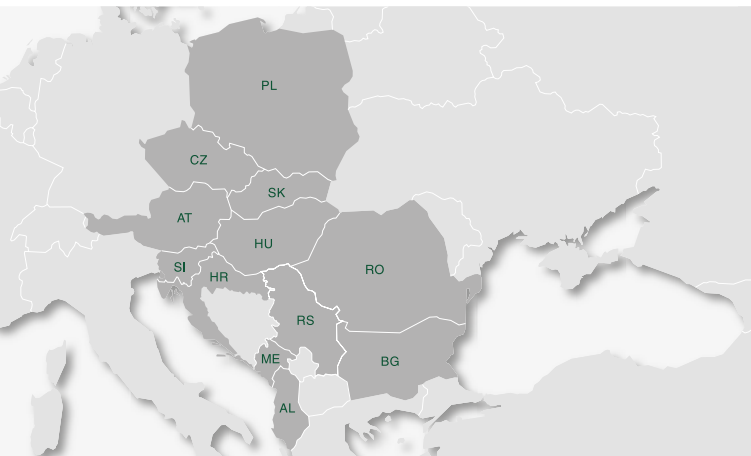




# Investing in Austria

An overview of the current  
tax system | 2019





## 12 Countries. 1 Company. The TPA Group.

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### Investing in Austria.

#### An overview of the current tax system.

The current developments within Central and Eastern European countries are accompanied by ongoing changes in tax systems. For investors, this means numerous new developments to take into account.

TPA's CEE Country Series covers 12 Central and South Eastern European countries, and gives an overview of the business environment and the most important new developments, including:

- Different types of business organisations, and their most important features
- Key details of corporate and personal income tax and VAT in each country
- Current tax allowances, reliefs and concessions
- Core provisions of double taxation agreements

In the TPA-Country Series there are booklets on Albania, Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. Visit our website [www.tpa-group.com](http://www.tpa-group.com), for detailed information and updates, or subscribe to our electronic newsletter at [service@tpa-group.com](mailto:service@tpa-group.com)

The information in these folders is based on the present legal situation and current administrative practice, and is therefore subject to change. The information is general in nature, and of necessity abridged: the booklets are not a substitute for individual, specific advice.

Our CEE experts will be happy to answer your questions in more detail.

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## Types of organisation

	<i>Name in local language</i>	<i>Registrable in commercial register / legal entity</i>	<i>Minimum capital</i>	<i>Sole shareholder company</i>
<b>Limited liability company</b>	Gesellschaft mit beschränkter Haftung (GmbH)	yes / yes	generally EUR 35,000 (EUR 70 per shareholder) in case of incorporation EUR 10,000 within the first 10 years possible	yes
<b>Stock company/ European Company (SE)</b>	Aktiengesellschaft (AG) / Europäische Gesellschaft (SE)	yes / yes	AG: EUR 70,000 SE: EUR 120,000	yes
<b>Cooperative (with limited liability)</b>	Genossenschaft mit beschränkter Haftung (Gen.mBH)	yes / yes	no	no
<b>General partnership</b>	Offene Gesellschaft (OG)	yes / generally	no	no
<b>Limited partnership</b>	Kommanditgesellschaft (KG)	yes / generally	no	no
<b>Registered branch office</b>	Eingetragene Zweigniederlassung	yes / no	no	n / a
<b>Permanent establishment</b>	Steuerliche Betriebsstätte	no / no	no	n / a

	<i>Capital tax / registration fees</i>	<i>Written form / notarization</i>	<i>Tax transparency</i>	<i>Registration with tax authorities</i>	<i>Statutory audit (revenues more than EUR 10 million, total assets more than EUR 5 million, more than 50 employees)</i>
<b>Limited liability company</b>	no / registration in commercial register	yes / yes	no	yes	if above statutory thresholds are exceeded accordingly
<b>Stock company (SE)</b>	no / registration in commercial register	yes / yes	no	yes	obligatory
<b>Cooperative (with limited liability)</b>	no / registration in commercial register	yes / no	no	yes	if above statutory thresholds are exceeded accordingly
<b>General partnership</b>	no / registration in commercial register	recommended / no	yes	yes	no (if no individual has unlimited liability: yes, if above statutory thresholds are exceeded)
<b>Limited partnership</b>	no / registration in commercial register	recommended / no	yes	yes	no (if no individual has unlimited liability: yes, if above statutory thresholds are exceeded)
<b>Registered branch office</b>	no / registration in commercial register	n / a	n / a (yes)	yes	as part of any audit of the parent company
<b>Permanent establishment</b>	no / n/a	n / a	n / a (yes)	yes	as part of any audit of the parent company

## Corporate income tax

Tax rate	25 %  5 % minimum tax of the Austrian minimum capital for SEs subject to unlimited taxation, AGs, GmbHs and comparable limited liability companies (e.g. British Ltd); special regulations in the first 10 years in case of incorporation as of 1 July 2013
Tax liability	
Unlimited	Corporations resident or managed in Austria, on worldwide income
Limited	Foreign corporations neither resident nor managed in Austria, on their Austrian income  Austrian public sector institutions, on certain income (e.g. investment income, sale of real estate) and commercial operations  Austrian corporations only subject to limited taxation: on certain income (e.g. investment income, sale of real estate) and commercial operations
Financial year	Calendar year, although under certain circumstances financial year may be different. After the first financial year, a change is only possible with the permission of the tax office
Accounting	Generally, double-entry bookkeeping in accordance with Austrian Business Code (UGB)
Loss set-offs / carryforwards	Possible (exceptions especially in case of loss models) – set off / carryforward limitations: unlimited as to time, but generally limited to maximum of 75 % of annual profit, with balance to be set off in subsequent years; no loss carrybacks; reduction / extinction of loss carryforward: may occur in case of a restructuring or acquisition of a shell company
Associated companies	Following the OECD Model Tax Convention, if:  an enterprise participates directly or indirectly in the management, control or capital of another enterprise (subsidiary), or  the same persons participate directly or indirectly in the management, control or capital of both enterprises (sister company)  definition by law for tax purposes in the context of CFC-rules (see below)
Operating expenses	Expenses of the business
Transfer prices	Arm's-length basis, documentation required  Transfer pricing guidelines of Federal Ministry of Finance (BMF) as well as the transfer pricing documentation Act (including guidelines) have to be observed
Interest on debt financing of acquisition of shares	Generally deductible provided the investment constitutes assets of the business; limitation of deductibility for acquisitions within the group and for interest payments to low taxed corporations within the group; otherwise, can only be set-off against future gains on a sale, provided no dividends have been received
Debt / equity	No legally defined limits, administration: a certain equity ratio must exist, borrowing must be on normal market terms and conditions

