



Doing Business in Austria

Audit / Tax / Advisory

Smart decisions. Lasting value.

Welcome

to Doing Business in Austria

Doing Business in Austria has been prepared by the Crowe Global member firm in Austria in order to provide general information for persons planning to do business with or in the country concerned and/or individuals intending to live and work in Austria temporarily or permanently.

This Guide includes relevant information about business operations and taxation matters. It is intended to assist organizations that are considering establishing a business in Austria either as a separate entity or as a subsidiary of an existing foreign company. It will also be helpful to anyone planning to come to Austria to work and live here either on secondment or as a permanent life choice.

Unless noted otherwise, the information contained in this Guide is believed to be accurate as of 1 January 2020. However, general publications of this nature cannot be used and are not intended to be used as a substitute for professional guidance specific to the reader's particular circumstances.

All lasting business is built on friendship.

Alfred A. Montapert



About Crowe Global

Crowe Global is ranked among the top 10 global accounting networks with more than 180 independent accounting and advisory services firms in about 140 countries around the world. Crowe Global's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily.

Each firm is well-established as a leader in its national business community and is staffed by nationals, thereby providing the knowledge of local laws and customs which is important to clients undertaking new ventures or expanding into other countries. Crowe Global member firms are known for their personal service to privately and publicly held businesses in all sectors and have built an international reputation in the areas of audit, tax and advisory services.

General information

Local currency,
Exchange rate to
EUR as of
01/06/2020

Euro

Types of organization

LLC

Name in local language	Gesellschaft mit beschränkter Haftung (GmbH)
Registrable in commercial register / legal entity	Yes
Minimum capital	EUR 35,000.00 thereof at least half in cash; foundation privilege (nominal value EUR 10,000.00 - expires after 10 years)
Minimal number of shareholders/ Maximum number of shareholders	Minimal number: one
Capital tax / Registration fees	No capital tax since 2016 Registration fee: Entry fee: EUR 34.00 or EUR 52.00 if the submission is not made by Electronic legal transactions (ERV) For the registration of the company's name: EUR 8.80 For the registration of the registered office: EUR 8.80 For the registration of the business address: EUR 8.80 For the registration of the amount of the share capital: EUR 160.00 For the registration of the articles of association: EUR 107.00 For each managing director: EUR 29.00 For each shareholder: EUR 21.00 For each member of the supervisory board: EUR 51.00 For each authorized signatory: EUR 25.00 Plus fees for notary public
Written form/ notarization	The articles of association (Gesellschaftsvertrag) or, in case of a sole-shareholder company, the declaration of establishment (Erklärung über die Errichtung der Gesellschaft) must be executed before a notary public (Notar) by means of a notarial deed (Notariatsakt).
Registration with tax authorities	Within one month from the start of the activity, the company must be registered with the responsible tax office.

Statutory audit	<p>A statutory audit is required for large or medium-sized GmbHs. A company is medium-sized/large if two of the following criteria are met in two consecutive years: total assets > EUR 5m, net turnover > 10m, employees > 50.</p> <p>The audit must be completed before filing the financial statements with the commercial register (within nine months after the balance sheet date).</p>
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Public company (joint-stock company)

Name in local language	Aktiengesellschaft (AG)
Registrable in commercial register / legal entity	Yes
Minimum capital	EUR 70,000.00 thereof at least a quarter in cash
Minimal number of shareholders/ Maximum number of shareholders	Minimal number: one
Capital tax / Registration fees	<p>No capital tax since 2016</p> <p>Registration fee:</p> <p>Entry fee: EUR 34.00 or EUR 52.00 if the submission is not made by Electronic legal transactions (ERV)</p> <p>For the registration of the company's name: EUR 8.80</p> <p>For the registration of the registered office: EUR 8.80</p> <p>For the registration of the business address: EUR 8.80</p> <p>For the registration of the amount of the share capital: EUR 160.00</p> <p>For the registration of the articles of association: EUR 107.00</p> <p>For each managing director: EUR 29.00</p> <p>For each shareholder: EUR 21.00</p> <p>For each member of the supervisory board: EUR 51.00</p> <p>For each authorized signatory: EUR 25.00</p> <p>Plus fees for notary public</p>
Written form/ notarization	The articles of association (Satzung) must be executed before a notary public (Notar) by means of a notarial deed (Notariatsakt).
Registration with tax authorities	Within one month from the start of the activity, the company must be registered with the responsible tax office.
Statutory audit	A statutory audit is required for each AG (stock company). The audit must be completed before filing the financial statements with the commercial register (within nine months after the balance sheet date).

Branch (permanent establishment)

Name in local language	Betriebsstätte, Zweigniederlassung
Registrable in commercial register / legal entity	A branch can be registered with the commercial register (eingetragene Zweigniederlassung) but this is not compulsory.
Minimum capital	There is no minimum capital for a branch.
Minimal number of shareholders/ Maximum number of shareholders	n/a
Capital tax / Registration fees	No capital tax since 2016 Registration fee: For the registration of the branch EUR 8.80 For the registration of the registered office EUR 8.80 For the registration of the business address EUR 8.80 For each authorized signatory EUR 25.00 For general registration of the underlying head office (Stammhaus) Between EUR 17.00 and EUR 145.00 Plus fees for notary public
Written form/ notarization	No; if registered with the commercial register, the entry to the commercial register has to be made by notary public
Registration with tax authorities	Within one month from the start of the activity, the branch must be registered with the responsible tax office.
Statutory audit	No

Other form if relevant

Name in local language	Private foundation (Privatstiftung)
Registrable in commercial register / legal entity	Yes
Minimum capital	EUR 70,000.00
Minimal number of shareholders/ Maximum number of shareholders	A private foundation is a legal entity formed under civil law that has no owners or members. The foundation uses assets donated by the founder for achieving its purpose. Any natural person and legal entity can establish a foundation.

Capital tax / Registration fees	Entrance fee of 2.5 % except real estate (the contribution of real estate is subject to real estate transfer tax) Registration fee: Entry fee: EUR 206.00 or EUR 224.00 if the submission is not made by Electronic legal transactions (ERV) For the registration of the company's name: EUR 8.80 For the registration of the registered office: EUR 8.80 For the registration of the business address: EUR 8.80 For the registration of the articles of association: EUR 107.00 For each authorized signatory: EUR 25.00
Written form/ notarization	The declaration of establishment must be executed before a notary public (Notar) by means of a notarial deed (Notariatsakt).
Registration with tax authorities	Within one month from the start of the activity, the foundation must be registered with the responsible tax office.
Statutory audit	Each foundation has to be audited. There is no need to file the financial statements or the audit report with the commercial register.

Other form if relevant

Name in local language	General partnership (Offene Gesellschaft)
Registrable in commercial register / legal entity	Yes
Minimum capital	No
Minimal number of shareholders/ Maximum number of shareholders	Minimal number: two
Capital tax / Registration fees	Registration fee: Entry fee: EUR 34.00 or EUR 52.00 if the submission is not made by Electronic legal transactions (ERV) For the registration of the company's name: EUR 8.80 For the registration of the registered office: EUR 8.80 For the registration of the business address: EUR 8.80 For the registration of an unlimited liable partner: EUR 42.00
Written form/ notarization	Partnerships are formed by means of the articles of association without any formal requirements.
Registration with tax authorities	Within one month from the start of the activity, the partnership must be registered with the responsible tax office.
Statutory audit	No

