

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 place of habitual abode is situated in Austria, has the same obligations as an Austrian citizen as there is no special Inpatriate tax regime in Austria. As a consequence, an Inpat must file an Austrian income tax return reporting their worldwide income. If an Inpat is assigned to Austria during the year, the filing of the 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 income derived from Austrian sources. If the person receives income from other sources, 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 individual is required to file an income tax return.

In Austria, the tax year is the calendar year. Please note, separate tax returns are required for the period of being tax resident and for the period of being a tax 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 or December). The tax rate for the 13th and 14th salary was generally only 6%. Starting 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	According to the Progressive tax rate

That means that up to an annual gross salary 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 like regular remuneration according to the standard wage tax.

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 affected 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.

Foreign employers, with no permanent establishment for payroll purposes in Austria, are generally not obliged to set up a payroll accounting in Austria, if they employ persons subject to unlimited taxation in Austria, who perform their work in Austria. However, a voluntary payroll accounting is still possible. In case that a permanent establishment for payroll purposes is constituted in Austria, a payroll accounting must be set up in Austria.

If the foreign employer employs an employee who is subject to unlimited tax liability in Austria and whose center of activity is in Austria for more than six months of the calendar year, the employer must submit a so-called "foreign annual pay slip" to the Austrian tax office by the end of January or, and in the case of electronic transmission, by the end of February of the following year.

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 a rate of 2.63 % (2022) 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 - 2022

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	$\frac{(\text{Income} - € 11,000) \times 1,400}{7,000}$	20%
from € 18,000.00 up to € 31,000.00	$\frac{(\text{Income} - € 18,000) \times 4,225}{13,000} + € 1,400$	32.5%
from € 31,000.00 up to € 60,000.00	$\frac{(\text{Income} - € 31,000) \times 12,180}{29,000} + € 5,625$	42%
from € 60,000.00 up to € 90,000.00	$\frac{(\text{Income} - € 60,000) \times 14,400}{30,000} + € 17,805$	48%
from € 90,000.00 up to € 1,000,000.00	$\frac{(\text{Income} - € 90,000) \times 455,000}{910,000} + € 32,205$	50%
Income over € 1,000,000.00	$(\text{Income} - € 1,000,000) \times 0.55 + € 487,205$	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 SECURITY CONTRIBUTIONS - 2022

In general, Austrian employees are subject to the Austrian social security system. Whether Austrian social security law is applicable must be determined by 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 must 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 2022 for standard employment contracts are:

Social security contributions		
Employer's part ⁽¹⁾	21.13 %	(20.63 % 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 € 5,670.00 (for 2022) 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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