Dividend distribution financed by third party	Interest deductible as operating expense as long as it does not constitute capital repayment
Tax depreciation	Depreciation methods: straight-line depreciation or units-of-production method  Annually or semi-annually (in case purchase in second half-year) exceptions eg for goodwill  Depreciation for extraordinary wear and tear, or write-offs to the lower actual value; write-offs of investments in companies generally to be spread over 7 years
Provisions	Provisions for severance and long-service benefits  Provisions for current and future pension claims  Other uncertain liabilities  Impending losses on open transactions  Not allowable: general provisions, provisions for future expenses, provisions for business anniversaries.  Long-term provisions for liabilities and impending losses (longer than 1 year) are discounted with a fixed interest of 3.5% pa. for tax purposes depending on their duration.
Motor vehicle expenses	Depreciation over at least 8 years (new cars)  Maximum allowable acquisition cost: EUR 40,000 (new cars)  No deduction of input VAT on acquisition cost and running costs (exceptions for small trucks and vans, passenger cars or station wagons with no CO2 emission (limited/unlimited input VAT deduction depending on the amount of the acquisition costs))
Non-deductible expenses	Entertainment expenses (if predominantly for advertising purposes: 50 %)  Illegal gifts and donations, generally penalties and fines (especially collective penalties), tax increases according to the Fiscal Penalties Act, expenses on the occasion of a diversion  Certain voluntary contributions (under certain conditions donations are deductible)  Personal taxes, business income taxes, and VAT on non-deductible expenses  Remuneration of supervisory board members and similar: 50 %; in certain cases (monistic system) 25 %  Expenses directly related to non-taxable or tax-paid income/revenues (particularly for investment income)  Write-downs of distributing subsidiaries, where write-downs are the result of distributions  Write-downs in an intermediary company because of subsidies from grandparent company to second-tier subsidiary to cover losses  Write-down of investment in group member as a general rule (disadvantage of group taxation)  Interest on dividends financed by third parties insofar as it constitutes a capital repayment for tax purposes

## Corporate income tax

	Salaries and remuneration payments to employees and other integrated persons exceeding EUR 500,000 (projected) per person per financial year within a concern (applies also to pension bonus).
	Interest and royalty payments to intra group companies and to related parties, if the applicable tax rate is lower than 10% (nominal or effective, also in connection with later tax refunds) at the level of the receiving company resp. beneficiary
	25% special tax for payments to not named recipients (in addition to the refusal of the tax deduction of the payment)
Withholding taxes	Where liability to tax is limited, withholding tax is generally at 20%; in the case of investment income, as a rule at 27.5%. A DTA can provide for a lower rate of taxation, relief is granted by refund or reduction at source (Double Taxation Relief Regulation: detailed evidence of entitlement required)
Interest	no withholding tax
Royalties	At 20%, or per applicable DTA and applying EU Interest and Royalty Directive for group purposes
Dividends	At 27.5%, or per applicable DTA and applying the EU Parent-Subsidiary Directive for group purposes
Controlled foreign corporation (CFC) rules	<p>Taxation of certain income of foreign corporations/permanent establishments at the level of the controlling Austrian corporation. The CFC rules will not apply if the controlled foreign company performs substantial economic activity.</p> <p>Requirements:</p> <ul style="list-style-type: none"> <li>Control of the foreign entity</li> <li>The passive income represents more than 1/3 of the foreign corporation's total income</li> <li>The effective taxation of the foreign entity in the foreign country is 12.5% or less</li> </ul> <p>Control:</p> <p>In case the group of companies holds more than 50% of voting rights, capital or dividend rights of the foreign corporation</p> <p>Passive income includes:</p> <ul style="list-style-type: none"> <li>interest and other income from financial assets</li> <li>royalties and other income from intellectual property</li> <li>dividends and capital gains, which would not be tax exempt in Austria</li> <li>financial leasing fees</li> <li>income from insurance or banking activities (with exemptions)</li> <li>income from settlement companies (group company which generates income - without economic value - by selling goods or providing services, which are purchased from related parties and sold to those companies subsequently)</li> </ul>
Direct collection	Apart from withholding tax, no other provisions. Residents are liable for the withholding tax; reporting requirements for certain payments to other countries
Capital repayment to shareholder	Generally tax neutral (even if repayment is made by way of dividend). In consequence the carrying amount of the investment is reduced for tax purposes; prerequisite is an exceeding capital contribution

	If the capital repayment exceeds the acquisition cost or the carrying amount for tax purposes, resp., generally a taxable profit is recorded.
National parent-subsidiary exemption	<p>No minimum holding period / no threshold</p> <ul style="list-style-type: none"> <li>Dividends are tax exempt</li> <li>Capital gains and write-ups are subject to tax</li> <li>Capital losses, liquidation losses and write-downs are generally deductible over 7 years</li> </ul>
International parent-subsidiary exemption	<p>Investment more than 1 year and at least 10%</p> <ul style="list-style-type: none"> <li>Dividends are basically tax exempt</li> <li>Capital gains, losses and any other changes in value are generally tax exempt, nevertheless actual and final asset losses are tax deductible, but have to be reduced by tax exempt dividends received within the last 5 years; an option for taxable status is possible, then capital losses, liquidation losses and write-downs are generally deductible over 7 years</li> <li>Switch to credit method ("switch over") in case of foreign dividends and capital gains resulting from low-taxed passive income. As of 2011 tax credit carryforward of foreign corporate income tax in certain cases has been possible.</li> </ul>
Portfolio investments	<p>Investment less than 1 year or less than 10%</p> <p>Subsidiary in EU- or certain EEA- and third countries with extensive administrative cooperation agreement</p> <ul style="list-style-type: none"> <li>Dividends basically tax-free</li> <li>Capital gains subject to tax</li> <li>Switch to credit method ("switch over") in case of qualified portfolio investments (&gt;= 5%) if the foreign low-taxed entity (taxation not more than 12.5%) is focused on realizing passive income. As of 2011 tax credit carryforward of foreign corporate income tax in certain cases has been possible.</li> </ul>
Goodwill amortization	See also sect. Mergers & Acquisitions
Asset deal (also in the case of transparency)	Goodwill amortization over 10 years according to commercial law, over 15 years according to tax law in the case of income from agriculture, forestry and trade
Share deal	Goodwill amortization only in the case of groups if the shares are purchased by 28.02.2014 at the latest and if integrated into the group until 2015.
Group taxation / pooling	
Tax groups	Companies linked in a financial hierarchy can under specified circumstances constitute a group for tax purposes. The taxable profits or losses of the members of a group are added to those of the taxable company in the group without consolidation (parent company, generally a limited liability company). Limitation regarding the deduction of losses of foreign group members.
Eligible to be members of the group	Limited liability companies, and professional and business cooperatives, all with unlimited liability to tax.
	<p>Foreign corporations with limited liability to tax</p> <ul style="list-style-type: none"> <li>with hierarchical financial links to companies in the group and</li> <li>which are from EU countries or countries with which Austria has concluded a comprehensive administrative assistance agreement</li> </ul>
Pooling	Pooling only exists for the purposes of VAT

## Corporate income tax

Loss set-off / Carryforward limitations	<p>Group parent: 75 % set-off resp. carryforward limitation, 100 % in particular in case of capital gains from the sale of business premises (also applicable for group members). A maximum of 75 % of Austrian related income can be set off with losses of foreign members of a tax group</p> <p>Group members: no set-off resp. carryforward limitations for losses incurred before resp. outside of the group</p>
Private foundation	<p>Taxation similar to corporation</p> <p>Additional reductions for capital gains from the sale of investments and (partly) properties</p>

## Income tax

Tax rate	Progressive, up to 55 % (over EUR 1 million)
Tax-free allowance	EUR 11,000 as a general rule. Increased by a notional EUR 9,000 to income for individuals with limited tax liability, to compensate for lower progressive rate.
Tax liability	
Unlimited	<p>on worldwide income (except where DTA restricts the right to assess tax):</p> <p>Individuals with their residence or habitual abode in Austria</p>
Limited	<p>on certain income in Austria:</p> <ul style="list-style-type: none"> <li>▪ Individuals, who have neither their residence nor their habitual abode in Austria, on certain income</li> <li>▪ Individuals with their residence in Austria, if they fulfill the requirements for secondary residence (e.g., maximum 70 days in Austria annually)</li> </ul>
Tax assessment period	Calendar year
Income categories	<p>Income from</p> <ol style="list-style-type: none"> <li>1. Agriculture and forestry</li> <li>2. Self employment</li> <li>3. Trade</li> <li>4. Employment</li> <li>5. Capital</li> <li>6. Rents</li> <li>7. Other (private annuity, speculation gains and certain real estate profits)</li> </ol>
Bookkeeping	<p>Double-entry accounting</p> <p>Small businesses and the self employed: receipts and payments accounting (cash basis accounting)</p> <p>Obligation to maintain accounting records under Austrian Tax Law Provisions (BAO), Austrian Business Code (UGB) or specific legislation</p>