Other form if relevant

Name in local language	Limited partnership (Kommanditgesellschaft)
Registrable in commercial register / legal entity	Yes
Minimum capital	No
Minimal number of shareholders/ Maximum number of shareholders	Minimal number: two
Capital tax / Registration fees	Registration fee: Entry fee: EUR 34.00 or EUR 52.00 if the submission is not made by Electronic legal transactions (ERV) For the registration of the company's name: EUR 8.80 For the registration of the registered office: EUR 8.80 For the registration of the business address: EUR 8.80 For the registration of a unlimited liable partner: EUR 42.00 For the registration of a limited liable partner: EUR 29.00
Written form/ notarization	Partnerships are formed by means of the articles of association without any formal requirements.
Registration with tax authorities	Within one month from the start of the activity, the partnership must be registered with the responsible tax office.
Statutory audit	No

Value added tax (VAT)

Tax rates	10%/13%/20%/19% (very limited and only to two areas in Austria)
Supply of goods	All supplies of goods are subject to VAT if made by an entrepreneur in the course of his business, if those supplies are considered to be domestic supplies. Also the import of goods from outside the EU is subject to VAT, even if the goods are imported by a private individual.
Supply of services	All supplies of services are subject to VAT if made by an entrepreneur in the course of his business, if those services are considered to be domestic services.
Special provisions (exemptions to the general rule)	Most crossborder supplies and transportation services are zero-rated. No VAT is due on those supplies, although input VAT can be recovered from the Revenue. Special rules and reporting requirements apply to intra-community supplies of goods and services where the VAT identification number of the recipient in the EU territory has to be reported to the Revenue.

Reverse charge on local supplies	<p>Local reverse charge mechanism has been implemented in the Austrian VAT Act regardless of whether supplier and recipient are established or not in Austria mainly for:</p> <p>Construction work including assembly, repair, maintenance, cleaning, alteration and demolition services in relation to immovable property and the supply of staff engaged in the above-mentioned construction services. The reverse charge is applicable if construction services are performed by a company which is subcontracted to perform a construction service (e.g. by a general contractor) or if the construction services are performed by a company that habitually renders construction services itself. In other words, reverse charge is only applicable if the recipient is assigned to perform the construction work himself or if he usually performs construction work.</p>
Import of services	<p>When a non-resident entrepreneur provides services to an entrepreneur resident in Austria where the place of performance is in Austria, tax liability is generally shifted to the Austrian party according to the application of the reverse-charge system.</p>
Deadline and conditions for VAT refund	<p>Entrepreneurs have to make quarterly/monthly VAT prepayments (depending on the turnover) due on the fifteenth of the second month following the reporting period in which the goods were supplied or services provided. Preliminary tax returns must be filed quarterly/monthly. Finally, an annual tax return has to be filed, based on which the tax is assessed by the tax authorities (Finanzamt) and prepayments are credited against the annual VAT liability.</p> <p>Foreign entrepreneurs not registered for VAT in Austria can apply for refund of Austrian input VAT under special conditions. The deadline for EU-members is September 30 of the following year, the deadline for entrepreneurs from third countries is June 30 of the following year. Information on intra-community deliveries and services must be provided to the Austrian tax authorities on a quarterly/monthly basis, in a so-called European Sales List (Zusammenfassende Meldung).</p>
Major Tax exemptions	<p>Among other things, exports and certain services related to exports and imports are zero-rated. Banking and insurance industries are exempt from VAT. Furthermore the rental of immovable property except for residential purposes as well as the sale of immovable property is VAT-exempt, though the lessor may opt for VAT. Hospitals, doctors and dentists are also exempt from VAT.</p>
Real Estate	<p>The rental of immovable property except for residential purposes is VAT-exempt, though the lessor may opt for VAT. The same applies on the sale of real estate, where the seller may opt for VAT.</p> <p>The place of performance in connection with real estate is always the place of the real estate.</p>
Foreign taxable persons (VAT registration)	<p>Austria has implemented the mini-one-stop-shop (MOSS) concept for electronically supplied services, telecommunications and broadcasting services provided to private individuals resident in EU countries where the service provider does not have its seat or a permanent establishment. MOSS provides the opportunity to register in one EU member state (member state of identification), declare all supplies covered by the special scheme and pay the VAT due on these supplies. If a taxpayer exercises the option for MOSS, there is no obligation to register, file tax returns and issue VAT payments in each member state where electronically supplied services,</p>

telecommunications and broadcasting services are rendered. However input VAT cannot be deducted by using MOSS, so that the refund mechanism needs to be used.

Corporate tax

Accounting rules	Bookkeeping and financial statements have to be prepared. It is the management's responsibility to prepare the financial statements annually within five months after the end of the financial year. The financial statements have to be prepared according to Austrian Commercial Law (UGB) or IAS/IFRS.
Tax rate	The tax rate is 25%. Even if no or an insufficient positive income is generated, a GmbH basically triggers a minimum corporate income tax of EUR 1,750, whereas an AG owes at least EUR 3,500. For newly established GmbHs the minimum corporate income tax amounts to EUR 500 per year during the first five years, EUR 1,000 per year for the next five years and EUR 1,750 per year in every following year.
Tax base	<p>Taxable income is determined on the basis of income before tax per financial statements with several adjustments. Those adjustments reflect the requirements of tax law.</p> <p>There are several non-deductible expenses, e.g.</p> <ul style="list-style-type: none"> • Representation expenses • 50% of entertainment expenses (winning and dining) • A portion of depreciation and expenses related to a passenger car if the acquisition costs including value added tax exceed a certain amount • Salaries in cash and in kind exceeding EUR 500,000.00 per person per year • Donations except for donations made to qualifying entities listed on the homepage of the Ministry of finance • Penalties, fines, payments that constitute a criminal act, e.g. bribes • Expenses whose recipient is not disclosed • Expenses directly related to tax free income • 50% of supervisory board member remuneration • Some accruals are not fully tax-deductible, e.g. • Lump sum accruals are not deductible at all • Long term accruals have to be discounted • Accruals for severance payments, anniversary bonus payments, unused vacation or pension have to be calculated under tax rules arriving at a lower amount than for accounting purposes
Tax assessment period	The tax assessment period is in general the calendar year but there is the possibility of a different financial year under certain conditions.

Loss set-offs/ carry forwards	<p>Tax losses from previous years can be carried forward indefinitely and may as a rule be offset against up to 75% of the current year's positive income, in which case 25% of the current income remains taxable. However in certain cases it is possible to offset tax loss carry forwards by up to 100% (e.g. sale of a separable part of a business operation). In case of a shell company acquisition ("Mantelkaufatbestand") the right to carry losses forward is lost. The characteristics of a shell company acquisition are:</p> <ul style="list-style-type: none"> • Change to the organizational structure (change to the management and administrative bodies), • Change to the economic structure (economic unit lost) and • Change to the shareholder structure (assessed on a case-by-case basis, always assumed for more than 75% change). <p>Austria does not permit any loss carry-back.</p>
Tax/ accounting depreciation	<p>If the straight-line method is used for accounting purposes, depreciation for tax purposes is generally in line with depreciation for accounting purposes. However, there are certain exceptions, e.g.</p> <ul style="list-style-type: none"> • Goodwill acquired in the course of an asset deal has to be amortized over a period of 15 years for tax purposes (10 years for accounting purposes). • Passenger cars have to be depreciated over a minimum period of 8 years for tax purposes (5 years for accounting purposes). • The depreciation rate for residential buildings is 1.5% per annum, other buildings may be depreciated at a rate of 2.5% for tax purposes (ordinary useful life for accounting purposes).
Tax deductibility of interest, Excessive interest rate rule, Thin capitalization rule	<p>Basically, all expenses related to participations where dividends or capital gains are tax free will be disallowed. Only interest on acquisition finance can be deducted, unless the participation was acquired from a related party.</p> <p>Interest expenses paid to a foreign group company that is subject to an effective tax rate of less than 10 percent are not deductible.</p> <p>Austria does not impose strict debt equity ratios, however, in practice there are guidelines as to the qualification of shareholder loans as hidden equity based on the arm's length principle.</p>
Reserves for bad debts, leaves, etc.	<p>According to Austrian tax law, only provisions for liabilities (e.g. severance payments, pensions payments, etc) and provisions for anticipated losses can be set up with tax effect. Lump-sum provisions are not permitted for tax purposes.</p>
Other Major tax adjustments a) increasing and b) decreasing taxable profit	<p>The <u>domestic participation privilege</u> exempts every dividend received from another Austrian corporation from tax. Neither a minimum shareholding nor a minimum holding period is required. Capital gains from the disposal of a domestic shareholding are subject to corporation tax at the standard rate of 25%. Capital losses and write-downs with respect to domestic shareholdings are tax deductible, but have to be spread evenly over 7 years. Only under specific anti-avoidance considerations capital losses or write-downs may be disallowed.</p> <p>The <u>international participation privilege</u> requires a minimum shareholding in a foreign corporation of 10% and a minimum holding period of 12 months. By virtue of the international participation privilege both</p>

