

Taxation of payments to craft apprentices by Education and Training Boards

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1 Introduction

This manual sets out the position regarding the tax treatment of payments to craft apprentices by Education and Training Boards (ETBs).

Apprentices employed in the craft trade e.g. carpenters, electricians, etc. are required to attend college as part of their training. While in college, they are paid by the ETBs throughout the country.

2 Charge to tax under Schedule E

Revenue has reviewed the payments made to apprentices by the ETB's and consider that these payments fall chargeable to tax under Schedule E by virtue of Section 19 of the Taxes Consolidation Act (TCA) 1997, on the basis that the ETB's are paying a stipend to the apprentices out of public revenues of the State.

Section 19(2) states:

'Tax under this Schedule shall be charged in respect of every public office or employment of profit, and in respect of every annuity, pension or stipend payable out of the public revenue of the State,...'

The basis of assessment with respect to Schedule E is set out in section 112 TCA 1997.

With effect from 1 January 2018, ETBs are, under section 985 TCA 1997, required to deduct tax under the PAYE system on the making of payments to craft apprentices.

3 Tax Credit Certificates

Craft apprentices should obtain a Tax Credit Certificate from Revenue in order that the correct deductions of tax and USC are made from the payments by the ETBs.