



EUROPEAN ASSOCIATION FOR
THE EDUCATION OF ADULTS

The added value of non-formal adult learning: large differences in taxation of adult education offers in Europe

Over the past few years, there have been several initiatives by national and regional governments in EU countries to change taxation of adult education. The exemption of non-formal adult education from the value added tax is particularly controversial – as it is often argued by politicians that non-formal adult education is ‘leisure-time entertainment’ and is therefore not an activity in the public interest.

If courses and learning activities offered by non-formal adult education providers are not considered to be an activity in the public interest, national and regional legislation may require providers to pay a value added tax (VAT) on their revenues. EAEA consulted its members on the application of VAT-exemption rules in their countries. A comparison between a number of EU countries as well as non-EU countries shows national and regional legislation, and its application differs substantially.

According to the received responses¹, **non-commercial education activities are exempt from VAT in most European countries**, including non-EU countries. Therefore, in most countries, non-profit adult education providers do not have to pay VAT on their learning offers. Adult education offered by public providers is exempt from VAT in all countries considered in the consultation.

- In some countries, such as Belgium and Catalonia, the exemption from VAT depends on the *legal status of the provider*. If an adult education provider operates as a non-profit, educational activities are generally considered to be non-commercial, thus exempt from VAT. In the Slovak Republic, VAT is not due on adult education courses provided by non-profit organisations, as long as the annual turnover of the organisation does not pass a certain threshold – and, as the following point shows, if the educational activity does not serve any commercial purposes.
- In a number of countries, it is not (only) the legal status of the organisation, but the *nature of the provided activities* that determines whether VAT is due, for instance in Denmark and the Slovak Republic. Practically speaking, this means that an adult education provider would have to prove for each course and training activity if it served a commercial or a non-commercial purpose. VAT might therefore be due on some activities, but not on others.
- There are also countries, such as Sweden, where exemption from VAT is granted on *educational activities that are commissioned by local or regional authorities*, regardless of whether the provider is commercial or non-commercial.
- In Austria, both vocational and non-formal adult education is exempt from VAT if *learning offers are certified* by Ö-Zert, a national certification body that assures quality of adult learning offers.

In a number of European countries, **vocational education enjoys fiscal privileges – meaning tax exemptions – over non-formal adult learning**. This is because these courses and trainings are understood

¹ The results reflect the situations and experience of the consulted organisations based on their feedback to a survey conducted by EAEA.



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to be labour market activation. As a result, groups who participate in adult learning primarily for non-employment purposes, are discriminated against as VAT is due on course fees in non-formal adult learning. However, also regarding vocational education and training, the situation varies considerably from one country to another.

- In Catalonia, for instance, the complete opposite seems to be the case: as vocational education is typically offered by private companies and training providers, it is considered commercial. Therefore, VAT is due on these learning offers.
- In the UK, if vocational training is offered by certain types of (private) providers, without government funding, it is liable for VAT. The VAT status is determined by the type of provider and whether or not any government (co-)funding is involved (plus a few other exemptions for certain educational purposes). The majority of vocational training is delivered by providers who have one of a number of particular legal statuses that mean VAT does not apply, and are typically using at least some government funding. So, often, the opposite is true – i.e. that learners do not pay VAT for vocational training supported by the government, or other publicly funded adult learning. However, there will be other types of work-related training and learning where VAT is applied – mainly private training provision delivered on a for-profit basis.
- In some countries, such as the Slovak Republic, specific learning offers such as dual learning are exempt from VAT, irrespective of the nature of the provider. If educational providers are offering learning activities of which some are exempt from VAT and others not, they may have to keep separate accounts and books for these two types of activities.

Any **future revisions of the Council Directive of 28 November 2006 on the common system of value added tax should include non-formal adult learning**. The chapter on exemption lists all sectors of education, with the exception of non-formal adult learning. This causes insecurity among national and regional governments as to whether VAT shall be applied to non-formal adult education courses.

EAEA believes that **non-formal adult education, if it is provided by non-commercial organisations, is fundamentally serving the public interest** and should, therefore, be exempt from VAT in all countries of the European Union. Non-formal adult education is not only providing skills and knowledge for personal development, but also for the development of communities and society at large. This includes skills for employment as well as skills for tackling sustainability, democracy, media literacy, active citizenship, and many others. While some adult education offers might, at a first glance, appear rather recreational, such as knitting or a cooking class, evidence shows that they can be stepping stones into further learning as they are positive learning experiences for participants.

As the results of the membership survey show, the issue of taxation of nonformal adult education deserves further attention including a thorough evaluation of the situation in European countries. EAEA will continue to monitor the situation and advocate for a fair treatment of non-formal adult education.

The European Association for the Education of Adults (EAEA) is the voice of non-formal adult education in Europe. EAEA is a European NGO with 130 member organisations in 43 countries and represents more than 60 million learners Europe-wide.