may be assessed from the point of view of applying the correct VAT rate or exemption.

Further information on the place of supply of services is available on the [Revenue website](#).

### **7.1. Place of supply of education and vocational training delivered via the internet**

In order to ensure that the correct VAT treatment is applied, it is important to establish if you are providing an electronically supplied service or not. Providers making supplies of educational services over the internet should refer to Revenue information on [eServices](#).

The place of taxation of supplies of electronically supplied services to a taxable person (B2B) is the place where the business receiving the services is established. From 1 January 2015, the place of supply of electronically supplied services to consumers (B2C) is the place where the consumer belongs.

It is only after establishing the correct place of supply that a given supply may be assessed from the point of view of applying the correct VAT rate or exemption. Therefore, an educational activity may qualify as an electronically supplied service for the place of supply rules and afterwards it will need to be assessed in accordance with the rules of the relevant Member State whether it is exempt. Where the place

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<sup>7</sup> The location of the business customer to whom the services are supplied can be where they have established their business, where that person's fixed establishment is located or, in the absence of such place of business or a fixed establishment, the place where he or she has a permanent address or usual place of residence.

of supply is Ireland, this manual will assist providers to establish if their supply is exempt or subject to VAT.

Examples of services which **are considered** to be an electronically supplied service include:

- automated distance teaching dependent on the Internet or similar electronic network to function and the supply of which requires limited or no human intervention, including virtual classrooms, except where the Internet or similar electronic network is used as a tool simply for communication between the teacher and student and
- workbooks completed by pupils online and marked automatically, without human intervention.

Examples of services which are **not considered** to be an electronically supplied service include:

- teaching services delivered by a teacher over the Internet or an electronic network (via a live webinar) is not regarded as an electronically supplied service and
- teaching services purely involving correspondence courses, such as postal courses.

## 8. Supplies of goods or services incidental to education

The supply of goods and services (excluding research services) incidental to VAT exempt education or vocational training and retraining is exempt from VAT. Such goods or services are treated as incidental to education only where they are directly linked and necessary for the provision of education.

The supply of material to accompany an educational course, such as goods and services that would normally be subject to VAT if supplied separately, may be treated as incidental to the supply of the VAT exempt educational service where it is directly linked and necessary for the educational course. In such circumstances, the incidental supplies are exempt from VAT. The exemption only applies where the goods or services are supplied by an Educational Institute to students who are enrolled in a VAT exempt course of education.

Where goods or services are made available to a prospective student for purchase without any obligation such as enrolling in a VAT exempt course, or to any other persons, the supply is treated as liable to VAT at the appropriate rate.



## 9. Research services carried out by third level educational bodies

Further information concerning the VAT treatment of research services carried out by third level educational bodies is accessible on [Revenue.ie](https://www.revenue.ie).

A more recent version of this manual is available.

## Appendix 1 – Approved Colleges

- Universities, Public and Private Colleges and Institutes of Higher Education in the State, which provides courses that are approved for higher education grants.
- Colleges or Institutions of Higher Education in the State which operate in accordance with certain codes of standards laid down by the Minister for Education and Skills (these Colleges and Institutions must be approved by the Department of Education and Skills for the purposes of this tax relief).
  - Publicly funded or duly accredited Universities and Institutions of Higher Education in another EU Member State.
  - A College or Institution of Higher Education in any other EU Member State providing distance education in this State, which provide courses approved for the Higher Education Grants Scheme (this includes the Open University).
  - Publicly funded or duly accredited Universities and Institutions of Higher Education in non-EU Member States (applies to postgraduate courses only).
  - Colleges or Institutions (in the State and in any EU Member State) which provide distance education in the State and which operate in accordance with a certain code of standards laid down by the Minister for Education and Skills (these Colleges and Institutions must be approved by the Department of Education and Skills for the purposes of this relief).