dividends and capital gains are exempt from corporation tax. No tax deduction may be taken for capital losses or write-downs. However, final losses upon liquidation of a foreign subsidiary are tax deductible, but have to spread over 7 years. However, the Austrian parent company has the option to render capital gains from a foreign shareholding subject to tax. That one-time option has to be exercised in the tax return for the acquisition year. If the option is exercised, capital gains are subject to 25% corporation tax, but capital losses and write-downs are tax deductible, although they have to be spread over 7 years. Even if the option is exercised, dividends from the foreign shareholding remain tax-free under the international participation privilege.

If the shareholding in a foreign corporation is less than 10%, there is an international portfolio participation privilege available for shareholdings in corporations resident in either an EU member state or a country that has concluded a tax treaty with Austria that allows comprehensive administrative assistance between the two states. The Austrian Ministry of Finance issues a list of qualifying countries on its homepage. Under that privilege any dividend received generally remains tax free in Austria. However, dividends from such portfolio participations with a shareholding of at least 5% are taxable if low taxed (up to 12.5%) passive income is earned by the subsidiary. In contrast to the international participation privilege, capital gains, capital losses and other changes in value are subject to corporation tax.

There is some anti-avoidance legislation in place (see also under "CFC"):

- Income from hybrid dividends, where the distributing foreign corporation can take a tax deduction for the dividend payment, is not exempt in the hands of the Austrian recipient.
- Passive income earned by a controlled foreign subsidiary resident in a low tax jurisdiction is attributed to its Austrian parent company and is immediately subject to corporation tax in the parent's hands. Any underlying foreign taxes on the same income will be credited. A low tax jurisdiction is defined by an effective tax rate of 12.5% or less.
- If the foreign corporation is not controlled, but the Austrian corporate shareholder has an interest of 5 percent or more, dividends from passive income generated in low tax jurisdictions do not qualify for the international participation privilege, but are subject to 25% corporation tax. Any foreign taxes will be credited.
- Capital gains from the disposal of subsidiaries generating passive income in low tax jurisdictions do not qualify for the international participation privilege, but are subject to 25% corporation tax. Any foreign taxes on those capital gains will be credited against Austrian corporation tax.
- Interest expenses and royalties paid to a foreign group company that is subject to an effective tax rate of less than 10% are not deductible.
- Certain types of reorganisations ("Umgründungen") like mergers, demergers, transfers of a going concern as contribution in kind, share for share exchanges, etc qualify for an exemption from taxes, in particular from capital gains tax and VAT. The cost basis is rolled over to the acquirer and tax losses are being carried over. Cross border reorganisations also benefit from those exemptions, but only to a limited extent.

Transfer pricing,
Transfer pricing
documentation,
Related parties

Austrian tax legislation has no specific transfer pricing rules except documentation requirements. The arm's-length principle is implemented in Sec 6 Austrian Income Tax Law and in Sec 8 CIT with provisions referring to hidden distribution and hidden contribution. The Austrian Tax Administration usually follows the OECD Transfer Pricing Reports and has issued Transfer Pricing Guidelines (Verrechnungspreisrichtlinien 2010) based on the OECD Transfer Pricing Guidelines 2010. It is expected that the Austrian Transfer Pricing Guidelines will be updated in the near future.

Related-parties' transactions that do not comply with the arm's-length principle may be recharacterized as hidden dividend distribution or hidden equity contribution. A hidden dividend distribution is not deductible for corporate income tax purposes and is basically subject to withholding tax in the same way as dividends.

Dividends:

Dividends distributed by an Austrian corporation to a company basically attract withholding tax ("Kapitalertragsteuer").

Withholding tax

- If the recipient is an Austrian resident corporation holding at least 10% of the shares in the distributing company, an exemption from the withholding requirement is available. If the Austrian recipient holds less than 10%, the withholding tax exemption is not available, and the withholding tax rate is 25%. Any withholding tax will be credited or refunded when the recipient's corporation tax is assessed.
- If the recipient is a corporation resident in a EU member state and holds at least 10% of the shares in the distributing company, the dividend is exempt from withholding tax under the EU Parent Subsidiary Directive. However, Austria has enacted anti-directive shopping legislation. Unless the EU resident corporate recipient confirms that it has sufficient substance (i.e. functions in excess of holding investments, staff and office space) and produces a certificate of residency, the Austrian distributing corporation is required to withhold the full rate and the recipient may then apply to the Revenue for a refund.
- If the recipient is a corporation resident outside the EU, withholding tax in the amount of 27.5% will be levied. The rate may be reduced under the respective double tax treaties. The distributing corporation may apply the reduced rate if the recipient provides a certificate of residence issued by his home country's tax authority. For corporate recipients there is the additional requirement of sufficient substance. Otherwise the distributing corporation has to withhold the full rate and the recipient may apply with the Austrian tax authority for a refund under the respective double tax treaty.
- Repayment of equity is exempt from withholding tax. Specific records have to be kept with respect to a corporation's capital and equity movements in order to qualify for the exemption.

Interest:

- Interest paid by a qualified domestic entity (such as banks) attracts withholding tax at 25%. If the company confirms in writing to the interest-paying institution that the interest income is taxed at 25 % as part of its business income, no taxes will be withheld.

	<ul style="list-style-type: none"> Austria does not levy withholding tax on outbound interest payments to corporations unless they are qualified as deemed dividend. <p><u>Royalties:</u></p> <ul style="list-style-type: none"> Austria levies withholding tax (20%) in the case of outbound royalties. Under the EU Interest and Royalty Directive, there is an exemption from withholding tax if certain criteria are met (25% direct shareholding in a group company for at least one year, certificate of residence of the recipient). <p><u>Services:</u></p> <ul style="list-style-type: none"> Austria does not levy withholding tax on domestic and outbound payments for services performed in Austria. Austria levies withholding tax (20%) in the case of certain outbound services (e.g. technical services).
Interest	<ul style="list-style-type: none"> Taxable interest attracts corporate income tax of 25%. For withholding taxes in connection with interest see point "Withholding tax". Interest expenses paid to a foreign group company that is subject to an effective tax rate of less than 10 percent are not deductible. With effect of 2024 Austria will have to implement a so-called interest barrier.
Royalties	<ul style="list-style-type: none"> Royalties attract 25% corporate income tax. For withholding taxes in connection with royalties see point "Withholding tax". Royalties paid to a foreign group company that is subject to an effective tax rate of less than 10 percent are not deductible.
Services	Income from services provided by the corporation attracts 25% corporate income tax. For withholding taxes in connection with services see point "Withholding tax".
Group taxation	<p>Austria has introduced a group taxation regime. Profits and losses of the group members ("Gruppenmitglieder") are attributed to the group parent ("Gruppenträger") and only the net income is taxed in the hands of the group parent. Thus, profits and losses can be offset within the tax group.</p> <ul style="list-style-type: none"> Only resident corporations and registered branches of EU or EEA resident corporations can be a group parent. Corporate shareholders one of which has to hold a stake of minimum 40% in the group member can form a combined group parent ("Beteiligungsgemeinschaft"), unless they are group members themselves. Resident corporations can be group members if the group parent holds a majority interest and also the majority of voting rights in the group member. Those requirements must be met throughout the whole fiscal year. Under the same conditions a first tier subsidiary resident in either a EU member state or a state that has concluded a comprehensive administrative assistance treaty with Austria can be a group member. Even where the group member is not wholly owned by the group parent, 100% of the group member's income is attributed to the group parent. Between Austrian group companies, a tax sharing agreement ("Steuerumlagevertrag") is required. This is not required

