

Table 4.7 Overview of main features of tax policy regarding investment in human capital
Selected countries: Austria, Finland, Netherlands

Country (<i>ratio of tax expenditure to education expenditure</i>)	Treatment of revenues		Treatment of expenditure	
	Public/non-profit providers ¹	For-profit providers	Employers	Individuals
Austria (<i>< 0.5%</i>)	Exempt from VAT	Not exempt from VAT or income tax	120% of expenses are deductible from earnings; companies not earning a profit are entitled to a credit equal to 6% of expenditure that can be received as a subsidy or applied to payroll taxes	100% of direct costs of learning related to present or future employment are deductible from earnings
Finland (<i>2%</i>)	Exempt from VAT. Exempt from income tax	General education and training exempt from VAT. Not exempt from income tax	100% of expenses associated with staff development are deductible from earnings	Standard deduction of EUR 590 (2003) from earnings when individuals participate in work-related education/training. Costs of education/training that raises qualifications and prepares for new duties are treated as taxable income
Netherlands (<i>3%</i>)	Exempt from VAT	General education and training exempt from VAT. Not exempt from income tax	120% of expenses associated with education/training can be deducted from earnings; for non-profit entities, 12-19% of costs can be deducted from social charges	Education expenses up to a maximum of EUR 15 000 can be deducted from earnings

1. Institutions designated by government as serving education purposes.

Source: Secretariat calculations based on Jansen (2003).