


TGD 93/6 - Training guarantee: if an employer pays in advance for an eligible training program that will not be undertaken until the next financial year, will the expenditure represent eligible training expenditure in the year in which it was paid?

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Training Guarantee Determination

Training guarantee: if an employer pays in advance for an eligible training program that will not be undertaken until the next financial year, will the expenditure represent eligible training expenditure in the year in which it was paid?

1. Yes. Expenditure which is incurred by an employer that is directly attributable, solely or principally to eligible training programs qualifies as eligible training expenditure as long as the training is undertaken within 13 months.

2. Subsection 25(1A) of the *Training Guarantee (Administration) Act 1990* requires that goods or services to which the expenditure relates be supplied within 13 months from the date of entering into an agreement, or on a later day as allowed in writing by the Commissioner of Taxation. If the goods or services are not supplied within this time, the expenditure is not considered to have been incurred for training guarantee purposes and, therefore, will not be accepted as eligible training expenditure.

Example:

In June 1992 Sole Pty Ltd, a footwear manufacturer, purchased some new boot stitching machinery. At the same time they arranged for the supplier to carry out training of all machinery operators in the use of the new machines. Details of the structured training program were provided to Sole Pty Ltd who paid the agreed price for the training of \$2000 on 20 June 1992 (their accountant treating the expense as having been incurred at that point for accounting and income tax purposes). Due to heavy work schedules the earliest date that training could be undertaken was 20 July 1992. In this case eligible training expenditure was incurred in the 1991/92 year and will form part of the total eligible training expenditure for that year even though the training was not undertaken until the 1992/93 year.

Commissioner of Taxation
25/2/93

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Related Determinations:

Related Rulings:

Subject Ref: advance payments, eligible training expenditure, future training, incurred, prepayments

Legislative Ref: TGAA Section 24 & 25

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