

## Contractors can qualify for government funded training support

Contractors who contract through their own [limited company](#) could qualify for subsidised training through the government backed [Train to Gain scheme](#), even if they are the only employee of their business.

However, according to [research published](#) by the [Federation of Small Businesses](#) (FSB), only a fraction of those eligible are actually claiming support, which can fully fund some qualifications, including National Vocational Qualifications (NVQs).

The government announced a £350m package of measures specifically designed for small and microbusinesses in October 2008. This included widening eligibility criteria to include one-man-bands and increasing the type of training available to make it more appropriate for smaller businesses.

### Financial support for relevant training

Contractor limited companies, whether a single contractor-director or a contractor-director and their spouse can qualify for fully funded NVQs to level 2, and partially subsidised level 3 qualifications.

And the types of training allowable include business skills, such as financial management and customer services, plus a wide range of technical skills relevant to what the contractor actually does on a day-to-day basis.

However, in the survey of its 'Skills Survey Panel' members, the FSB found that only 33% of businesses were aware of the support for level 2 and 3 NVQs, and only 18% knew that smaller, focused training programmes were available in subjects relevant to their business.

### How contractors can claim under Train To Gain

Contractors who think they might benefit from cash to subsidise key skills development should contract Train to Gain, register and speak to a local skills broker. That person will advise them on eligibility, availability of funding and which training providers are accredited under the scheme.

Even if there is no funding available now, which may be the case in some areas or sectors, it is possible that further sums could be made available later in the year. So those contractors disappointed with what's on offer should lobby their MP to raise the issue in parliament, as support for small business training is likely to remain a topical issue throughout the recession.

### Tax treatment of training

Contractors who do qualify and only receive part subsidy for the more advanced training should ensure they fully understand the tax status of any sums spent on training and development.

In theory, in order to be tax deductible, training should be wholly necessarily and exclusively to do with the contractor's business, so an IT contractor is likely to find the basket weaving NVQ level 2 they have always wanted to try is not allowable as a tax deduction!

However, when building on existing technical and business skills, rather than learning something brand new that isn't directly related to the contractor's business, the contractor should be able to claim their element of the cost of the training against their limited company's corporation tax liability.

Train to Gain won't put a contractor on a week's residential course to learn a new programming language or buy them a post graduate qualification in structural engineering, but there is no better investment a contractor can make than into their own skill set. That is, after all, what wins them contracts, alongside skills like sales and negotiation.

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