Loss set-offs	<p>Internal set-offs</p> <p>“Horizontal” set-off (within individual income categories)</p> <p>“Vertical” set-off (between individual income categories)</p> <p>Exceptions, particularly for investment income, for real estate losses, in the other income category, and with certain loss-making constructions (in case of limited liability)</p>
Loss carryforwards	<p>Unlimited as to time for business income (categories 1–3), provided loss calculated on the basis of generally accepted accounting practices. Taxpayers using cash basis accounting can carry forward startup losses from before 2007 and losses incurred after 2013 without limitations.</p> <p>Carryforward / set-off restriction: from the tax assessment 2014 onwards: no carryforward / set-off restrictions</p>
Operating expenses	Expenses of the business
Tax allowable expenses	Expenses caused by business
Lump sum option	<p>Where income from self-employment, trade or business is accounted for on a cash basis, expenses may be calculated as a lump sum percentage; generally 6% partially 12%</p> <p>Lump-sum profits for agriculture and forestry and specific trades and professions</p>
Motor vehicles	<p>Depreciation over at least eight years (passenger cars)</p> <p>Deduction of actual costs, otherwise estimation (official rate per kilometre at present EUR 0.42 used as estimation aid; maximum 30,000 kms per year)</p> <p>No deduction of input VAT (exceptions for small trucks, vans, passenger cars or station wagons with no CO<sup>2</sup> emission (limited/unlimited input VAT deduction depending on the amount of the acquisition costs))</p> <p>Maximum allowable acquisition cost for cars: EUR 40,000 (amounts in excess not tax deductible; special rules for second-hand vehicles)</p>
Withholding tax	<p>Where liability to tax is limited, withholding tax is as a rule 20 %, in the case of investment income between 25 % and 27.5 % and real estate profits 30 %. A DTA can provide for a lower rate of taxation, relief is granted by refund or reduction at source (Double Taxation Relief Regulation: detailed evidence of entitlement required)</p>
Interest	<p>Generally 25 % respectively 27.5 %</p> <p>Automatic exchange of information with EU member states and certain third countries. If state of residence takes part in automatic exchange of information and a certificate of residence is presented, withholding tax may not to be withheld.</p>
Royalties	20 % or applicable DTA
Dividends	27.5 % or applicable DTA

## Filing dates and deadlines

Annual tax returns	Income tax, corporate income tax and VAT return by 30 April of the following year;  Application for extension possible; when represented by an authorised tax counsel, automatic extension under the quota regulation;  When filed electronically by June 30 of the following year;
VAT interim returns	Quarterly (for annual turnover of up to EUR 100,000), otherwise monthly; by the 15th of the second month following the period of assessment
European Sales Listing	By the last day of the month following the tax period (month or quarter)

## Other taxes

Business tax	no
Wealth tax	no
Inheritance and gift tax	no, but notification requirement failure to report gifts/donations can result in penalties of up to 10% of the fair market value of the not reported gift
Property transfer tax	See our remarks on "immovable property" page 15-18
Foundation endowment tax	As a general rule, 2.5% (exceptionally, 25%)
Capital duties and fees	
Contract duties	lease agreement duty, generally 1% (rental agreements for residential purposes are exempt from duties since November 11th, 2017); further in the Duties Act
Registration fees	entries in the property register: 1.1% etc.
Capital duty	no Capital duty since 2016

## Tax regulations

Cash register obligation	Starting from 01.01.2016 all businesses are obligated to assess their cash earnings with an electronic (tamper proof) cash register. This applies to all business units with a turnover > EUR 15,000 AND a cash turnover > EUR 7,500 (cash turnover = cash, payment, payment via debit or credit card, vouchers, payment via phone, etc.). From 01.04.2017 cash registers must have a certain safety device.  Under certain circumstances facilitations apply (turnover generated outside business premises, vending machines, webshops, etc.)
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Receipt issuing obligation	Starting from 01.01.2016 all businesses are obligated to hand out receipts to their customers in case of cash sales. Customers are supposed to accept the receipt and keep it until they leave the business premises. The receipt has to display the following information: <ul style="list-style-type: none"> <li>explicit name of the supplier</li> <li>serial number</li> <li>date of the receipt</li> <li>amount supplied and commercial designation</li> <li>amount due</li> </ul>
Compulsory single record	Starting from 01.01.2016 taxpayers are obligated to record every single cash sale individually. <ul style="list-style-type: none"> <li>in case of accounting and voluntarily bookkeeping: all cash earnings and cash payments have to be recorded individually on a daily basis</li> <li>in case of cash basis accounting or statement of excess of revenues over expenses: all cash sales have to be recorded individually.</li> </ul> <p>Under certain circumstances facilitations apply (turnover generated outside business premises)</p>
Directory of bank accounts and disclosure of bank accounts	Establishment of a directory of bank accounts (starting 01.01.2016): register of all bank accounts (also savings books and stock deposits) of individuals and enterprises. Financial institutions are obliged to transfer the data retrospectively starting 01.03.2015 (bank balances and account movements are not apparent).  Disclosure of bank accounts is a subsidiary measure. Only applicable in case the entire circumstances can't be determined with help of the taxpayer or in case of reasonable doubt regarding the accuracy of the data supplied. It has to be granted by resolution of a single judge of the Federal Fiscal Court (BFG).
Register of economic owners	Disclosure of data concerning the (direct or indirect) economic owners of certain entities (especially certain companies, foundations and trusts). Besides certain occupational groups, public authorities can access the register.  In case of a violation of the reporting obligations, penalties up to EUR 200,000 can be charged.
Capital Outflow Reporting Act	Capital outflows > EUR 50,000 of bank accounts or deposits of an individual have to be reported (apart from bank accounts of enterprises).
Advance rulings (binding agreements)	Binding evaluation by the appropriate tax authority of a situation not yet realized, is possible for reorganizations, company groups, transfer prices, international tax law and abuse. (with costs of max. TEUR 20 per person and situation); as of 1.7.2019: the assessment must be issued within two months
Horizontal Monitoring	instead of tax audits horizontal monitoring by the tax authority (on request); generally tax audit at the beginning of the horizontal monitoring  Requirements: <ul style="list-style-type: none"> <li>taxpayer with annual revenues &gt; EUR 40 million (no minimum revenue for banks and insurance companies)</li> <li>no financial criminal offence in the last five years</li> <li>tax control system established and reviewed by tax advisor or auditor</li> </ul>

