

INPATRIATES

Austria

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

An Inpat who is resident in Austria, i.e. their residence or habitual place of abode is situated in Austria, has the same obligations as an Austrian citizen as there is no special Inpatriate tax regime in Austria. As such, the Inpat must file an Austrian income tax return reporting his worldwide income. If the Inpat is assigned to Austria during the year, the filing of a tax return for the respective year is recommended.

A non-resident (i.e. no residence or place of habitual abode in Austria) is only taxable on wages derived 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 must file an income tax return, unless the taxation is limited by a double tax treaty.

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.

Payroll Cycles

In Austria, it is common practice to pay the annual salary in 14 parts (12 monthly salaries and 2 additional salaries usually in May or June and November). The tax rate for the 13th and 14th salary was generally only 6 %. From 2013 a solidarity contribution for "high-income earners" has been implemented in the Income Tax Act. The 13th and 14th salary is now taxed as follows:

for the first € 620.00	0 %
for the next € 24,380.00	6 %
for the next € 25,000.00	27 %
for the next € 33,333.00	35.75 %
from € 83,333.00	50 %

That means that up to an annual gross salary income of about €186,000.00 the tax rate for the additional salaries remains 6%. If the annual gross salary is between €186,000.00 and about €361,000.00 the tax rate for the additional salary is 27%. If the annual salary is between €361,000.00 and about €594,000.00 the tax rate for the additional salary is 35.75%. Finally, an annual gross salary exceeding about €594,000.00 is taxable up to 55%.

In order to benefit from the tax rate for the 13th and 14th payment, it should be provided that the remuneration granted to the employee is effected in 14 parts. The employment contract should include these payment conditions (annual salary paid in 14 proportional parts).

The wage tax must be calculated and transferred to the tax office by the employer on a monthly basis.

Starting from 1 January 2020, foreign employers are also obliged to withhold wage tax for employees with unlimited tax liability in Austria with Austrian workdays and an Austrian taxation right according to the applicable DTT. This obligation affects the foreign employer regardless of whether or not a permanent establishment for payroll purposes exists in Austria.

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 at the rate of 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	$\frac{(\text{Income} - € 11,000) \times 1,750}{7,000}$	25%
from € 18,000.00 up to € 31,000.00	$\frac{(\text{Income} - € 18,000) \times 4,550}{13,000} + € 1.750$	35%
from € 31,000.00 up to € 60,000.00	$\frac{(\text{Income} - € 31,000) \times 12,180}{29,000} + € 6.300$	42%
from € 60,000.00 up to € 90,000.00	$\frac{(\text{Income} - € 60,000) \times 14,400}{30,000} + € 18.480$	48%
from € 90,000.00 up to € 1,000,000.00	$\frac{(\text{Income} - € 90,000) \times 455,000}{910,000} + € 32.880$	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

In general, Austrian employees are subject to the Austrian social security system. Whether Austrian social security law is applicable has to be determined by taking into account the rules of the European regulation No 883/2004 within the EU.

In case Austrian social security law is applicable, it is compulsory for an employer with his registered office in an EU/EWR member state or in Switzerland to register employees with the social security carrier before commencement of employment.

The employer has to transfer the employer's and the employee's contributions to the social security carrier. The contributions of the employee reduce the taxable income. 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

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations. The information contained within this publication is based upon information available up to the version date indicated in the document footer, and is accurate only as of such version date. While every reasonable effort has been taken by BDO to ensure the completeness and accuracy of the matter contained in this publication, the information contained herein does not constitute an examination of any recipient's compliance with laws, regulations, or other matters. You should not act, or refrain from acting, upon the information contained herein without obtaining specific professional advice. Please contact the appropriate BDO Member Firm to discuss these matters in the context of your particular circumstances. Neither the BDO network, nor the BDO Member Firms or their partners, employees or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO is an international network of public accounting, tax and advisory firms, the BDO Member Firms, which perform professional services under the name of BDO. Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee that is the governing entity of the international BDO network. Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium. Each of BDO International Limited, Brussels Worldwide Services BVBA and the member firms of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© Brussels Worldwide Services BV, December 2020

www.bdo.global