



European Model Law

Skills and Technology Retraining For Employability (Training Law - Introduced in Parliament)

(Member State/Federal/Regional) Parliament
Session of ... 2006
doc. no.

To amend the *(Member State/Federal/Regional)* Tax or Revenue Law of ... *(reference and year)* ...

to allow a credit against income for certain information and communication technology (ICT) education and training expenses, and for other related employability purposes.

Brussels, 5 June 2006

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version/5 June 2006

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To amend the *(Member State/Federal/Regional)* Tax or Revenue Law of ... *(reference and year)* to allow a credit against income for certain information and communication technology (ICT) education and training expenses, and for other related employability purposes.

The (Member State/Federal/Regional) Parliament

(in some Member States: Provinces or Laender - Spain, Germany, etc.)

(date ...)

Member of Parliament, Mr/Ms ... *(for the following Political Fractions/Groups ...)* introduced the following draft law on The draft law was referred to the ... Parliament Committees on ... *(relevant and competent Parliament Committees)*.

A (Member State/Federal/Regional) Law

To amend the *(Member State/Federal/Regional)* Internal Tax or Revenue Law of ... to allow a credit against income for certain ICT education and training expenses, and for other related employability purposes.

*Be it enacted by the Parliament of ... (Member State/Federal/Region)
assembled in Plenary Session on ...,*

Article 1

Title

This law may be cited as the (*year*) “(*Member State/Federal/ Regional*) Law on Skills and Technology Retraining for Employability”, in short: “Training Employability Law”.

Article 2

Findings

The Parliament hereby states the following findings:

- (1) The value added by economies in EU Member States and other third countries is increasingly a function of the aggregate knowledge acquired by human resources through the aggregate and mixed educational and training investments of public institutions, academic and training bodies as well as businesses.
- (2) The aggregate public investment of many of the EU Member States and other trading partners of (*Member State/Federal/Regional*) in education and training of knowledge skills in those countries has exceeded or tends to exceed the aggregate per-worker investment in (*Member State/Federal/Region*).
- (3) The disparity is evidenced by the declining educational performance of students in (*Member State/Federal/Region*) compared to their counterparts in other EU Member States and other world regions.
- (4) In a global and competitive marketplace it is becoming increasingly difficult for (*Member State/Federal/Region*)-based businesses to fund worker education and training due to the fact that these schemes are provided at no or low cost for similar workers in other countries.
- (5) The current global workforce environment creates increasing competitive pressures on domestic companies to utilize highly educated knowledge workers in or of other countries.
- (6) It is in the interest of (*Member State/Federal/Region*) and the employability of its labour force to reverse this trend in a fashion that is consistent with trade obligations and the ability of domestic companies to compete globally.

- (7) Multi-stakeholder partnerships work well in ICT training and education in (*Member State/Federal/Region*) to advance the needs of individuals, businesses and communities. The usual research and development tax credits in other EU Member States (e.g. under art. ... of the Internal Tax or Revenue provisions of ...) is just one example of maximizing the use of each sector's strength, reducing development risk and public capital investment, and improving cost effectiveness.
- (8) Businesses are most adept at training its workforce because they train employees for available employability, develop and utilize new training methods, and eliminate ineffective training schemes and programmes.
- (9) With a substantial retiring of the labour force over the next 20 years, (*Member State/Federal/Region*) has to ensure that it is capable of training its workforce for the high paying ICT employment, whose payroll contributions will help support the benefit programmes of these retirees, as well as providing incentives to help mature workers retrain for new employability after they retire, if they desire.

Article 3

Purposes

The Parliament hereby states the following purposes:

- (1) It is the purpose of this Law to encourage businesses and individuals to support the educational development of knowledge workers in the (*Member State/Federal/Region*) by providing incentives for ICT education and training investments, for workers requiring the use of those skills in professions such as information or communications technology, engineering, manufacturing and other fields, and for other purposes.
- (2) By encouraging employers to train more incumbent workers and potential employees in the areas necessary to expand and maintain their businesses, (*Member State/Federal/Region*) will better utilize available training resources and maximize the ability of newly trained individuals to utilize their acquired skills.

Article 4

Credit for ICT Education and Training Expenses

The relevant part or chapter of the (*Member State/Federal/Regional*) Internal Tax or Revenue Law (... or any other applicable *Member State/Federal/or Regional law*) is amended by adding the following:

"ICT Education and Training Expenses"

1. Allowance of Credit

(a) In general

There shall be allowed as a credit against the tax imposed for the taxable year an amount equal to 50 % of ICT education and training expenses paid or incurred by the taxpayer for the benefit of

- in the case of a taxpayer engaged in a trade or business, an employee of the taxpayer, or
- in the case of a taxpayer who is an individual not so engaged, such individual.

(b) Coordination of Credits

Credit shall be allowable to the employer with respect to an employee only to the extent that the employee assigns some or all of the limitation applicable to such employee under art. 4.2 to such employer.

2. Limitations

(a) In general

The amount of expenses with respect to any individual which may be taken into account under art. 4.1 for the taxable year shall not exceed EUR 4.000.

