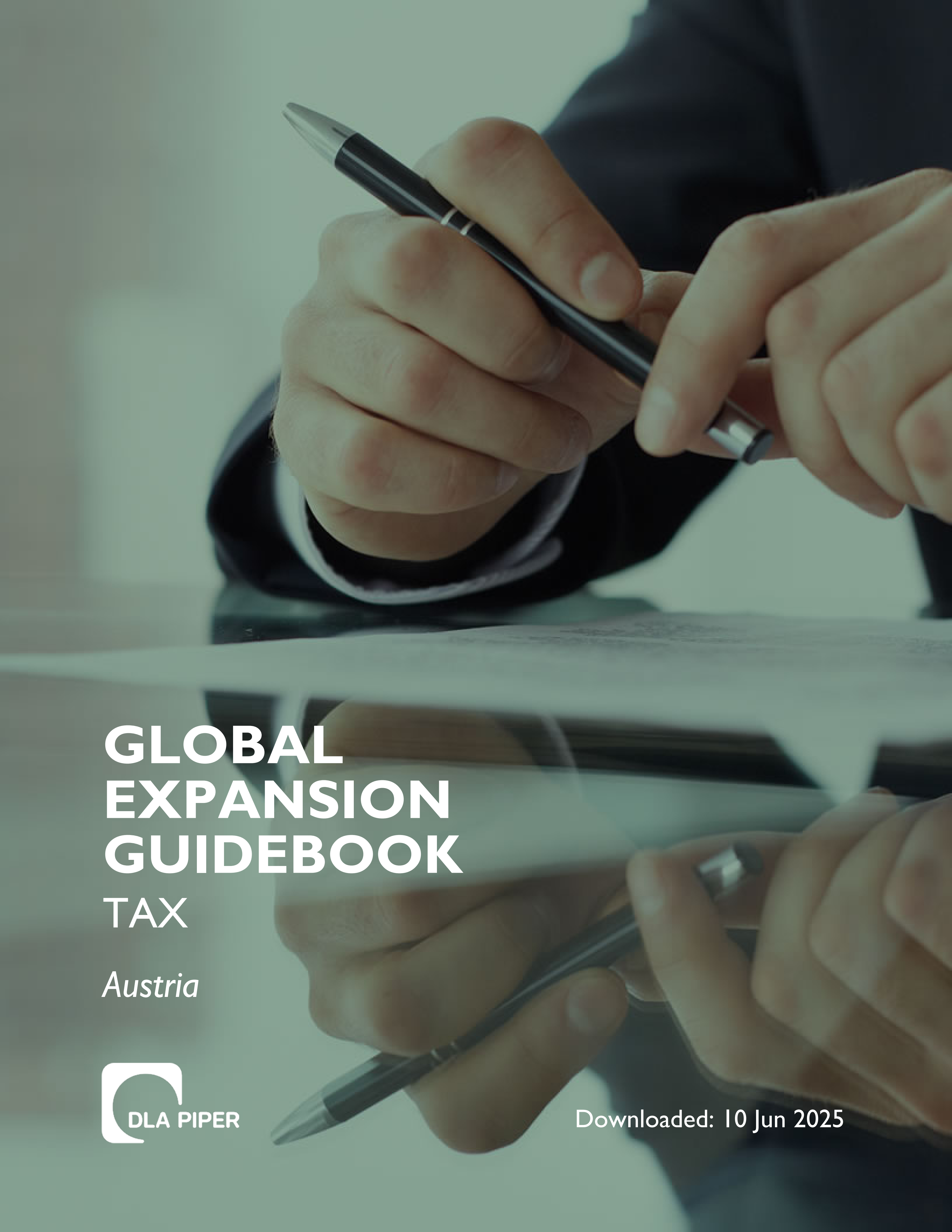

GLOBAL EXPANSION GUIDEBOOK

TAX

Austria

INTRODUCTION

Welcome to the 2024 edition of DLA Piper's *Global Expansion Guidebook – Tax.*

GLOBAL EXPANSION GUIDEBOOK SERIES

Many companies today aim to scale their businesses globally and into multiple countries simultaneously. In order to help clients meet this challenge, we have created a handy set of global guides that cover the basics companies need to know.

The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, intellectual property and technology, global equity and tax laws in key jurisdictions around the world.

TAX

Multinational companies continue to expand globally at an ever faster pace. Successful expansion depends, in part, on strategic and effective tax planning and compliance. This guide, brought to you by DLA Piper's Tax group summarizes the key features of tax laws in 41 popular jurisdictions.

This guide addresses common tax questions, by jurisdiction, including:

- Taxation of resident companies and non-resident companies
- Availability of tax holidays, rulings, and favorable tax regimes
- Ability to use losses to offset income
- Anti-deferral (ie CFC) rules
- Withholding taxes
- Employment tax issues

With more than 300 tax lawyers and economists in offices throughout the Americas, Europe and Asia Pacific, DLA Piper's global tax advisory services help multinational companies address the complex challenges of international commerce and business operations as well as manage and resolve tax audits. Our global tax group also assists clients in structuring a wide range of transactions, from private equity deals to corporate acquisitions and disposals. We provide these tax services across our global platform, while at the same time offering clients the benefits of the attorney-client and work-product privileges.

