

## VAT Treatment of Education and Vocational Training

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

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A more recent version of this manual is available

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## 1. Introduction

This guidance 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 amendments ensure that Irish VAT legislation reflects judgments of the Court of Justice of the European Union. Further amendments were made by Section 52 of the Finance Act 2017. These amendments clarified the application of the exemption and updated the legislative references.

This guidance 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. Where education or vocational training is provided for no charge (e.g. non-fee paying school), the supply is outside the scope of VAT.

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

This guidance does not cover research services carried out by third level educational bodies. For information concerning the VAT treatment of such services read [Research services by third level educational bodies](#).

## 2. What type of education and training is exempt?

The VAT exemption covers:

- the provision of children's or young people's education, school or university education, vocational training or retraining, by
  - a recognised school, a college or a university
  - a public body;
  - a provider in receipt of Exchequer funds from a body specified in regulations.
- the provision by a body of other specific programmes and courses where specific criteria are met. Further details are contained in paragraph 4.
- the provision of private tuition by a teacher/sole trader covering school or university education.
- the provision of vocational training and retraining services where the conditions set out at paragraph 6.1 of this manual are met.
- the provision of instruction in the driving of certain mechanically propelled road vehicles.

### 3. What does education mean?

In order for an activity to be characterised as “education” for the purposes of the exemption, it must 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>1</sup>

The concept of education is not limited 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.

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 school, post-primary school and third level institutions.

#### **Example 1**

A university 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.

#### **Example 2**

A university 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.

#### **Example 3**

In addition to providing education to students, a university 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.

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<sup>1</sup> Case C-434/05 - Horizon College v Staatssecretaris van Financiën

## 4. Who qualifies for exemption?

The provision of children's or young people's education, school or university education and vocational training or retraining by certain bodies is exempt from VAT.

Where such bodies provide services other than education or training such services may be liable to VAT.

A body includes a company, partnership and an organisation. The provision of education and vocational training by a sole trader is also exempt from VAT if it qualifies as private tuition. See paragraph 5 for further information.

The different categories under which a provider may qualify for exemption are detailed below.

### 4.1. Schools, Colleges and Universities

The provision of children's or young people's education, school or university education or vocational training or retraining by recognised schools, colleges and universities is exempt from VAT, regardless of the age of the student. Recognised schools include pre-schools, primary schools and post primary schools.

### 4.2. Provision of education to children or young people by other bodies

The provision by a body of education to children or young people which is equivalent to the early childhood curriculum or the curriculum provided by primary and post primary school is exempt from VAT.

The exemption only applies to education which is provided to children of school going age. This provision does not extend to adult education. In Revenue's view, a child of school-going age includes children up to the age of 18 years.

While the education may be delivered outside the school environment or outside of school hours there are a number of conditions to be met to show that the education is equivalent to the curriculum. These conditions are as follows:

- the aim of the education must be to supplement the education programme that the pupil is currently undertaking at pre-school, primary or post primary school.
- the provider must be able to demonstrate that they are delivering the education to school-going children while they are contemporaneously following that education programme in school.
- 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. 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. As the swimming lessons meet the necessary conditions they are exempt from VAT.

**Example 4.1**

The provider in example 4 is also supplying swimming lessons to adults. The above provision only applies to education provided to children of school going age; therefore the provision of adult swimming lessons will be subject to VAT at the appropriate rate.

**Example 5**

A provider is supplying gymnastic lessons to post primary school children that meet the requirements of the curriculum for post primary schools, as set out by the Department of Education and Skills. The provider can demonstrate that the lessons supplement the education programme the pupils are currently undertaking at school and the lessons form part of the curriculum. As the lessons meet the necessary conditions they are exempt from VAT.

**Example 6**

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. 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. As the music lessons meet the necessary conditions they are exempt from VAT.

**4.2.1. 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 7**

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 8**

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.

**4.3. Public Bodies**

The provision of children's or young people's education, school or university education and vocational training or retraining by a public body is exempt from VAT.

A public body includes a [Department of State](#), a [local authority](#) or a body established by any enactment.

**4.4. Provision of education or training services by a provider in receipt of Exchequer funds**

The provision of children's or young people's education, school or university education and vocational training or retraining by a body who receives money from a body specified in regulations for the purpose of delivering that education or training is exempt from VAT. Such bodies include an ETB, SOLAS or a Local Enterprise Office.

