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Professional Development/Training Expense

How do I know what to claim?

If professional development or training results in a lasting benefit to the taxpayer, the costs incurred in connection with the course are considered to be capital expenses and cannot be claimed as current expenses. These expenditures were incurred in respect of a business of the taxpayer; they would qualify as "eligible capital expenditures"

A lasting benefit to the taxpayer is defined as "where a new skill or qualification for a business is acquired". Any training costs accumulated by the person in correspondence with any training course which is attended to obtain a credit for a degree, diploma, professional qualification or similar certificate would be considered capital in nature.

If a person takes a training course merely to maintain, update or upgrade a skill or qualification that they already possess in regard to their business or profession, expenses incurred in connection with this type of training are not considered to be capital in nature and their deduction as current expenses is allowed. Any food/beverage expenses are still subject to 50% limit.

The following factors should be considered in determining whether any portion of a claim made by a self-employed person is personal or unreasonable:

Length of training

Full-time training courses generally do not exceed a period of two or three weeks. However, expenses incurred in connection with a full-time course of longer duration maybe considered reasonable. For example, expenses in connection with a course sponsored by a professional association to assist in maintaining the professional standards of members would generally be allowable even if the course has a duration of several weeks. However, the total time taken in attending courses in any fiscal year should not be so extensive that the person could be considered to have not maintained their professional duties during the year.

Location

As a rule, expenses of attending a training course outside the taxpayer's general geographic locating are considered unreasonable if they exceed the reasonable amount corresponding with a similar course locally, if possible. Claims relating with training taken outside of North America are considered to be unreasonable if they exceed the reasonable amount corresponding with a similar course within North America, if possible.

Days without Training

Expenses incurred during time when there are no training related activities such as site seeing are not claimable with the exception for the days of arrival, departure and weekends.

Food, Beverage, and Entertainment regulations still apply. Please see the article on these expenses under our Tax Tips tab on our website.