



IRS & Education expenses

The IRS code allows a 30% credit for costs of education with an upper limit of €800 for family members. You can claim tuition and school fees. However, expenses that pay full rate VAT such as most books and scholastic supplies are not accepted. In addition, necessary expenses such as travel, room and board when study is away from home (only within Portugal), as long as provided by public transportation.

For foreign residents with children to educate or grandchildren's school fees to pay, the exclusively national nature of this tax credit brings no relief. Most education expenses outside of Portugal may not be claimed unless the institution is recognised by the Portuguese Ministry of Education.

You may claim "extracurricular activity" expenses only if the school is an integral part of the National Education System or is so recognised by the appropriate Portuguese Ministry. Nevertheless, since many residents take Portuguese lessons, this tax credit can make a significant dent in the costs of these classes as long as in a recognised school.

The following examples are expenses which are considered *unacceptable* for tax purposes:

- baby-sitters;
- expenses relating to internships;
- workshops, conventions or professional development;
- musical instruments, encyclopaedias, uniforms or computer equipment for other than school use;
- school materials taxed at full VAT rate (23%).

Question: *Our 2 children attend a private school in Portugal. Does their tuition qualify for a credit?*

euroFINESCO: Yes. As long as the institution is recognised by the Ministry of Education, you may take a 30% tax credit of up to €800. You can verify the status of your school on the internet at:

<http://roteiro.min-edu.pt>



Question: My son attends the local state school. Are there any expenses that will reduce our tax bill?

euroFINESCO: Yes. Text books as well as other school materials when taxed at the VAT rate of 6%.

Question: Our daughter studies with a tutor to improve her skills. Is this expense eligible for a credit?

euroFINESCO: Yes, when the tutors registers his activity and reports the income.

Question: Our eldest attends university in the UK. Do his expenses qualify for tax relief?

euroFINESCO: Although it is unlikely, you may still want to check with the Ministry to see if his school is recognised.

Contact: *Gabinete de Informação e Avaliação do Sistema Educativo*
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Question: Our daughter attends school in a neighbouring town and has to take the bus daily. Can I claim the cost of her bus pass?

euroFINESCO: Yes. Travel expenses necessary to attend school are eligible as well as room and board expenses when a child studies away from home. However, only public transportation is eligible, not the running costs of a private automobile.