	<p>with foreign group members.</p> <ul style="list-style-type: none"> • Losses from foreign group members can be offset only to the extent of 75% of the group's domestic income. There is a clawback with respect to losses from foreign group members as soon as those losses can be utilized in the other jurisdiction. • The tax group has to be in place for at least three full fiscal years. Otherwise, the whole group will be disregarded retrospectively and the group members and the group parent will be taxed on a stand-alone basis.
Taxation of private foundation	<p>The taxation of foundations takes place at three levels: taxation of donations (foundation receipt tax), ongoing taxation of the foundation and taxation of distributions. Gratuitous donations to a private foundation are subject to the foundation receipt tax (Stiftungseingangssteuer) which is normally 2.5% (specialities for the donation of real estate). Interim taxation (Zwischenbesteuerung) is a special feature of the ongoing taxation. The interim tax is 25% and applies to domestic and foreign investment income from deposits and securities held by financial institutions, income from realized increases in the value of capital assets, income from derivatives as well as income from private real estate transfers. Dividends received by a private foundation are tax free. Other income from agriculture, an interest in a partnership or rental income is subject to corporate taxation at 25%.</p>

Personal income tax

Individuals resident in Austria are subject to Austrian income tax with their worldwide income. However, foreign source income may be exempt from Austrian tax under the respective double tax treaty. An individual is resident in Austria if he has either a permanent accommodation or his habitual abode in Austria. If an individual is resident in more than one jurisdiction the double tax treaty determines where the individual has his main residence for the purpose of the tax treaty.

If a foreign individual has a holiday home in Austria he will not be taxed as a resident if he uses the holiday home for less than 70 days per annum and keeps appropriate records on the use. However, he may opt to be taxed as a resident of Austria.

A resident individual may have business income from:

- Agriculture and forestry
- Independent personal services, e.g. self-employed professionals (doctors, lawyers, accountants, architects, etc)
- Trade or commercial business inclusive of capital gains from the disposal of a going concern or a partnership interest
- Besides the before mentioned a resident individual may have non-business income from:
- Employment (i.e. wages, salaries or pensions)
- Rental and royalties
- Specific other income (e.g. capital gains from the sale of real estate, life annuities, capital gains from speculative deals)

Taxable income

Other income than the above is not subject to tax, e.g. capital gains from the sale of fine art that has been held for more than 12 months). Austrian tax law grants specific exemptions for some income items, e.g. mileage, per diems, overtime payment, accident insurance premiums paid by the employer, although to a limited extent only. In kind benefits from health insurance are fully exempt as well as some cash benefits from the public social insurance scheme.

Every individual is taxed separately from his spouse.

Individuals not resident in Austria are subject to Austrian income tax with certain types of income, i.e.

- Agriculture and forestry in Austria
- Self-employed services performed in Austria
- Commercial business performed through a permanent establishment or a permanent representative in Austria. However, professional advice, manpower leasing and performances as athlete or artist in Austria may be subject to tax even in the absence of a permanent establishment. Capital gains from the sale of an Austrian business or an Austrian partnership interest are also subject to tax.
- Employment income in Austria
- Capital gains from the sale of shareholdings greater 1% in an Austrian corporation
- Income from Austrian financial instruments to the extent it is subject to withholding tax
- Rental income from real estate located in Austria

	<ul style="list-style-type: none"> Capital gains from the sale of real estate located in Austria <p>For some types of income, a 20% withholding tax is levied (see withholding tax).</p>																
	<p>The progressive income tax rates for individuals applies:</p> <table> <tr> <th>Income</th><th>Marginal tax rate</th></tr> <tr> <td>up to EUR 11,000.00</td><td>0%</td></tr> <tr> <td>EUR 11,001.00 through EUR 18,000.00</td><td>20%</td></tr> <tr> <td>EUR 18,001.00 through EUR 31,000.00</td><td>35%</td></tr> <tr> <td>EUR 31,001.00 through EUR 60,000.00</td><td>42%</td></tr> <tr> <td>EUR 60,001.00 through EUR 90,000.00</td><td>48%</td></tr> <tr> <td>EUR 90,001.00 through EUR 1,000,000.00</td><td>50%</td></tr> <tr> <td>over EUR 1,000,001.00</td><td>55%</td></tr> </table> <p>Capital gains relating to investments are subject to a 27.5% capital gains tax.</p>	Income	Marginal tax rate	up to EUR 11,000.00	0%	EUR 11,001.00 through EUR 18,000.00	20%	EUR 18,001.00 through EUR 31,000.00	35%	EUR 31,001.00 through EUR 60,000.00	42%	EUR 60,001.00 through EUR 90,000.00	48%	EUR 90,001.00 through EUR 1,000,000.00	50%	over EUR 1,000,001.00	55%
Income	Marginal tax rate																
up to EUR 11,000.00	0%																
EUR 11,001.00 through EUR 18,000.00	20%																
EUR 18,001.00 through EUR 31,000.00	35%																
EUR 31,001.00 through EUR 60,000.00	42%																
EUR 60,001.00 through EUR 90,000.00	48%																
EUR 90,001.00 through EUR 1,000,000.00	50%																
over EUR 1,000,001.00	55%																
Income from property and property rights	Capital gains from the sale of real estate attract a 30% capital gains tax.																
Income from capital	Income from capital gains from the disposal of financial instruments, dividends from both resident and non-resident companies, interest received from a bank, interest on domestic and foreign bonds, income from derivatives or distributions by a private foundation attract a reduced 27.5% withholding tax.																
Other income	The progressive income tax rates apply.																

Withholding tax	<p><u>Dividends and capital gains:</u></p> <ul style="list-style-type: none"> • With respect to dividend income and capital gains from financial instruments, the withholding tax amounts to 27.5%. • If the bank, custodian or foundation, has already withheld 27.5% tax, there is no requirement to report the income from cash deposits, financial instruments and distributions from a foundation to the Revenue in the tax return. • If no withholding tax is levied, then the reduced tax rate is granted in the course of the tax assessment. <p><u>Real estate:</u></p> <p>With respect to capital gains from real estate (30%) it is withheld by a notary public or a lawyer. If no withholding tax is levied, then the reduced tax rate is granted in the course of the tax assessment.</p> <p><u>Interest:</u></p> <ul style="list-style-type: none"> • Interest received from a bank attracts 25% withholding tax. Interest on Austrian bank deposits received by individuals resident in the European Union is not subject to withholding tax. • Interest on domestic and foreign bonds attracts 27.5% withholding tax. • Income from derivatives attracts 27.5% withholding tax. <p>A tax exemption for non-residents may apply for nonresidents if an automatic system regarding the exchange of information is available.</p> <p><u>Royalties:</u></p> <ul style="list-style-type: none"> • Austria does not levy withholding tax on inbound payments of royalties. • Austria levies withholding tax (20%) in the case of outbound royalties. <p><u>Services:</u></p> <ul style="list-style-type: none"> • Austria does not levy withholding tax on domestic payments for services performed. • Austria levies withholding tax (20%) in the case of outbound royalties. • The most important types of income of nonresidents which are subject to Austrian withholding tax of 20% are income derived from e.g. sportspersons, other persons participating in entertainment, authors, lecturers, artists, entertainers and architects. Moreover, certain types of remuneration, such as payments for know-how and others like, directors' fees, consultancy fees for commercial and technical advice, fees for hiring out labour, employment income and income derived as a "silent partner" fall under the withholding tax regime.
	Interest
	Royalties
	Interest
	Royalties
	<p>See point "Withholding tax"</p> <p>Royalties are subject to the Austrian progressive tax rate (max. 55%). For withholding taxes in connection with royalties see point</p>

	"Withholding tax".
Dividends	See point "Withholding tax"
Capital gain	See point "Withholding tax"
Services/Other income	Services are subject to the Austrian progressive tax rate (max. 55%). For withholding taxes in connection with services and the private sale of real estate see point "Withholding tax".
Taxation of partnerships	Partnerships are not subject to income tax themselves. The profit or loss of a partnership is determined by a uniform and separate assessment and attributed to the partners. A loss for the partner can generally be offset against other income or carried forward if applicable in accordance with the general provisions although there are exemptions. Taxation at partner level takes place using progressive tax rates for individual persons. Corporate income tax applies to the partner of a partnership, if it is a corporation.