## Tax regulations

Penalties for late payment	<p>Default penalty 1–2%</p> <p>Penalty for delay up to 10 %</p> <p>Late payment interest on back payments of personal and corporate income tax beginning after September 30 of the subsequent year</p> <p>Interest and penalties less than EUR 50 are not assessed</p>		
Criminal provisions	Fiscal Penalties Act and Corporate Responsibilities Act		
	<b>Tax offense</b>	<b>Penalty up to (in principle)</b>	<b>Imprisonment up to (exceptional)</b>
	Breach of tax regulations	50 % of tax evaded	None
	Grossly negligent tax evasion	100 % of tax evaded	None
	Tax fraud	200 % of tax evaded	2 years
	Professional tax fraud	300 % of tax evaded	5 years
	Gang tax fraud (tax evasion up to TEUR 100)	300 % of tax evaded	3 months
	Gang/violent smuggling (tax evasion up to TEUR 50)	300 % of tax evaded	3 months
	<b>Tax offense</b>	<b>Imprisonment up to (in principle)</b>	<b>Additional fine up to</b>
	Tax fraud (tax evasion over TEUR 100) In syndicates	10 years	EUR 2.5 million  EUR 10 million up to 4 times of tax evaded
	Gang tax fraud (tax evasion over TEUR 100) In syndicates	5 years	EUR 1.5 million  EUR 5 million up to 3 times of tax evaded
	Gang/violent smuggling (tax evasion over TEUR 50) In syndicates	5 years	EUR 1.5 million  EUR 5 million up to 3 times of tax evaded
Annulment of penalties	<p>Annulment of penalty in special cases: Possible in case of tax audits – limit EUR 10,000 per fiscal year or EUR 33,000 for the entire period under tax audit. Implication: Evasion surcharge of 10 %</p>		

Corrected return	<p>Corrected return: Evaded taxes must be paid, otherwise no relief from penalty (also applies in case of insolvency). Repeated corrected returns for the same tax debt is not possible. Penal surcharges are between 5% and 30% for corrected return after the announcement but before the commencement of the tax audit.</p> <p>Payments in connection with corrected returns for self calculated taxes (e.g. VAT, tax on wages) are due within one month after filing of the corrected return. In all other cases the payment period (one month) starts with issuance of the tax or liability notice. Payment can be postponed through request for deferral of payment for up to 2 years.</p> <p>Court proceedings apply for evaded taxes exceeding TEUR 100.</p>
Anti wage- and social dumping	<p>In case employees are paid with too little wages (including overwork premiums, extra pays, supplementary payments just like 13<sup>th</sup> and 14<sup>th</sup> salaries) in respect to collective agreement and/or law, a criminal underpayment is to be considered.</p> <p>This is also true for foreign employees seconded to Austria for work activity.</p> <p>Austrian authorities have to be notified in advance about the activity of foreign employees in Austria.</p> <p>Certain wage related documents (e.g. secondment notification, A1 form) have to be presented in case of an audit (this is also true for the legal employer and the economic employer in case of staff leasing).</p> <p>Penalties for each offence range between EUR 1,000 up to EUR 20,000 per underpaid employee.</p> <p>Exceptions from these regulations exist inter alia for low scope activities of foreign employees seconded to Austria for a short period (e.g. attending business meeting without providing additional services).</p>

## Tax concessions

Direct	<p>Research premium: 14 % of expenditure; as of 2012 an expert report of the Austrian Research Promotion Agency (FFG) is necessary</p> <p>Contract research: the client has a premium of 14 % of a maximum of EUR 1 million, as far as contractor does not apply for premium</p>
Indirect	
Income tax concessions, e.g.	<p>other compensation (13<sup>th</sup> and 14<sup>th</sup> salaries): tax rate 6% for monthly gross income up to approx. EUR 13,200 from then gradually increase up to 55%</p> <p>Certain profits: half income tax rate e.g. for the sale of a business unit in case of termination of business activities or gains spread over 3 years</p>



## Tax concessions

	<p>Investment income withholding tax: 25% (e.g. cash deposits with a financial institution) or 27.5% (e.g. capital gains and dividends)</p> <p>Tax on profits generated by real estate transactions: 30% special tax; special regulations for old real estate assets and business properties</p>
Deductions	
Family Bonus Plus	<ul style="list-style-type: none"> <li>▪ until the children's age of 18: EUR 1,500 pa.</li> <li>▪ from the children's age of 18: EUR 500 pa.</li> <li>▪ only for months where family allowance is granted (monthly consideration)</li> <li>▪ no negative tax possible</li> <li>▪ split between entitled persons is possible</li> <li>▪ indexation for children in EU/EWR-country or Switzerland</li> <li>▪ children in third country: no family bonus plus</li> <li>▪ replaces child allowance and deductibility of childcare costs</li> <li>▪ claim in the course of payroll or annual tax declaration</li> </ul>
children surplus	<ul style="list-style-type: none"> <li>▪ EUR 250 per children pa.</li> <li>▪ negative tax possible</li> <li>▪ requirements: income tax &lt; EUR 250 and entitlement of sole earner or single parent deduction</li> <li>▪ only if entitled to child deduction for more than six months</li> <li>▪ no children surplus, if tax-free services (unemployment benefit, unemployment assistance, guaranteed minimum income) are obtained for min 330 days per calendar year</li> </ul>
Sole earner deduction pa.	<p>With one child EUR 494</p> <p>With two children EUR 669</p> <p>For each additional child EUR 220</p> <p>Indexation for children in EU/EWR-country or Switzerland</p>
Single parent deduction pa.	<p>EUR 494 with one child</p> <p>EUR 669 with two children</p> <p>For each additional child EUR 220</p> <p>Indexation for children in EU/EWR-country or Switzerland</p>
Child deduction	<p>EUR 58.40 / month for each child if the child is living in the EU/EEA/Switzerland</p> <p>Indexation for children in EU/EWR-country or Switzerland</p>
Alimony deduction	<p>EUR 29.20 / month for the first child</p> <p>EUR 43.80 / month for the second child</p> <p>EUR 58.40 / month for each additional child if the child is living in the EU/EEA/Switzerland</p> <p>Indexation for children in EU/EWR-country or Switzerland</p>
If in employment/ pension income pa.	<p>Travel deduction up to EUR 690</p> <p>Pensioner's deduction up to EUR 764</p>
Allowances and exemptions	
Profit allowance	<p>up to 13% of taxable profit; reduction of profit allowance for profits between TEUR 175 and TEUR 580, i.e. max. profit allowance EUR 45,350 per year</p> <p>For all trade and business income</p>

	<p>Basic allowance for a profit of up to EUR 30,000 (no investments have to be documented)</p> <p>Investment-related profit allowance to the extent that the profit exceeds EUR 30,000, provided investment is in tax advantaged depreciable tangible business assets or mortgage bonds in the fiscal year for which the profit allowance is claimed</p>
For other compensation	13 <sup>th</sup> and 14 <sup>th</sup> salaries EUR 620
For certain gains on disposal	EUR 7,300 only for individuals in case of sale of business / closing down (whole business operations, separable part of business operations, (prorated) entrepreneurial partnership interest)
Further	<p>Transfer allowance under section 12 Austrian Income Tax Act (EStG) on the transfer of capital assets held long term, only for individuals</p> <p>Certain categories of individuals are entitled to additional exemptions by deducting lump-sum business expenses/tax-allowable expenses.</p> <p>Tax concessions in case of starting a business or taking one over</p>
Grants	<p>Government subsidies for home loan and retirement savings</p> <p>Grant for employers for sick leave of employees - grant from AUVA</p> <p>Training of employees by Public Employment Service Austria (AMS)</p> <p>Interest subsidies from Austria Wirtschaft Service (AWS)</p> <p>Subsidies for electro-mobility: The acquisition of an electric car is subsidised.</p>

