

Short-term CPD courses Vatable

Some organisations encourage their personnel to ensure that their professional acumen stays relevant to the current work environment. Accordingly, most professionals engage in Continuing Professional Development (CPD) courses in order to adapt to the current and relevant work trends. CPD courses can also be adopted as a tool for self-development and professionalism enhancement. Generally, CPD courses are in no way different from the formal learning offered by educational institutions. Based on this analogy, some institutions end up in a quandary on whether CPD courses are standard rated or exempt from Value Added Tax (VAT). In this regard, it is imperative that VAT registered institutions understand that only educational services provided by institutions registered with the Ministry responsible for Education are exempt from VAT. Keep on reading and allow us to help you understand why short-term CPD courses are subject to VAT at the standard rate. In this article, words importing the masculine shall be deemed to include the feminine.

Enter CPD courses

As alluded to above, CPD courses are generally engaged by professionals to enhance their skills and keeping up to date with current trends in their respective professions. In other words, CPD courses are technically supplementary learning undertaken by professionals which helps them augment and heighten their professional skills and abilities in the workplace. Generally, CPD courses are conducted through various forms or methodologies which involve, inter alia, workshops, online courses, and conferences et cetera. More often than not, CPD courses are generally offered by professional regulatory or examining bodies to ensure that professionals affiliated with their institutions are performing to the required set standards. So why is this type of educational or learning service different from other exempt learning and why should it be subject to VAT?

Enter VAT

Primarily, it is imperative that we understand that the VAT Act generally considers the supply of goods and services that are not specifically zero rated or exempted as standard rated i.e., subject to the VAT rate of 14% (temporarily at 12% up to 31 January 2023). Accordingly, the said Act, specifically provides that the supply of education services is exempt from VAT. Let us now have a look at what constitutes an exempt education service and why short-term CPD courses are not regarded as such.

Enter education services

The VAT Act provides that educational services are exempt from tax if they are supplied by a preschool, primary school, college, university or like institution registered under the laws administered by the Ministry responsible for education to students or scholars. Consequently, educational services in whatever form or structure provided by a VAT registered institution not registered by the Ministry of Education falls outside the ambit of exempt supplies. Accordingly, such an institution i.e., not registered with the said Ministry, is required to charge VAT at the standard rate. Therefore, CPD courses offered by any VAT-registrant are subject to VAT as they are not educational services offered to students or scholars. A university which offers tuition to students is ordinarily exempt from VAT on the tuition fees but it must charge VAT on CPD courses since these are offered to professionals who do not register as scholars or students and neither do the take end-of-course exams.

Conclusion

CPD courses are not exempt from VAT regardless of who offers them as they are not offered to students. Only courses where a student is required to take exams of some kind or to register and be accorded a student number are the ones exempt from VAT.

Well folks, we hope that was insightful. As us the two Yours Truly say goodbye, remember to pay to Caesar what belongs to him. If you want to consult, join our free Tax WhatsApp group or to know about our 9 Tax e-books, send us a text on the cell number below. You can read more tax articles on our website, www.aupracontax.co.bw under the 'Tax articles' tab.