Mandatory social contributions

Contribution rates	There are different contribution rates for employees (white collar workers and blue collar workers), self-employed and different groups of workers, farmers, etc.
Minimum and maximum contribution	The minimum and maximum contribution depends on employment or self-employment.
Self-employed individuals	<p>Austria operates a compulsory social security scheme for all self-employed covering mainly:</p> <ul style="list-style-type: none"> • Health insurance (6.8%) • Accident insurance (EUR 10.09/month) • Pension insurance (18.5%) <p>The minimum contribution in health security is EUR 31.32/month (2020) and the maximum contribution is EUR 426.02/month (2020). The monthly contribution for accident insurance is EUR 10.09/month (2020). The minimum contribution in pension security varies from EUR 85.22/month to EUR 114.87/month (2020) and the maximum contribution varies from EUR 1,159.03/month to EUR 1,253.00/month (2020). The ceiling for calculating the contribution is EUR 75,180.00 per year (2020), the minimum basis is EUR 5,527.92 per year (2020). Additionally, a 1.53% contribution to the severance payment fund is levied per month.</p>

Employed
individuals

Austria operates a compulsory social security scheme for all employees covering mainly:

- Health insurance
- Accident insurance
- Pension insurance
- Unemployment insurance

Both the employee and his/her dependents are covered by the social security scheme.

Social security contributions for employees are partly withheld from the employee's remuneration and partly paid by the employer in addition to the gross remuneration. Currently (in 2020), the employee's contributions amount to 18.12% of gross salaries (Gehälter). The employee's contributions from the 13th and 14th salaries amount to 17.12%. In addition, the employer contributes 21.23% on monthly salaries and 20.73% on the 13th and 14th salaries. Total social security contributions thus amount to 39.35% on monthly salaries and 37.85% on the 13th and 14th salaries.

For employed, there is a ceiling for calculating the basis of contributions of EUR 75,180.00 in 2020 per year so that the monthly maximum employee's contribution amounts to EUR 973.05, the maximum employer's to EUR 1,140.06. The ceiling is indexed and adjusted annually. Part-time employees (maximum salary of EUR 460.66 per month) are not insured in the health and pension insurance. For these employees, only the accident insurance of 1.2% per month applies. If several part-time employees are employed in a company, an employer's contribution of 16.4% is also levied per month. These rates also applies for the 13th and 14th salary.

Additionally, a 1.53% contribution to the severance payment fund is levied per month.

BEPS implementation

CFC

One of the Anti-Tax Avoidance Directive (ATAD) measures involves the reallocation of income of Controlled Foreign Companies (CFC) in low-tax jurisdictions to the parent company. The new Austrian CFC rules came into force on 1 January 2019. On 25 January 2019, the Austrian government published a Regulation on the application of these CFC rules.

The CFC rules provide for the reallocation of non-distributed passive income of a foreign subsidiary or a foreign permanent establishment to its Austrian parent company if the foreign entity can be classified as a CFC. Companies can be classified as a CFC if the parent company of the foreign entity, either directly or together with associated enterprises, holds a direct or indirect participation of more than 50 % of the voting rights or directly or indirectly owns more than 50 % of the capital or is entitled to receive more than 50 % of the profits of that entity. Under certain conditions, financial undertakings are exempted from the CFC rules. Furthermore, for the CFC rules to apply, the following conditions must be met:

- The effective foreign tax rate of the CFC must be 12.5 % or less. The effective tax rate must be computed in accordance with the Corporation Tax Act and the Income Tax Act and contrasted with the actual taxes paid.
- The passive income, such as dividends, interest or royalties, must amount to more than one third of the total income of the subsidiary.
- The CFC rules will not apply if the subsidiary carries on a substantive economic activity supported by staff, equipment, assets and premises, which must be proven by the parent company.

If the aforementioned conditions are met, the non-distributed passive income of the CFC will be added to the taxable base of the parent company. If there are multiple associated enterprises controlling this foreign entity, the non-distributed passive income must be distributed in proportion to the participation in the nominal capital of the subsidiary. However, if the rights to the CFC's profit are not aligned with participation in the nominal capital, the proportionate claim to the profits will be decisive.

The reallocated income is subject to Austrian corporate income tax at a rate of 25%. However, foreign taxes which are paid in the CFC's jurisdiction can be credited against Austrian corporate income tax. If the foreign corporation is not controlled, but the Austrian corporate shareholder has an interest of 5 percent or more, dividends from passive income generated in low tax jurisdictions do not qualify for the international participation privilege, but are subject to 25% corporation tax (method change). Any foreign taxes will be credited. Capital gains from the disposal of subsidiaries generating passive income in low tax jurisdictions do not qualify for the international participation privilege, but are subject to 25% corporation tax. Any foreign taxes on those capital gains will be credited against Austrian corporation tax.

DAC6

Following the approval on 25 May 2018 of the European DAC 6-directive, which obligates taxpayers and tax intermediaries to report certain aggressive cross-border arrangements to the tax authorities, the Austrian parliament approved the EU Reporting Act (EU-Meldepflichtgesetz) on 20 September 2019, which implements the aforementioned directive into Austrian domestic law.

The DAC 6-directive defines a reportable cross-border arrangement as a cross-border arrangement that contains at least one of the hallmarks as set out in the annex to the directive. Most of these hallmarks will only be considered if it can be established that obtaining a tax advantage, which the taxpayer may reasonably expect, is the main purpose or one of the main purposes of the cross-border arrangement. The Austrian implementation deviates from the directive. Firstly, the wording of what constitutes a "reportable cross-border arrangement" differs slightly; the directive considers "a tax advantage as one of the main purposes", the Austrian act addresses the "risk of tax avoidance" as reportable cross-border arrangement. Secondly, the implementing act not only considers tax avoidance, but also arrangements which aim to circumvent certain reporting obligations or the identification of the beneficial owner.

