

EXPATRIATES

Austria

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

An Austrian citizen who keeps his residence (Wohnsitz) in Austria might be obliged to file an Austrian income tax return declaring his worldwide income although residing outside Austria. If the Expatriate is assigned during the year, the filing of a tax return is recommended, if not already requested by the tax authorities.

A non-resident (i.e. no residence or place of habitual abode in Austria) is only taxable on wages from Austrian sources. If the person receives other income, e.g. income from self-employment or employment performed or utilized in Austria, income from a permanent establishment in

Austria, director's fees, income from property located in Austria, etc., the assignee has to file an income tax return, unless the taxation is limited by a double tax treaty.

If a tax return has to be filed, the income earned abroad can either be tax exempt or can be taxed with the granting of a tax credit under certain conditions, depending on the double tax treaty.

Even if the income is tax exempt, it is nevertheless considered for determining the personal tax rate of the expatriate due to the progression clause (Progressionsvorbehalt).

If the expatriate, who is still resident in Austria, has business trips in Austria during the assignment period in another country, Austria has the taxation right for the income which is related to those workdays in Austria. Therefore, the completion of a workday calendar is essential.

In Austria the tax year is the calendar year. However, separate tax returns are required for the period of being tax resident and for the period of being non-resident.

REGISTRATION/FORMALITIES

The deadline for filing the tax returns is generally June 30th of the following year in case of electronic filing. This deadline is extended by March 31st of the second following year if the tax return is prepared and filed by an Austrian tax advisor.

However, interest in the amount of currently 1.38% (2020) pa is charged for income tax not paid by the beginning of October of the following year.

In Austria every person is taxed individually.

INCOME TAX RATES - 2020

Annual Income	Income tax in €	Marginal tax rate
Up to € 11,000.00	€ 0.00	0%
from € 11,000.00 up to € 18,000.00	$(\text{Income} - € 11,000) \times 1,750$ 7,000	25%
from € 18,000.00 up to € 31,000.00	$(\text{Income} - € 18,000) \times 4,550$ + €1.750 13,000	35%
from € 31,000.00 up to € 60,000.00	$(\text{Income} - € 31,000) \times 12,180$ + € 6.300 29,000	42%
from € 60,000.00 up to € 90,000.00	$(\text{Income} - € 60,000) \times 14,400$ + € 18.480 30,000	48%
from € 90,000.00 up to € 1,000,000.00	$(\text{Income} - € 90,000) \times 455,000$ + € 32.880 910,000	50%
Income over € 1,000,000.00	$(\text{Income} - € 1,000,000) \times 0.55$ + € 487.880	55%

As of 1st March 2014, expenses for the remuneration of employees and service agreements exceeding €500,000.00 per employee, per fiscal year, are generally not deductible as an expense for the employer. The remuneration is defined as the total amount of all benefits in cash and in kind.

SOCIAL TAX RATES - 2020

Depending on the country and the duration of the assignment, the expatriate may continue to stay in the Austrian Social Security System and would not have to pay social security contributions abroad. The social security contributions for 2020 for standard employment contracts are:

Social security contributions		
Employer's part ⁽¹⁾	21.23 %	(20.73 % for the 13 th and 14 th salary)
Employee's part ⁽²⁾	18.12 %	(17.12 % for the 13 th and 14 th salary)

1) In German: Sozialversicherungs-Beitrag Dienstgeber

2) In German: Sozialversicherungs-Beitrag Dienstnehmer

The threshold for these contributions is a monthly salary of € 5,370.00 (for 2020) calculated 12 times for current salary and 2 times for non current salary per annum. The exceeding part of salaries above this threshold is free from social security contributions.

For further information and to register for future updates contact expat@bdo.global

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