

Bills Committee on Inland Revenue (Amendment) Bill 2017
Follow-up to the meeting on 11 April 2017

At the meeting on 11 April 2017, Members requested the Government to provide the following information relating to tax deduction for self-education expenses –

- (a) list of approved education providers and prescribed courses of education, in particular, courses on caring of chronic disease patients and ex-mentally ill persons taken by carers or healthcare professionals;
- (b) number of taxpayers who claimed the maximum deductible amount of \$80,000 for the year of assessment 2016/2017;
- (c) types of courses of education pursued by, and the occupations of, the taxpayers who successfully claimed deductions for self-education expenses for the year of assessment 2016/2017; and
- (d) estimated number of taxpayers who would claim the proposed maximum deductible amount of \$100,000 for the year of assessment 2017/2018.

This note sets out the Government's response.

List of approved education providers and prescribed courses of education

2. Under section 12 of the Inland Revenue Ordinance (IRO), the expenses of self-education is one of the possible deductions in ascertaining the net assessable income of a person for any year of assessment. The expenses must be incurred in respect of prescribed courses of education which were undertaken for the purpose of gaining or maintaining qualifications for use in any employment. For a course to be qualified as a “prescribed course of education”, the course provider must be a specified education provider or a trade, professional or business association or the course must be accredited or recognized by an institution specified in Schedule 13 of IRO.

3. Under section 12(6)(d) of IRO, an education provider means –
- (a) a university, university college or technical college;
 - (b) a place of education to which the Education Ordinance (Cap. 279) (EO) does not apply by virtue of section 2 of that Ordinance;
 - (c) a school registered under section 13(a) of EO;
 - (d) a school exempted from registration under section 9(1) of EO;
 - (e) an institution approved by the Commissioner of Inland Revenue (the Commissioner) for the purposes of section 16C of IRO; or
 - (f) an institution approved by the Commissioner in writing.

4. Separately, among the list of institutions specified in Schedule 13 of IRO, there are a number of health related professional bodies such as the Hong Kong Academy of Medicine, the Nursing Council of Hong Kong, the Physiotherapists Board, etc. Moreover, it is noted that some education and training providers are offering various healthcare related courses accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (which is also specified in Schedule 13 of IRO). According to the information provided in the Hong Kong Qualifications Register, examples of such accredited courses related to caring of chronic disease patients and mental healthcare include Certificate in Daily Care for Peritoneal Dialysis, Foundation Certificate in Dementia Care, Postgraduate Diploma in Advanced Nursing Practice (Family Mental Health Care), etc.

Statistics on deduction for self-education expenses

5. When claiming deduction for self-education expenses, taxpayers only need to put down the actual amounts paid in the relevant box in their Tax Return - Individuals for the year of assessment in which they paid the fees without the need to complete any additional claim form. Based on the latest statistics, a total of 2 735 taxpayers (or 1.8% of total claimants)

claimed the maximum deductible amount of \$80,000 in the year of assessment 2014/15¹. Given the simple procedure to claim deduction for self-education expenses as described above, the Inland Revenue Department does not have information on the types of courses pursued by the taxpayers concerned. Nor are there any statistics about the occupation of taxpayers who claimed deduction for self-education expenses.

6. As regards the proposed increase in the maximum deductible amount from \$80,000 to \$100,000, it is estimated that 3 500 taxpayers would benefit from this measure. However, it is not possible to estimate the number of taxpayers who would claim the proposed maximum deductible amount of \$100,000 in the year of assessment 2017/18.

Financial Services and the Treasury Bureau
Inland Revenue Department
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¹ Statistics for the year of assessment 2016/17 are not available at this stage.