The DAC 6-directive gave member states the option to exempt intermediaries who are bound by legal professional privilege. The Austrian parliament has decided to do so. Therefore, attorneys, tax advisors, notaries and public accountants are all exempt from reporting such aggressive cross-border arrangements, except when (i) their client

	<p>has released them from this secrecy or when (ii) such intermediary does not operate within the limits of the statutory provisions which define its profession. These intermediaries must notify their client and any other intermediary involved in the cross-border arrangement in the case of an exemption.</p> <p>From 1 July 2020, intermediaries – or the taxpayers themselves – must comply with these reporting obligations for newly set-up arrangements. Additionally, reportable arrangements of which the first step in implementing such arrangements was taken between 25 June 2018 and 30 June 2020 will have to be reported by 31 August 2020. Non-observance by the taxpayer or the intermediary of their reporting obligations is classified as a breach of financial regulations and will be fined EUR 25,000 in the case of gross negligence or EUR 50,000 in the case of intentional non-compliance.</p>
CRS	<p>In Austria, the Common Reporting Standard is applicable as of 1 October, 2016, through the Common Reporting Standard Act (GMSG).</p> <p>As a result, financial institutions in Austria are required to request the tax residence(s) of their customers and the corresponding Tax Identification Number (TIN), to store this information electronically as well as to submit reports to the Austrian tax authorities (Finanzamt) for account holders resident abroad. This authority then exchanges data with the countries participating in CRS.</p> <p>All customers, individual persons, legal entities and controlling persons in the case of passive legal entities who are tax residents in a country participating in the CRS are affected by the notification.</p>
Profit shifting rule	<p>In January 2019, the first amendments to existing double taxation agreements (DTAs) became applicable through the Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting (MLI).</p> <p>So far, Austria has only accepted the minimum standard (preamble, principle-purpose test to prevent abuse and mutual agreement procedure) and few other provisions (e.g. allocation of the right of taxation in the case of conflicts of qualification, permanent establishments due to ancillary activities). Due to the principle of conformity, only these MLI regulations (according to the current status) can also be effective for Austrian DTTs.</p>
GAAR/ other anti-abuse rules (PPT, etc)	<p>To be in line with the General Anti-Avoidance Rule (GAAR), Austria made amendments in connection with several Austrian norms, especially the Austrian Federal Fiscal Code (e.g. introduction of an explicit definition of abuse).</p>

Global employment issues

Work and Residence permit	<p>The employment of a non-EEA national requires an employment permit (Beschäftigungsbewilligung) to be obtained by the employer prior to the start of employment or a work permit (Arbeitserlaubnis) to be obtained by the employee. A certificate of exemption (Befreiungsschein) can be issued to employees who have, as a general rule, spent at least five of the last eight years in employment in Austria or to employees who have been married to an Austrian citizen for the last five years and have their residence in Austria or to certain juvenile employees for whom less strict requirements apply.</p> <p>On July 1, 2011, Austria introduced a new criteria-based integration scheme, the Red-White-Red Card (Rot-Weiß-Rot-Karte) which aims at more flexible immigration of qualified third-country workers and their families. The Red-White-Red Card is available to highly qualified workers, skilled workers in shortage occupations, other key workers and graduates of universities and colleges of higher education in Austria (Schlüsselarbeitskräfte); it entitles to reside and grants access to the labor market access. In addition, holders of certain residence titles, such as the residence permit (Niederlassungsbewilligung), the residence certificate (Niederlassungsnachweis), the Long-term Resident – EU (Daueraufenthalt – EU) or the EU Blue Card (Blaue Karte EU), are entitled to work in Austria without a work permit.</p> <p>For nationals of EEA member states and Switzerland, the rules of free movement of workers apply substantially in the same way as for nationals of EU member states. No employment or work permit is required.</p> <p>Although Croatia joined the EU already on July 1, 2013, labor market access of its citizens is governed by the transitional regulations of the Act on the Employment of Foreigners (Ausländerbeschäftigungsgesetz, AuslBG) for a maximum of seven years (until 2020). Workers from Croatia who want to take up employment in Austria during the transitional period need a labor market permit granted by the Public Employment Service (Arbeitsmarktservice, AMS). However, if its nationals have been legally employed in Austria for the last 12 months, they are entitled to a free movement certificate (Freizügigkeitsbestätigung) and no work permit is required.</p>
Minimum salary	<p>The minimum salaries can be found in the applicable collective agreements.</p>

Taxation of immovable property

Tax depreciation	The depreciation rate for buildings used for business purposes that do not serve residential purposes is 2.5%. If the buildings are used for business purposes and serve residential purposes, the depreciation rate is 1.5%. The depreciation rate for historic buildings can be 2%. The depreciation rate for buildings for income generated by individual persons is 1.5%. A different depreciation period may be determined by an expert opinion.
Depreciation categories	See above
Land	There is no depreciation for land.
Building	See above
Tax base	The tax base are the acquisition costs or production costs. When buying land with building, a certain portion of the acquisition costs (according to special tax provisions) must be attributed to the land which is not depreciable. A different attribution may be determined by an expert opinion.
Special depreciation	Deductions for extraordinary technical or economic wear and tear are permissible. In addition, there is a special depreciation rate for measures in the sense of monument protection or according to the Austrian tenancy law (depreciation over 10 respectively 15 years). Costs for the replacement of parts of the building (heating, windows, water and electricity installations, etc) can be depreciated over 15 years under certain conditions.
Real estate transfer tax	Real estate transfer tax (Grunderwerbsteuer) is levied on all real estate transactions. As of 2016 the applicable tax rate depends on the transaction (i.e. free of charge, for valuable consideration or partly free of charge and partly for valuable consideration). In the case of a free-of-charge transaction basically a progressive tax rate applies (0.5%–3.5%), while for transactions in connection with a valuable consideration a flat tax rate of 3.5% applies. A transfer between close relatives is invariably treated as a free-of-charge transaction. The tax assessment base is basically the consideration, but the special tax value (Grundstückswert) is seen as the minimum tax assessment base. If at least 95% of the shares in a company that owns Austrian real estate are acquired by a single shareholder or by group members of a CIT group, real estate transfer tax is triggered in the amount of 0.5% based on the special tax value (Grundstückswert). The same applies if the real estate is owned by a partnership and a 95% change of ownership occurs within five years. If real estate is transferred in the course of a reorganization under the Austrian Reorganisation Tax Act (e.g. a merger), real estate transfer tax is based on the special tax value (Grundstückswert) at a tax rate of 0.5%. A tax return must be filed by the 15 of the second month following the

	<p>taxable event. The tax must be paid one month after its assessment. Alternatively, real estate transfer tax may be paid to an attorney or notary public who is entitled to collect it on behalf of the tax authorities. The parties to the transaction are jointly liable for the tax. However, in general it is contractually agreed that the purchaser must bear the tax burden. If the transfer of the real estate is reversed within three years after the taxable event, the tax can be refunded.</p> <p>Upon registration with the land title register (Grundbuch), the purchaser has to pay a registration fee (Eintragungsgebühr), which is 1.1%. Special provisions apply if real estate is endowed to a private foundation.</p>
Property tax (rate and base)	<p>An annual real estate tax (Grundsteuer), payable in quarterly installments, is collected by the municipalities (Städte) and communities (Gemeinden). The tax rate ranges from 0.5% to 1%. A further tax is collected by the federal tax authorities for undeveloped building lots. This tax is also payable in quarterly installments. Both taxes are based on the special value (Einheitswert) of the real estate, which is far below the property's market value.</p>
Real estate funds	<p>Real estate funds are regulated in a separate act, the Real Estate Investment Fund Act (Immobilien-Investmentfondsgesetz). The tax recording of income from real estate funds is based on the so-called "transparency principle", according to which the real estate fund itself is not a separate taxable entity. The general principles underlying the tax treatment of real estate investment funds do not differ from that of (securities) investment funds. The fund itself is not subject to corporate income tax but the shareholders are subject to taxation. Effective distributions as well as fictitious distributions of retained profits are subject to income tax at shareholder level. There are several special tax regulations to be considered.</p>
Owner of the fund assets	<p>The real estate fund itself has no legal personality. The fund is managed by the capital investment company ("Kapitalanlagegesellschaft"). The capital investment company acquires the assets on its own behalf, but for account of the shareholders. Thus the capital investment company holds the assets in a trust relationship for the shareholders. The shareholders do not achieve sovereign rights in the funds assets.</p>
Valuation	<p>The law contains elaborate rules for – in the absence of market prices for real estate – the necessary assessment of the value of the real estate held in the fund. At least an annual appraisal by two independent, professional and suitable experts is required. Furthermore, an assessment must take place upon the acquisition, sale or encumbrance of real estate. Strikingly, the law provides for joint and several liability of the capital investment companies for real estate and the custodian bank. Both are, in addition to the experts, jointly liable for the experts' negligence. In practice this will be a major cost factor as, in addition to the costs of the expert opinions, considerable costs for professional liability insurance will also accrue.</p>
Investment	<p>Only the capital investment company is authorized to dispose of and to exercise the rights connected with the fund assets. As a basic principle, assets of a real estate fund may not be pledged or otherwise encumbered.</p>

Risk
diversification

In the Real Estate Investment Fund Act, the asset and risk diversification provisions are laid down. Subject to the fund rules, a real estate fund may (in some cases if certain additional requirements are met) invest in the following assets in a member state of the EU or the EEA:

- Real estate with buildings;
- Real estate under building development;
- Real estates without buildings if determined and appropriate for building development;
- Building leases (Baurechte), buildings on foreign land (Superädifikate) and flats.