## Immovable property

Tax depreciation	
Straight-line	over the expected useful life of the asset, depletion allowances on natural resources (e.g., gravel)
Additional	in the case of permanent impairment losses
Depreciation categories	
Land	only extraordinary depreciation
Buildings	<p>without evidence up to 2.5% pa.; however residentially used buildings up to 1.5% pa.</p> <p>Leased and rental property: up to 1.5% pa.</p> <p>Shorter useful lives possible where supported by expert opinions, or in the case of lightweight construction (4% pa.)</p>
Tax base for buildings	Provided at least 80% directly used for business purposes (but with up to 20% private use), tax base is total acquisition and construction costs excluding land, otherwise, the proportionate share

## Immovable property

	In case of less than 20 % business usage: building remains private property, but a proportion of the costs is allowable  private operated sector: since 01.01.2016 in general 40 % (depending on nature and location of property 20 % respectively 30 % possible) of the acquisition costs are presumed to be land (applies retrospectively to all developed properties, as long as there is no evidence for a different ratio)
Special depreciation	Operative: Capitalizable expenditure incurred for maintenance of buildings classified as historic monuments can be spread and written off over 10 years  Renovation and renewal costs for residential buildings leased to individuals not part of the business: expenses not covered by grants are to be written off over 15 years  Non-operative: Under certain conditions depreciation of production costs over 15 years possible. Regarding renovation and renewal costs for residential buildings see above.
Write-ups	obligation to write up (from 01.01.2016)
Real estate income tax	
Taxable transactions	Capital gains from the sale of operative and private real estate (irrespective of the holding period) Exemptions: proportional tax rate is still particularly applicable for commercial property agents and for taxpayers, whose business activities are focused on transfer and sale of properties
Tax rate	30 % an option to regular taxation is possible; special rules for old real estate assets
Tax collection	generally in the course of the calculation by attorney or notary public
Exemptions	<ul style="list-style-type: none"> <li>▪ real estate, which had been used uninterruptedly as a main residence since acquisition or construction and for at least 2 years or for 5 years within the last 10 years before sale and main residence is given up</li> <li>▪ self-constructed buildings, provided that these are not rented</li> <li>▪ exchange of land in the course of reallocation or consolidation procedures</li> <li>▪ sale of real estate as a result of (imminent) official intervention</li> </ul>
Property transfer tax	
Taxable transactions	Transactions resulting in transfer of ownership of land in Austria, or of rights to use of land  Consolidation of ownership of share capital ( $\geq 95\%$ of shares) in a property company (partnership or corporation) into the hands of a single owner, or a group of companies or transfer of $\geq 95\%$ of the shares (in case of partnerships transfer of shares to new partners within 5 years relevant).  Types of property affected: land, buildings, additions, appurtenances, building rights, buildings on land owned by others; avoidable in case of transfer of shares in companies

Basis of assessment	in general return of the transaction, but at least the actual value of the property (minimum taxation basis)  the value of the property is determined by the market value resp. lump sum calculation  agricultural and forest properties: one time the assessed value										
Tax rate	rate determined by whether the transaction is <ul style="list-style-type: none"> <li>▪ with consideration</li> <li>▪ without consideration</li> <li>▪ partially with consideration</li> </ul> definition: <table border="1" style="margin-left: 20px;"> <tr> <td>purchase without consideration</td> <td>consideration amounts less than 30 % of land value</td> </tr> <tr> <td>purchase made partially with consideration</td> <td>consideration more than 30 % but not more than 70 % of the land value</td> </tr> <tr> <td>purchase with consideration</td> <td>consideration amounts more than 70 % of land value</td> </tr> </table>		purchase without consideration	consideration amounts less than 30 % of land value	purchase made partially with consideration	consideration more than 30 % but not more than 70 % of the land value	purchase with consideration	consideration amounts more than 70 % of land value			
purchase without consideration	consideration amounts less than 30 % of land value										
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	transfers with consideration are taxed at 3,5 % on the purchase price taxation of purchases without consideration is determined based on a graduated taxation: <table border="1" style="margin-left: 20px;"> <tr> <td>the first</td> <td>EUR 250,000</td> <td>0.50 %</td> </tr> <tr> <td>the next</td> <td>EUR 150,000</td> <td>2 %</td> </tr> <tr> <td>beyond this amount</td> <td></td> <td>3.5 %</td> </tr> </table>		the first	EUR 250,000	0.50 %	the next	EUR 150,000	2 %	beyond this amount		3.5 %
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the next	EUR 150,000	2 %									
beyond this amount		3.5 %									
	Always treated as a purchase without consideration: <ul style="list-style-type: none"> <li>▪ Succession, inheritance (also outside the family unit)</li> <li>▪ Acquisitions by living family members within a family unit</li> </ul> In the following cases the property transfer tax amounts up to 0.50 % (assessment basis is in general the value of the property): <ul style="list-style-type: none"> <li>▪ Change of share in a partnership (in case of minimum 95 % of the partners within 5 years)</li> <li>▪ Consolidation of shares in regards of partnership and corporations (in case of minimum 95 % of the shares)</li> <li>▪ Transactions covered by the Austrian Reorganisation Act</li> </ul>										
Property tax											
Objects of taxation	Agricultural and forestry land and developed land										
Basis of assessment	Assessed value (new assessment for property used for agriculture and forestry as of 1 January 2014, effective as of 1 January 2015)										
Amount of tax	Calculated by applying the tax factor to the assessed value										
Tax factor	Generally 2‰, except:  for agricultural and forestry businesses: 1.6‰ (up to EUR 3,650) and 2‰ (from EUR 3,650)										

## Immovable property

	<p>for single-family homes: 0.5‰ (up to EUR 3,650) and 1‰ (for each subsequent EUR 7,300, or part thereof)</p> <p>for land with rental property: 1‰ (up to EUR 3,650) and 1.5‰ (for each subsequent EUR 3,650, or part thereof)</p> <p>Other land: 1‰ (up to EUR 3,650)</p> <p>Tax on undeveloped land: 1% (insofar as the assessed value exceeds EUR 14,600)</p>
Real estate funds	licencing obligation under AIFMG
Owner of the fund assets	The fund company, so that for the investor there is no entry in the property register and no property transfer tax.
Annual valuation	By two property experts
borrowing	Maximum permissible 50%
Diversification of risk	<p>At least 10 properties; value of any individual property not to exceed 20% of total fund assets</p> <p>at least 10% and at most 49% of the fund assets: cash, securities; or bank acceptance</p> <p>at most 49% of the shares in real-estate companies at most 50% debt financing</p> <p>Special Purpose Funds: Separate treatments</p>
Tax liability	<p>Ongoing taxation: Proportional share of profits from rental and leasing, and liquidity profit, and 80% of the increase in value (unless DTA exempt). In case of sale of share: Taxation of the portion of value increase not yet taxed (20%).</p> <p>Investment income withholding tax of 27.5% satisfies taxpayer's liability (in case of public placement), option to assess income as income from capital (up to 55% personal income tax)</p>

Responsible body	Social Insurance Fund for Business (SVA)
Law	Business Social Insurance Act (GSVG)
Employed persons	
Health and accident insurance	8.85% (of which 3.87% is the employee's share)
Pension insurance	22.8% (of which 10.25% is the employee's share)
Maximum contribution	Contributions up to a maximum of EUR 5,220 per month (14 times per year) payable
Responsible body	The regional health insurance funds are responsible for the collection of contributions
Law	General Social Insurance Act (ASVG)
Other	There is also unemployment insurance, and other ancillary contributions (e.g., Chamber of Labour levy) Under certain circumstances a levy (2019: EUR 131) has to be paid for the termination of an employment relationship (elimination of this levy as of 31.12.2019)
Severance fund	1,53%, no limit
Non-wage labor cost	Besides employers contribution, the employer has to bear non-wage labor cost in terms of contribution to the family fund, surcharge to the contribution to the family fund, community tax (from 2010 also for free employees as defined by Austrian labor law). The contributions amount to about 7.3% and have no ceiling.
Social insurance assignment law	<p>Entered into force on July 1st, 2017.</p> <p>Insecurities concerning the classification of self-employment or employment should be reduced by the application of three procedures:</p> <ul style="list-style-type: none"> <li>■ insurance classification upon application</li> <li>■ wage related audits with involvement from SVA/SVB</li> <li>■ pre-assessment</li> </ul>