**4.5. Providers delivering courses validated by Quality and Qualifications Ireland**

The provision of education by an education or training provider of a course which is formally validated by [Quality and Qualifications Ireland \(QQI\)](#) is exempt from VAT.

**4.6. Providers of courses accredited by an approved college or by a body included on the Interim List of Eligible Programmes**

The provision by a body of a course which is accredited by an [approved college](#), is exempt from VAT. A list of approved colleges is set out at [Appendix 1](#).

The [Interim List of Eligible Programmes](#), which is published by the Minister of Justice and Equality, consists of Irish accredited higher education courses, certain professional programmes and English language programmes and lists the providers of those courses/programmes. The provision of those courses and programmes by those providers is exempt from VAT.

#### 4.7. Providers of vocational training

The provision of vocational training or retraining by a body is exempt from VAT. Further information in relation to the conditions to be met for training to qualify as vocational training is detailed in [paragraph 6](#).

### 5. What does private tuition mean?

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.

The provision of vocational training by a sole trader is also exempt from VAT where that sole trader is operating on their own account and at their own risk. The training must meet all the conditions as set out in paragraph 6 below.

#### Example 9

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.

#### Example 10

A sole trader provides specific IT courses to company employees. The courses are directed towards the occupation of the employees and are provided by means of a structured programme, have concise aims, objectives and clear anticipated outcomes. The provider is satisfied that the training meets all the conditions to qualify as vocational training. As the courses meet the necessary conditions they are exempt from VAT.



## 6. What does vocational training and retraining mean?

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>2</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.

### 6.1. 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 11

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.

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<sup>2</sup> Article 44 of Council Implementing Regulation of 15 March 2011 (282/2011/EU)

**Example 11.1**

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.

**Example 12**

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.

**Example 12.1**

A payroll specialist provided advice to a company on how the company could increase the output of the payroll department. As this service was provided for the sole benefit of the employer, rather than to improve the vocational skills of employees the service would not be regarded as vocational training and is therefore taxable at the appropriate rate.

**Example 13**

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.

**Example 13.1**

A provider advised a financial services firm on the appropriate anti-money laundering controls it should have in place in order to comply with legislative requirements. As the service was provided for the sole benefit of the employer and did not improve the vocational skills of employees the service would not be regarded as vocational training and is therefore taxable at the appropriate rate.

**Example 14**

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.

## 6.2. 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 15

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

## 6.3. Vocational training providers post Finance Act 2015

Where a provider of vocational training meets each of the conditions set out at paragraph 6.1, 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 Office](#) for further guidance.

## 7. When do conferences qualify for exemption?

The admission charge to conferences is generally subject to VAT. A conference may be regarded as coming within the scope of the VAT exemption in the circumstances set out below.

### 7.1. Educational conferences

Where a conference or seminar is organised and held by a body, which provides education that qualifies for the VAT exemption, with the primary purpose of providing education to the participants, the admission fee (including registration fee) is exempt from VAT.

### 7.2. Vocational conferences

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 6.1 must be met 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.

## 8. What activities do not qualify for exemption?

### 8.1. 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 16**

A cookery school delivers a two-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 17**

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.

### 8.2. 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 at the appropriate rate.

#### **Example 18**

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 is regarded as vocational training where each of the conditions at paragraph 6.1 are met.

### Example 19

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.

### 8.3. 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 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 course seeks to equip managers with the skills to manage others. Such a course will normally qualify for VAT exemption if it meets the necessary conditions.

### 8.4. Lecturing services

Where a professional service such as lecturing is provided to a body which is providing education, such a supply is not an activity capable of being covered by the term “education”. In such cases, the lecturer makes himself/herself available to the body and provides services to that body. It is the body 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 an educational establishment makes available a teacher/lecturer to another educational establishment, 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>3</sup> Each of the following conditions must be met:

- both the education and the placement which is closely related to it are provided by educational establishments

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

- 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.

This is the only instance in which lecturing services provided to an education provider are exempt from VAT.

### 8.5. Other professional services provided to an education provider

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

## 9. 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. Where the services are supplied to consumers (non-taxable persons) the place of supply will be where the supplier is established. The place of supply must be established before considering what VAT rate (or exemption) should apply.

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

### 9.1. 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 as to whether it is exempt. Where the place 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)

and

- teaching services purely involving correspondence courses, such as postal courses.

## 10. 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 education provider 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.

## Appendix 1 – Approved Colleges

- Universities, Public and Private Colleges and Institutes of Higher Education in the State, which provide 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).