Furthermore, inter alia a real estate fund must not hold less than 10 different assets (of the classes mentioned above) and none of the assets at the time of their acquisition may exceed 20 percent of the fund assets. An economic unit consisting of several properties are deemed to be one asset. However, these restrictions will only apply 4 years after the fund is established.

Other significant business-related taxes

Description of
other taxes

Stamp duties (Rechtsgeschäftsgebühren) are levied on numerous legal transactions, provided that a document within the meaning of the Austrian Stamp Duty Act (Gebührengesetz) is executed. Stamp duties are payable after being assessed by the tax authorities, in certain cases after self-assessment. The following written agreements – inter alia – attract stamp duty:

- Lease and rental agreements (not for residential purposes) (1%),
- Assignments of rights, e.g. receivables (0.8%),
- Suretyships (1%).

Stamp duty on loans and overdraft facilities was abolished with effect from January 1, 2011. Securities agreed with the lender do not attract stamp duty either. Only registration fees for mortgages may incur.

The first registration of a car in Austria attracts a duty (Normverbrauchsabgabe) based on the purchase price. The rate depends on the standard fuel consumption of the car and can be as high as 16%. Under a bonus-malus system the rate may vary depending on the car's emissions. The Normverbrauchsabgabe forms part of the VAT basis for the car.

Insurance premiums are subject to insurance tax (Versicherungssteuer) at rates ranging between 1% and 11%.

Certain advertising services (e.g. advertising in print media) rendered within Austria for consideration attract advertising tax (Werbeabgabe) that amounts to 5%.

Some municipalities and communities collect tourism contributions.

Any sole proprietor, partnership and corporation that has a trade license is required to pay mandatory chamber contributions (Kammerumlagen) to the Austrian Economic Chamber (Wirtschaftskammer Österreich), which are collected by the federal tax authorities. There are two types of

contributions:

- 0.34%–0.42% of gross wages and salaries (Zuschlag zum Dienstgeberbeitrag – DZ),
- 0.3% of total input VAT.

Incentives

Investment incentives	Investments in plants and equipment are typically encouraged by investment grants in the context of regional subsidy programs; moreover, the New Business Promotion Act (Neugründungsförderungsgesetz) provides for some tax relief as well as tax and fees exemptions for start-ups and successions. See also tax incentives.
R&D incentives	Typically research and development projects can be subsidized by up to 50% depending on research focus, region, etc.
Young employees, elderly employees	Employers who hire registered unemployed women and men aged 50 and over can receive a subsidy (subsidy on wage costs) from the Public Employment Service (AMS). The amount and duration of the subsidy is agreed between the Public Employment Service and the employer on a case-by-case basis depending on labor market policy requirements. Employees elder than 60 are exempt from certain ancillary wage costs.
Educational incentives	Subsidies (up to three times the monthly remuneration) are available from the Austrian Economic Chamber for the employment of apprentices.
Tax incentives R&D	<p>For certain qualified research and development expenses an R&D premium of 14% can be claimed. In this context two types of R&D are promoted:</p> <ul style="list-style-type: none">• In-house research: For in-house research an R&D premium is available to domestic companies conducting research activities internally in Austria. The appropriate R&D premium is not capped, but companies claiming such an R&D premium are required to obtain approval from the Austrian Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft, FFG) after the end of the fiscal year.• Contract research: If a company (= principal) instructs a third party contractor to execute R&D activities for the company, the principal can claim an R&D premium for R&D expenses of up to altogether EUR 1 million. The contracted R&D activities can be performed outside Austria but must be performed within the European Union (EU) or European Economic Area (EEA). Furthermore the contractor must not be under the controlling influence of the principal and there should not be a tax group according to Section 9 of the Austrian Corporate Income Tax Act in place between the principal and the contractor. For contract research no approval is required from the Austrian Research Promotion Agency.

Tax incentives available to individuals only	<p>A tax-free profit allowance conditional upon qualifying capital expenditure is given. The allowance is capped at EUR 45,350.00 p.a.. A tax deferral on capital gains from the sale of fixed assets after a minimum holding period conditional upon qualifying capital expenditure (roll-over relief) can be claimed.</p> <p>Certain tax exemptions apply if real estate is sold by individuals and certain conditions are met.</p> <p>The tax rate for holiday and Christmas bonus is 6% for individuals.</p> <p>The half of the personal income tax rate may be applicable for certain income from individuals (closing of a business, income from patents, etc.).</p>
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Tax liabilities

	For taxpayers	For directors (chief officers)	For shareholders
Binding opinion/ Advanced tax rulings	A binding advanced ruling can be claimed for the following topics: reorganisations, tax groups, international tax law, VAT and the existence of abuse. The costs for such a ruling depend on the turnover of the company and amount between EUR 1,500 and EUR 20,000.00.	n/a	n/a
Penalties for late payment of tax	Surcharge for late payment: 2% (increase after three or six months by 1% each)	n/a	n/a
	Surcharge for late submission of a declaration: up to 10%	n/a	n/a
Tax misdemeanor provisions	The Austrian Financial Criminal Code distinguishes in particular between the following financial offences: tax evasion, grossly negligent reduction of duty and other financial offence. The focus is on property penalties. In principle, custodial sentences are only possible for financial offences that are punished by the courts (evaded amount over EUR 100,000.00).	See comments for taxpayers	See comments for taxpayers
Criminal provisions	See "Tax misdemeanor provisions"	See "Tax misdemeanor provisions"	See "Tax misdemeanor provisions"

Piercing the corporate veil	n/a	The liability of the directors is not only to be affirmed in cases of abuse. The liability presupposes culpable and unlawful conduct.	The liability of the shareholders is not only to be affirmed in cases of abuse. The liability presupposes culpable and unlawful conduct.
Advanced pricing agreements	<p>Austrian tax legislation has no specific transfer pricing rules except documentation requirements. The arm's-length principle is implemented in Sec 6 Austrian Income Tax Law and in Sec 8 CIT with provisions referring to hidden distribution and hidden contribution. The Austrian Tax Administration usually follows the OECD Transfer Pricing Reports and has issued Transfer Pricing Guidelines (Verrechnungspreisrichtlinien 2010) based on the OECD Transfer Pricing Guidelines 2010. It is expected that the Austrian Transfer Pricing Guidelines will be updated in the near future. Bilateral advance pricing agreements are possible.</p>		
	n/a		n/a

Deadlines for reporting and payment of taxes and social contributions

Type of tax	Reporting deadline	Payment deadline
CPT	<p>Quarterly prepayments for corporate income tax: n/a</p> <p>Annual corporate income tax return: 31 March of the second following year if represented by a tax advisor</p> <p>30 April of the following year if not represented by a tax advisor and no electronic filing</p> <p>30 June of the following year if not represented by a tax advisor and electronic filing</p>	<p>15 February/15 May/15 August/15 November</p> <p>Depending on the date of assessment</p>