## Social insurance and non-wage labor cost

Social insurance	Statutory health, accident and pension insurance for all gainfully employed persons (covers benefits in kind and in cash)
Contribution rates and maximum contributions	Contribution rates and the maximum basis of contribution vary, depending on the nature of the employment
Self-employed persons	special regulations particularly for freelancer
Health insurance	7.65%
Pension insurance	18.5%
Obligatory pension fund	1.53%
Accident insurance	EUR 9.79 per month
Maximum contribution	Contributions limited to a maximum of EUR 6,090 per month

## General managers

Civil law	Contract of employment, service contract, contract for services, agreement, etc.
Social insurance	Generally as an employee, and insured under ASVG Exception: when self-employed, generally insured under GSVG
Income tax	Employees: income tax on wages and salaries (PAYE), including all payroll-related costs Self-employed: income tax, but generally with non-wage labor cost
VAT	Employee: no VAT Self-employed: VAT (option under certain circumstances)
Work permit	Work permits necessary for third-country nationals and EU citizens of Croatia (until 30 June 2020), easier conditions for key workers

## General managers

	For self-employment no work permit necessary (Red-White-Red Card)
Residence permit / Settlement permit	Automatic right of residence and settlement for all EU/EEA citizens
Liability	In case of negligence, e.g., with respect to employer's taxes, delay in declaring insolvency, in case of insolvency generally with respect to VAT and payroll-related taxes
Minimum remuneration	Mostly subject to collective agreements regulations on wage and social dumping in case of too low remuneration  In the absence of collective agreement, and for general managers: appropriate remuneration

## VAT

Tax rates	Standard rate: 20 % Reduced rate 10% and 13 %  <ul style="list-style-type: none"> <li>▪ 10% e.g. for food, lease for residential purposes, lodging services and related services</li> <li>▪ 13% eg for living animals and plants, art, services regarding cultural and leisure activities (theater, cinema, etc.)</li> </ul>
Supply of goods	Supply of goods and private use (self-supply) are taxable
Place of supply of goods	In principle, wherever the object is situated at the time the power to dispose of the goods is acquired (static supply)  In the case of transport or dispatch by purchaser or supplier, where transport or dispatch begins (moving supply)  Import from third countries: if supplier is liable for import VAT, in importing country  Delivery by water, air or rail inside the EU: point of departure  Special provisions for chain and triangular transactions
Supply of services	Supply of services and private use / supply of services without consideration (self-supply) are taxable
Place of supply of services	A differentiation is made between services rendered  <ul style="list-style-type: none"> <li>▪ to taxable persons ("Business to Business", "B2B") or</li> <li>▪ to non-taxable persons ("Business to Customer", "B2C").</li> </ul>

Place of supply of services	For purposes of determining the place of the supply of services,  <ul style="list-style-type: none"> <li>▪ taxable persons (within the EU holding a VAT registration number) and</li> <li>▪ non-taxable legal entities holding a VAT registration number</li> </ul> will be considered as "taxable persons".	
▪ Basic rule	<b>B2B</b>	<b>B2C</b>
	Place of recipient  (The place where the recipient of services has established his business)	Place of supplier  (The place where the supplier of services has established his business)
▪ Special cases	<b>B2B</b>	<b>B2C</b>
Supplies of services by intermediaries	Place of recipient (basic rule)	Place of the underlying transaction
Property services	Place of property	Place of property
Cultural, artistic, scientific, educational, sports, entertainment or similar services, like services in connection with fairs and exhibitions including services of the respective organizer; not applicable for admission and services relating thereto	Place of recipient (basic rule)	Where the services are physically carried out
Admission and other relating services for events like fairs and exhibitions	Place of the event (no Reverse Charge System for admission etc.)	Where the services are physically carried out
Passenger transport	Distances covered	Distances covered
Transportation of goods (without intra-community goods transportation)	Place of recipient (basic rule)	Distances covered
Intra-community goods transportation	Place of recipient (basic rule)	Place of departure of the transport
Ancillary transport services	Place of recipient (basic rule)	Where the services are physically carried out
Appraisal and processing of movable tangible objects	Place of recipient (basic rule)	Where the services are physically carried out
Restaurant and catering services	Where the services are physically carried out	Where the services are physically carried out
Restaurant and catering services in connection with intra-community passenger transport	Place of departure	Place of departure
Hiring of means of conveyance for up to 30 days	Where the means of transport is actually put at the disposal of the customer	Where the means of transport is actually put at the disposal of the customer

**VAT**

	Hiring of means of conveyance for over 30 days	Place of recipient (basic rule)	Place of recipient Special regulations for hiring pleasure boats
	"Listed services" to third country customers <sup>1)</sup>		Place of recipient
	"Listed services" to customer in EU		Place of supplier (basic rule)
	Electronically supplied services, such as telecom, radio and TV services <sup>2)</sup>	Place of recipient (basic rule)	Place of recipient <sup>3)</sup> as of 1.1.2019: Place of supplier in case the total revenue does not exceed the amount of EUR 10,000. <sup>4)</sup>
Reverse charge (reversal of tax liability)		Generally for all transnational supplies of services and work supplies	
	Requirements	Supplier is a foreigner (no residence, no place of business or establishment in Austria involved in providing the service).  Customer is a taxable person (even with non-taxable activities) or tax-exempt legal person holding a VAT identification number, or a legal person under public law	
	Consequences	Invoice without VAT, indication that tax liability is transferred to the customer, both parties' VAT registration numbers  Customer owes the VAT Supplier is liable for VAT	
Special regulations apply for Austrian construction services, among others and areas susceptible to fraud (e.g. mobile phones, video game consoles, laptops) if the amount (shown on the invoice) is at least EUR 5,000			
Tax reliefs			
	Zero rated  (Input VAT deductible even though no VAT chargeable on supply of goods and services)	<ul style="list-style-type: none"> <li>▪ Exports</li> <li>▪ Processing under contract on goods for export</li> <li>▪ Cross-border transport of goods</li> <li>▪ Cross-border sea and air transport of passengers</li> <li>▪ Mediation of above services</li> <li>▪ renting to diplomats</li> </ul>	

- 1) In case of listed services provided to non-taxable judicial persons of public law (acting in responsibilities of public administration) the place of supply is in Austria, if the service is used or exploited in Austria (e.g. services provided by an Austrian advertising agency to an Austrian municipality for advertising in a third country).
- 2) If the place of supply of a telecom, radio or TV service is outside the EU and the relevant services is not subject to a taxation in that third country which is comparable to Austrian taxation, the place of supply will be shifted to Austria (based on legal ordinance) in case the service is used or exploited in Austria.
- 3) A law sets assumptions for the place of supply in case of electronically provided services (e.g. location of the telephone connection in case of landline networks, country code of the SIM-Card in case of mobile networks). If a certain electronically provided service is not mentioned in the law, the place of recipient need to be verified by the supplier (simplified proof for revenues which do not exceed the net amount of EUR 100,000).
- 4) Registration of entrepreneurs is generally necessary in all B2C recipient states except in cases where the amount of total revenues does not exceed EUR 10,000 (possibility to refrain the application of the exception). Alternative MOSS (voluntary): EU taxable persons - who provide electronically supplied services, telecom-, radio and TV-services to consumer - can, subject to certain conditions, make use of simplifications within the MOSS system. The taxable person will thereby only be registered for VAT purposes in the member state, where the headquarter of the economic activity and/or the permanent establishment is located. The utilisation is optional and requires the existence of a valid VAT number. If the headquarter of the economic activity is in a third country, the taxable person can register himself in the member state within the EU, where the permanent establishment is located. If there is no headquarter or permanent establishment in the EU, the member state of registration can be chosen freely. For entrepreneurs of a third country the access to MOSS will be simplified - the obligation for registration for VAT purposes does not rule out the possible access to the MOSS system any longer.

