

IT-470R

Employer-Paid Educational Costs 18

When training is taken primarily for the benefit of the employer, there is no taxable benefit whether or not this training leads to a degree, diploma or certificate. A taxable benefit arises when the training is primarily for the benefit of the employee.

The following guidelines assist in the determination of whether there is a taxable benefit; however, they do not necessarily apply in non-arm's length relationships or in specific examples in which there is evidence that the benefit was in fact primarily for the employee. This will be the case, for example, if the employee and the employer have entered into an arrangement under which the remuneration ordinarily paid to the employee is reduced in recognition of training costs incurred by the employer.

There are three broad categories of training:

Specific Employer-Related Training: Courses which are taken for maintenance or upgrading of employer-related skills, when it is reasonable to assume that the employee will resume his or her employment for a reasonable period of time after completion of the courses, will generally be considered to primarily benefit the employer and therefore be non-taxable. For example, fees and other associated costs such as meals, travel and accommodation which are paid for courses leading to a degree, diploma or certificate, in a field related to the employee's current or potential future responsibilities in the employer's business, will not result in a taxable benefit.

General Employment-Related Training: Other business-related courses, although not directly related to the employer's business, will generally be considered non-taxable. Examples of non-taxable training would include stress management, employment equity, first-aid and language skills. Normally, in-house training will not be considered a taxable benefit.

Personal Interest Training: Employer-paid courses for personal interest or technical skills that are not related to the employer's business are considered of primary benefit to the employee and thus taxable. For example, fees paid for a self-interest carpentry course would result in a taxable benefit.