(b) Increase in credit amount for participation in certain programmes and for certain individuals

Paragraph (a) shall be applied by substituting 'EUR 5.000' for 'EUR 4.000' in the case of expenses

- *with respect to a programme operated*
 - (i) in a special development or empowerment zone or enterprise community as entitled under (*Member State/Federal/Regional*) law,
 - (ii) in a school district in which at least 50 percent of the students attending schools in such district are eligible for free or reduced-cost school meals under (*Member State/Federal/Regional*) law,
 - (iii) in an area designated as an emergency or disaster

- area in the taxable year or the 4 preceding taxable years,
- (vi) in a designated rural enterprise community,
- (vii) by an employer who has 200 or fewer employees for each business day in each of 20 or more calendar weeks in the current or proceeding calendar year,

or in general:

- *in the case of an individual or individuals with a disability as certified by public identity.*

3. ICT Education and Training Programme Expenses

For purposes of this article

(a) In general

The term 'ICT education and training expenses' means expenses paid or incurred by reason of the participation of the taxpayer (or any employee of the taxpayer) in any information and communications technology education and training scheme or programme. Such expenses shall include expenses paid in connection with

- (i) course work,
- (ii) ICT certification testing,
- (iii) other expenses that are essential to assessing ICT and related soft skills acquisition.

(b) ICT Education and Training Programme

The term 'ICT education and training programme' means a training scheme or programme in ICT workplace disciplines or other skill sets which is provided by an accredited college, university, private career school, post-secondary educational institution, a commercial ICT training provider, an employer-owned ICT training undertaking, or any other equivalent training channel.

(c) Commercial ICT Training Provider

The term 'Commercial ICT training provider' means a private sector organisation providing an ICT education and training programme.

(d) Employer-owned ICT Training Undertaking

The term 'Employer-owned ICT training undertaking' means a business sector organisation that provides ICT training to its employees using internal training development and delivery personnel. The training programmes must use industry-recognized and/or other informal training disciplines and evaluation methods, comparable to institutional and commercial training providers.

4. Denial of Double Benefit

(a) Disallowances of other credits and deductions

No deduction or credit shall be allowed under any other provision of the applicable (*Member State/Region*) Internal Tax or Revenue Law for expenses under this article.

(b) Reduction for lifelong learning credits

The credit amount under art. 4.1 above shall be reduced pro rata by the ICT education and training schemes expenses under lifelong learning programmes (*if applicable*).

5. Application With Other Credits

(a) The credit allowed under art. 4.1 for any taxable year shall not exceed the excess (*if any*) of

- the regular tax for the taxable year reduced by the sum of the credits allowable under these provisions, over
- the tentative minimum tax (*if applicable*) for the taxable year.

(b) Clerical Amendment

Relevant Internal Tax or Revenue Law and other provisions (*if applicable*) will be amended accordingly by including "ICT education and training programmes expenses".

(c) Effective Date

The amendments made by this article shall apply to amounts paid or incurred in taxable years beginning after 31 December 2006.

Article 5

Eligible Educational Institution

(1) In general

Relevant provisions of the (*Member State/Federal/Regional*) Internal Tax or Revenue Law (relating to eligible educational institution) are amended and/or supplemented to read as follows:

Eligible educational institutions

The term 'Eligible educational institution' means:

- (a) an institution
 - which qualifies as such under relevant and applicable (*Member State/Federal/ Regional*) higher education laws or other related provisions, and/or
 - which is eligible to participate in training schemes and/or programmes under such provisions, or
- (b) a commercial ICT training provider or undertaking as defined above under art. 4.3

(2) Conforming Amendments

Relevant provisions of the (*Member State/Federal/Regional*) Internal Tax or Revenue Law are to be amended or supplemented accordingly.

(3) Effective Date

The amendments made by this article 5 shall apply to taxable years beginning after 31 December 2006.

Article 6

ICT Training Certification Advisory Board

(1) Establishment

There is established an "ICT Training Certification Advisory Board" (in this article referred to as the 'Board').

(2) Membership

The Board shall be composed of not more than seven individual members appointed by the (*Member State/Federal/Regional*) Ministry of Finance upon consultation with the Ministry of Education from among formal and non-formal providers of ICT training, education and certification,

- (a) associated with ICT certifications and training institutions and businesses; and
- (b) who are not officials or employees of the (*Member State/Federal/Regional*) Government.

(3) Meetings

The Board shall meet not less often than annually.

(4) Chairperson

- (a) In general

Subject to article 6.2, the Board shall elect a chairperson from among its members.

- (b) Chairperson

The chairperson shall be an individual who is an executive member of an ICT industry association involved in ICT workforce development, or a European partnership grouping multi-stakeholders of industry and other non-formal ICT training and certification providers.

(5) Duties

- (a) The Board shall develop guidelines for ICT training and education, and other related issues for the provision of ICT training schemes and recognized certifications.
- (b) The Board shall establish and maintain a list of recognized ICT training and certifications that qualify for the credits under article 4 above, for approval by the competent (*Member State/Federal/Regional*) Minister of Finance upon consultation with the Ministry of Education.

(6) Submission of List

Not later than 1 October 2006, and each year thereafter, the Board shall submit the updated list as required under art. 6.5 to the (*Member State/Federal/Regional*) Ministry of Finance.

(7) Board Personnel Matters

(a) Compensation of Members

Each member of the Board shall serve without compensation.

(b) Travel expenses

Each member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of (*Member State/federal/Regional*) agencies as applicable, while away from their homes or regular places of business in the performance of services for the Board.

(8) Termination of the Board

Applicable (*Member State/Federal/Regional*) provisions for the termination of Government advisory bodies (*if any*) shall apply accordingly.

Done and signed

...

President of Parliament

(on behalf of ...)

Place and Date

...