	VAT exemption (Input VAT is not deductible)	<ul style="list-style-type: none"> <li>▪ Services of banks, insurance companies and pension funds (an option for tax liability is possible for certain credit grantings and credit card business)</li> <li>▪ Property sales (an option for tax liability is possible)</li> <li>▪ Leasing of immovable properties that are neither used for residential purposes, parking lots nor short time rent (concerning option for VAT see below).</li> <li>▪ Sales of doctors, dentists, midwives etc.</li> <li>▪ Sales of small enterprises (net sales per calendar year not exceeding EUR 30,000; an option for tax liability is possible)</li> </ul>
	Deductible input VAT	VAT invoiced to the business for the supply of goods and services and import VAT  Generally no deduction of input VAT with respect to: <ul style="list-style-type: none"> <li>▪ expenses not deductible</li> <li>▪ goods or services used for business at less than 10%</li> <li>▪ acquisition, lease or rental and operation of passenger cars and station wagons input tax deduction depending on specific prerequisites</li> <li>▪ exempt sales</li> </ul>
	Input VAT correction	In case of fixed assets (resp. major repairs): If the circumstances, which have been relevant for the input VAT deduction change subsequently, a corresponding positive or negative input VAT correction must be made.  As a general rule, the observation period for input VAT correction is 5 years. The observation period for input VAT correction related to real estates is generally 20 years.
Real estate		
	Rentals	Rental of real property is exempt (with certain exemptions), lessor can opt for liability to tax, new regulations as of 1 September 2012: an option (regarding new tenancies) for purchased properties used for business purposes is only possible if the customer uses the property almost exclusively for supplies which do qualify for input VAT deduction (de minimis limit of 5%)  In case construction work had started before 1 September 2012 (also in case of new tenancies) opting for VAT is still unrestrictedly possible (so-called "constructor-privilege")  <b>Exception:</b> amongst others rental for residential purposes (10%), accommodation (10%) resp. short-term rental of property (rental for a continuous period of less than 14 days), or of plant, equipment and garages (20%)
	Sales	Sale of land is exempt, vendor has the option of electing for liability to tax at 20%
	Property term	As of January 1st, 2017 there is an extended property term from VAT perspective (especially some sort of equipment can be seen as part of the property).

## VAT

Leasing		
	Finance leasing	Supply of goods
	Operating leasing	Supply of services
Refund of input VAT for Austrian taxable persons within the EU	<p>Electronic application has to be made by the Austrian taxable person at its competent Austrian tax office at the latest by 30 September of the following year. Separate applications are required for each member state.</p> <p>Filing of original invoices is only necessary if required by fiscal authorities of the respective member state.</p> <p>Minimum amount of refundable input VAT: EUR 400 (EUR 50 if the refund period coincides with the calendar year)</p>	
Foreign taxable persons	Taxable persons with no place of business or permanent establishment in Austria	
	Registration	Mandatory (as a rule only for domestic supply of goods and admission to events) if there are sales in Austria
	Refund of input VAT for taxable persons domiciled in the EU	If no sales are made in Austria, electronic application at the competent tax office in the EU member state (originating country) of the taxable person by 30 September of the following year at the latest.
	Refund of input VAT for taxable persons not domiciled in the EU	<p>If no sales are made in Austria, refund has to be applied by 30 June of the following year at the latest.</p> <p>Official form, original invoices to be submitted. Minimum input VAT refundable: EUR 400 (EUR 50 if the refund period coincides with the calendar year) at the tax office Graz-Stadt</p>

## Mergers & Acquisitions

Financing		
	Financial assistance by the subsidiary	Very strict restrictions and disclosure requirements exist in Austria with respect to loans or guarantees granted by the subsidiary to the parent company in connection with the planned purchase ("prohibited repayment of contributions and capital").
	Subordinate debt (mezzanine capital)	The use of subordinate debt is allowed.
	Interest expenses for acquisition financing	Interest in connection with third party financing of the acquisition of shares is basically tax deductible. Deductibility is restricted for acquisition of investments within a group and for interest payments to low taxed corporations within the group.

	Interest expense on subordinate debt	Interest expenses are generally tax deductible, to the extent that subordinated capital is to be treated as a liability for tax purposes, and not as a disguised capital contribution. Generally interest is deductible if the creditor does not participate in the goodwill and the liquidation proceeds. Interest expenses are not deductible if they are paid to low taxed corporations within the group.
Squeeze-out options		
	Buy-out of minority shareholders (squeeze-out)	Possible where there is an interest of at least 90% in the share capital (applicable to both public and private limited liability companies), even if minority shareholders dissent (in case there is no exclusion in the company agreement).
Capital gains – corporations and partnerships		
	Sale of shares in a joint stock corporation	The gain of legal entities on the sale of shares in a joint stock corporation in general is taxable income. For international holdings different regulations apply.
	Sale of shares in a limited liability company	The gain of legal entities on the sale of ownership interest in a limited liability company in general is taxable income. For international holdings different regulations apply.
	Sale of interest in a partnership	The gain on the sale of an ownership interest in either a limited or general partnership is normally taxable income (for both limited and general partners).
	International participation exemption	Capital gains from an international participation are exempt if the company did not opt for taxation and there is no suspicion of abuse. The minimum holding period is 1 year and the minimum interest 10% (for details see chapter Corporate income tax).
Sale of business (asset deal)		
	Definition	Sale of the business by individual sale of assets and liabilities is possible. Special labor law, leasing law etc. regulations have to be observed if employment contracts, leasing contracts etc. are to be transferred.
	Accounting and tax treatment	Acquisition cost principle for asset deal. The total purchase price is allocated to individual assets and liabilities at fair value, the difference constitutes goodwill. Badwill is not allowed for tax purposes.
	Goodwill	If the purchase price exceeds the fair value of individually valued assets and liabilities, a goodwill is recorded.
	Goodwill amortization	As a general rule, goodwill may be amortized linearly over 15 years.
Sale of business (share deal)		
	Goodwill	For acquisitions of shares by 28 February 2014 and generally integration into the group until 1 January 2015 at the latest: under the Austrian group taxation regime goodwill, under certain circumstances amortization over 15 years for tax purposes must be done in case of a share deal. also badwill must be recorded for purposes of group taxation and must be taxed, possibly up to 50% of acquisition cost of the shares. Write up/write down changes the tax carrying value of the investment