PIT	Quarterly prepayments for personal income tax: n/a	15 February/15 May/15 August/15 November
	Annual personal income tax return: 3 March of the second following year if represented by a tax advisor	
	30 April of the following year if not represented by a tax advisor and no electronic filing	Depending on the date of assessment
	30 June of the following year if not represented by a tax advisor and electronic filing	
VAT	Monthly VAT return (if turnover previous year > EUR 100,000.00): 15 of the second month following	15 of the second month following
	Quarterly VAT return (if turnover previous year ≤ EUR 100,000.00): 15h of the second month following of quarter's end	15 of the second month following of quarter's end
	No VAT return if the current turnover is < EUR 35,000.00	
	Annual VAT return: 31 March of the second following year if represented by a tax advisor	
	30 April of the following year if not represented by a tax advisor and no electronic filing	Depending on the date of assessment
	30 June of the following year if not represented by a tax advisor and electronic filing	
Social contributions	Self-employed individuals: n/a	28[29] February/31 May/31 August/30 November
	Employees (via employer): n/a	15 of the following month
wage tax	15 of the following month	15 of the following month
employer's contribution	15 of the following month	15 of the following month
surcharge on employer contribution	15 of the following month	15 of the following month
municipal tax	15 of the following month	15 of the following month

annual municipal tax return	31 March of the following year	n/a
annual payslip	28/29 February of the following year	n/a
Chamber of Commerce levy	15 February/15 May/15 August/15 November	15 February/15 May/15 August/15 November

Double taxation treaties

Please note that the rates shown below are only the blank rates according to the DTTs. In any case, the respective DTT should be used for a more detailed analysis in each individual case.

Country	Dividends	Royalties	Interest	Affected by MLI
Americas				
Argentina	new DTT coming soon			
Barbados	5% / 15%	0%	0%	No
Belize	5% / 15%	0%	0%	No
Brazil	15%	10% / 15% / 25%	0% / 15%	No
Canada	5% / 15%	0% / 10%	0% / 10%	No
Chile	15%	5% / 10%	5% / 15%	No
Cuba	5% / 15%	5%	0% / 10%	No
Mexico	5% / 10%	10%	0% / 10%	No
USA	5% / 15%	0% / 10%	0%	No
Venezuela	5% / 15%	5%	0% / 4,95% / 10%	No
Asia/Pacific				No
Armenia	5% / 15%	5%	0% / 10%	No
Australia	15%	10%	10%	No
Azerbaijan	5% / 10% / 15%	5% / 10%	10%	No
Bahrain	0%	0%	0%	No

China	7% / 10%	10%	10%	No
Georgia	0% / 10%	0%	0%	No
Hong Kong	0% / 10%	3%	0%	No
Indonesia	10% / 15%	10%	10%	No
Israel	0% / 10% / 15%	0%	0% / 5%	No
Japan	0% / 10%	0%	0%	No
Kazakhstan	5% / 15%	10%	0% / 10%	No
Korea	5% / 15%	2% / 10%	0% / 10%	No
Kuwait	0%	10%	0%	No
Kyrgyzstan	5% / 15%	10%	0% / 10%	No
Malaysia	5% / 10%	10% / 15%	15%	No
Mongolia	5% / 10%	5% / 10%	0% / 10%	No
New Zealand	15%	10%	10%	No
Philippines	10% / 25%	10% / 15%	10% / 15%	No
Qatar	0%	5%	0%	No
Russia	5% / 15%	0%	0%	No
Saudi Arabia	5%	10%	0% / 5%	No
Singapore	0% / 10%	5%	0% / 5%	No
Taiwan	10%	10%	0% / 10%	No
Tajikistan	5% / 10%	8%	0% / 8%	No
Thailand	10% / 15% / 20%	15%	0% / 10% / 25%	No
Turkey	5% / 15%	10%	0% / 5% / 10% / 15%	No
Turkmenistan	0% / 15%	10%	0% / 10%	No
United Arab Emirates	0%	0%	0%	No
Uzbekistan	5% / 15%	5%	0% / 10%	No
Vietnam	5% / 10% / 15%	7,5% / 10%	0% / 10%	No

Europe				
Albania	5% / 15%	5%	5%	No
Belarus	5% / 15%	5%	5%	No
Belgium	15%	0% / 10%	15%	No
Bosnia and Herzegovina	5% / 10%	5%	0% / 5%	No
Bulgaria	0% / 5%	5%	0% / 5%	No
Croatia	0% / 15%	0%	5%	No
Cyprus	10%	0%	0%	No
Czech Republic	0% / 10%	5%	0%	No
Denmark	0% / 15%	0%	0%	No
Estonia	5% / 15%	5% / 10%	0% / 10%	No
Finland	0% / 10%	5%	0%	No
France	0% / 15%	0%	0%	No
Germany	5% / 15%	0%	0%	No
Great Britain	0% / 10% / 15%	0%	0%	No
Greece	5% / 15%	7%	8%	No
Hungary	10%	0%	0%	No
Iceland	5% / 15%	5%	0%	No
Ireland	10%	0% / 10%	0%	No
Italy	15%	10%	10%	No
Kosovo	0% / 15%	0%	10%	No
Latvia	5% / 10%	5% / 10%	0% / 10%	No
Liechtenstein	0% / 15%	5% / 10%	0%	No
Lithuania	5% / 15%	5% / 10%	0% / 10%	No
Luxembourg	5% / 15%	0% / 10%	0%	No
Macedonia	0% / 15%	0%	0%	No
Malta	15%	0% / 10%	5%	No

Moldavia	5% / 15%	5%	5%	No
Montenegro	5% / 10%	5% / 10%	10%	No
Morocco	5% / 10%	10%	10%	No
Netherlands	5% / 15%	0% / 10%	0%	No
Norway	0% / 15%	0%	0%	No
Poland	5% / 15%	5%	0% / 5%	No
Portugal	15%	5% / 10%	10%	No
Romania	0% / 5%	3%	0% / 3%	No
San Marino	0% / 15%	0%	0%	No
Serbia	5% / 15%	5% / 10%	10%	No
Slovakia	10%	5%	0%	No
Slovenia	5% / 15%	5%	0% / 5%	No
Spain	10% / 15%	5%	5%	No
Sweden	5% / 10%	0% / 10%	0%	No
Switzerland	0% / 15%	0%	0%	No
Ukraine	5% / 10%	5%	2% / 5%	No
Middle East and Africa				
Algeria	5% / 15%	10%	0% / 10%	No
Egypt	10%	0%	0%	No
India	10%	10%	10%	No
Iran	5% / 10%	5%	0% / 5%	No
Nepal	5% / 10% / 15%	15%	0% / 10% / 15%	No
Pakistan	10% / 15%	10%	15%	No
South Africa	5% / 15%	0%	0%	No
Tunisia	10% / 20%	10% / 15%	10%	No



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About Crowe in Austria

We are committed to impeccable service quality, highly integrated service delivery processes and a common set of core values that guide our decisions daily.

Our firm is well-established as leader in our national business community and is staffed by nationals, thereby providing a knowledge of local laws and tax regulations, which is important to clients undertaking new ventures or expanding into other countries.

Our Global Reach

In addition to our local and regional services, as members of Crowe Global, we can draw on a worldwide network of independent professionals and their know-how. The Crowe Global network consists of more than 180 independent accounting and advisory services firms in about 140 countries around the world.

As member firm of Crowe Global we offer comprehensive, international expertise in a broad range of business consulting practices, including assurance, M&A, corporate finance, forensic services, human resources services, tax & regulatory.

This unique combination of our local and regional talent coupled with the global reach of our network provides us with the local expertise and global worldwide capabilities our clients expect and deserve.