## Mergers & Acquisitions

Mergers		
Types of mergers described by commercial law		Upstream merger (possibly down-stream), side-stream merger, takeover of the business by the main shareholder (not in case of a corporation), demerger.
Valuation		For financial accounting purposes, as a rule valuation of assets and liabilities is always optional.
Valuation in financial accounting		Method 1 – carrying values Assets and liabilities recognized at carrying values, with difference possibly recognized as surplus on reorganization (under certain circumstances, as goodwill).  Method 2 – revaluation Assets and liabilities are valued at fair value, the difference is recorded as goodwill. Provision requirements have to be considered (e.g. deferred taxes)
Goodwill amortization		Where the Austrian Reorganization Tax Act (UmgrStG) is applied, amortization is generally not permissible.
Tax treatment of revaluation		Revaluation of assets and goodwill amortization are as a rule not tax deductible – mind distribution blocks.
Contributions (transfer of assets into the capital of a company)		
Contributions in kind		In general, the contribution of assets is allowed under Austrian law. The economic value of the contributed assets must be assessable (i.e. services cannot be contributed).
Tax treatment		The exchange of assets against an interest in the company is seen as a contribution in general not subject to the Reorganization Tax Act and treated like a sale. Assets are valued at market value to determine interest in the company. Specifically, transaction expenses (e.g. property transfer tax and registration fees) and possible VAT ramifications should be taken into account.
Goodwill amortization		As a general rule, goodwill may be amortized linearly over 15 years.

## Double taxation agreements

The right to taxation in the event of sale of interests in property companies is subject to differing provisions. In accordance with the OECD Model Agreement, for those countries for which there is a “yes” in the real estate clause column the right to taxation lies generally not with the country of residence of the vendor but with the country in which the property is situated.

Country	Effective date*	Real estate clause	Dividends %	Interest %	Royalties %
Albania	01.09.2008	no	5/15	0/5	5
Algeria	01.12.2006	no	5/15	10	10
Argentina (rescinded**)	17.01.1983	no	15	12.5	15
Armenia	01.03.2004	yes	5/15	10	5

Country	Effective date*	Real estate clause	Dividends %	Interest %	Royalties %
Azerbaijan	23.02.2001	yes	5/10/15	0/10	5/10
Australia	01.09.1988	yes	15	10	10
Bahrain	01.02.2011	no	0	0	0
Barbados	01.04.2007	no	5/15	0	0
Belarus	09.03.2002	no	5/15	5	5
Belgium	28.06.1973	no	0/15	15	0/10
Belize	01.12.2003	no	5/15	0	0
Bosnia and Herzegovina	01.01.2012	no	5/10	0/5	5
Brazil	01.07.1976	no	15	15	10/15/25
Bulgaria	03.02.2011	no	0/5	0/5	5
Canada	17.02.1981	yes	5/15	0/10	0/10
Chile	09.09.2015	no	15	5/15	5/10
China	01.11.1992	yes	7/10	10	10
Croatia	27.06.2001	no	0/15	5	0
Cuba	12.09.2006	no	5/15	0/10	5
Cyprus	01.01.1991	yes	0/10	0	0
Czech Republic	22.03.2007	no	0/10	0	5
Denmark	27.03.2008	no	0/15	0	0
Egypt	28.10.1963	no	10	0	0/20
Estonia	12.11.2002	yes	0/5/15	0/10	5/10
Finland	01.04.2001	yes	0/10	0	5
France	01.09.1994	yes	0/15	0	0
Georgia	01.03.2006	no	0/5/10	0	0
Germany	18.08.2002	yes	0/5/15	0	0
Greece	01.04.2009	no	0/5/15	0/8	0/7
Hong Kong	01.01.2011	yes	0/10	0	3
Hungary	09.02.1976	no	0/10	0	0
Iceland	01.03.2017	no	5/15	0	5
India	05.09.2001	yes	10	10	10
Indonesia	01.10.1988	no	10/15	10	10
Iran	11.07.2004	no	5/10	0/5	5
Ireland	05.01.1968	yes	0/10	0	0/10
Israel	01.03.2018	yes	0/10/15	5	0
Italy	06.04.1985	no	0/15	10	0/10
Japan	27.10.2018	yes	0/10	0	0
Kazakhstan	01.03.2006	no	5/15	10	10
Korea	01.12.1987	yes	5/15	0/10	2/10
Kuwait	01.03.2004	no	0	0	10
Kosovo	28.12.2018	yes	15/0	10	0
Kyrgyzstan	01.05.2003	yes	5/15	10	10
Latvia	16.05.2007	yes	5/10	0/10	5/10
Liechtenstein	07.12.1970	no	0/15	0	5/10
Lithuania	17.11.2005	yes	5/15	10	5/10
Luxembourg	07.02.1964	no	0/5/15	0	0/10
Macedonia	20.11.2008	no	0/15	0	0
Malaysia	01.12.1990	no	5/10	0/15	10/5
Malta	13.07.1979	no	0/15	5	0/10
Mexico	01.01.2005	yes	5/10	0/10	10

## Double taxation agreements

## Notes

Country	Effective date*	Real estate clause	Dividends %	Interest %	Royalties %
Moldova	01.01.2005	no	5/15	0/5	5
Mongolia	01.10.2004	no	5/10	10	5/10
Montenegro	01.01.2016	n	5/10	10	5/10
Morocco	12.11.2006	yes	5/10	10	10
Nepal	01.01.2002	no	5/10/15	10/15	15
Netherlands	21.04.1971	no	0/5/15	0	0/10
New Zealand	01.12.2007	yes	15	0/10	0
Norway	01.12.1996	no	15	0	0
Pakistan	01.06.2007	yes	10/15	0/15	10
Philippines	01.04.1982	yes	10/25	0/10/15	10/15
Poland	01.04.2005	yes	0/5/15	5	5
Portugal	27.02.1972	no	0/15	10	5/10
Qatar	07.03.2012	no	0	0	5
Romania	01.02.2006	yes	0/5	0/3	3
Russia	30.12.2002	no	5/15	0	0
San Marino	01.12.2005	yes	0/15	0	0
Saudi Arabia	01.06.2007	yes	0/5	0/5	10
Sweden	29.12.1959	no	0/5/10	0	0/10
Switzerland	04.12.1974	no	0/15	0	0
Serbia	17.12.2010	yes	5/15	10	5/10
Singapore	22.10.2002	yes	0/10	5	5
Slovakia (CSSR)	12.02.1979 (01.01.1995)	no	0/10	0	5
Slovenia	01.02.1999	no	0/5/15	0/5	0/10
Spain	01.01.1968	no	0/10/15	5	5
South Africa	06.02.1997	no	5/15	0	0
Taiwan	01.01.2015	no	10	10	10
Tajikistan	01.07.2012	no	5/10	8	8
Thailand	01.07.1986	yes	10/25	10/25	15
Tunisia	04.09.1978	no	10/20	10	10/15
Turkey	01.10.2009	no	0/5/15	0/5/10/15	0/10
Turkmenistan	01.02.2016	yes	0/15	0/10	0/10
UAE	01.09.2004	no	0	0	0
Ukraine	20.05.1999	yes	5/10	2/5	0/5
United Kingdom	13.11.1970	no	0/5/15	0	0/10
USA	01.02.1998	yes	5/15	0	0/10
Uzbekistan	01.08.2001	no	5/15	10	5
Venezuela	17.03.2007	yes	5/15	4.95/10	5
Vietnam	01.01.2010	yes	0/5/10/15	0/10	10

Status as of 1.1.2019 according to the Austrian Ministry of Finance (BMF)

Signed but not yet effective are DTAs with Libya and Syria.

\* For details of effective dates of application, see applicable DTA.

\*\* Applicable until 31.12.2008



Notes

Notes

## TPA Group

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### Imprint

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