The information in this guide is an accessible, high-level summary of the tax laws in each jurisdiction. This is not a substitute for legal or tax advice. If you have specific questions or require detailed advice, we encourage you to contact one of the attorneys listed in the contributors section of this guide.

We hope that you find this guide valuable and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that tax law is dynamic, and the legal regime in the countries surveyed could change.

AUSTRIA

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RESIDENCE AND BASIS FOR TAXATION

A corporate entity (*ie*, limited liability corporation [GmbH] or a stock corporation [AG]) is treated as a domestic entity for corporate income tax purposes if its registered seat (legal seat) or the effective place of management is located in Austria. The "place of effective management" is located where the day-to-day management of the company is actually carried out and not where singular board decisions are formally made. However, the definition of place of effective management under Austrian tax law does not significantly deviate from its definition under the Organisation for Economic Co-operation and Development (OECD) guidelines.

Domestic

Global income of a domestic entity generally is subject to Austrian taxation.

Foreign

Only certain income of legal entities which are neither seated in Austria nor have their effective place of management in Austria is subject to limited corporate income tax in Austria. Such income would be treated as connected with Austria under the applicable rules.

TAXABLE INCOME

The annual financial statements prepared in accordance with commercial/accounting law are the basis for determining the taxable income. Valuation methods may be used for both assessments pursuant to commercial /accounting law as well as for tax purposes, unless tax laws provide otherwise. Adjustment of profit or loss shown in the financial statements is to be made in order to level out any difference resulting from applying tax law or commercial/accounting law (*Mehr-Weniger-Rechnung*). Depreciation for tax purposes is generally in line with depreciation in accounting/financial statements. If depreciation stated in the financial statement exceeds the amount admissible under tax law, the provisions of tax law prevail, resulting in a difference between taxable income and the annual result. Goodwill acquired in the course of a takeover (asset deal) must be amortized over a period of 15 years for tax purposes. Buildings are to be depreciated. The depreciation rate ranges between 2.5 percent (*eg*, a factory) and 1.5 percent (*eg*, residential buildings) on a straight-line basis.

TAX RATES

Due to the qualification of corporations as independent tax subjects, a distinction must always be made between tax ramifications at the level of the company and those at the shareholder level. Since January 2024 profits of corporate entities are taxed at the company level at a flat rate of 23 percent corporate income tax (*Körperschaftsteuer*). Measures can be expected, such as a reduction in corporation tax from 25 percent to 21 percent over the course of several years. Payments where the recipient is not disclosed (*Empfängerbenennung*) may attract a 25 percent surcharge and are not tax deductible.

Following the reduction of the initial tax rate the 2nd and 3rd brackets of the wage and income tax are now also to be reduced within the framework of the Eco-Social Tax Reform 2022. As of January 1, 2024, the 2nd bracket will be reduced from initially 35 percent to 30 percent, and the 3rd bracket will be reduced from 42 percent to 40 percent.

The reduced tax rate of 40 percent with regard to the 3rd tax bracket will be applied for the 1st time for salary payment periods ending after December 31, 2023. In the future, the tax brackets and, subsequently, the deductible amounts will be adjusted annually for inflation. In this way, the "cold progression," the inflation-related increase in average tax rates, is to be offset annually – at least by 2/3 of inflation. For 2024, the adjustment is 6.6 percent.

TAX COMPLIANCE

The Austrian tax laws stipulate a number of tax compliance provisions, including an obligation to keep books and records (usually for 7 years), an obligation to file annual tax returns, generally, until June 30 (corporate tax and value-added tax, which may be extended if the entity is represented by a tax advisor) and notification duties. However, if the company is represented by an Austrian certified tax advisor, the tax return can be submitted by March 31 of the 2nd following year.

Horizontal monitoring

Beginning in 2019, corporations that fulfill certain requirements can apply for horizontal monitoring. Through the implementation of an internal control system, verified by tax advisors or auditors and extended disclosure requirements, horizontal monitoring can replace traditional tax audits.

ALTERNATIVE MINIMUM TAX

Corporations are subject to a minimum corporate income tax of 5 percent of the statutory minimum capital (GmbH EUR1,750 (5 percent of EUR35,000), GmbHs founded after 2013: reduced to EUR500 in the first 5 years after formation, EUR1.000 for subsequent years, AG EUR3,500 (5 percent of EUR70,000), FlexKap EUR500 (5 percent of EUR10.000). Special provisions apply for banks and insurance companies.

TAX HOLIDAYS, RULINGS AND INCENTIVES

Tax holidays

Not applicable for this jurisdiction.

Tax rulings

Since January 1, 2011, an Advanced Ruling is available. A complete disclosure is required. A notification is only issued subject to the condition that the applicable legal facts on which the tax authorities' assessment is based do not change. A request for an Advanced Ruling may only be filed with the tax authority that is competent locally with regard to the subject matter for the relevant facts. With respect to content, such Advanced Ruling may be received as of January 1, 2019 to the areas of restructuring (*Umgründungen*), international tax law, transfer prices, group taxation (*Gruppenbesteuerung*) and tax avoidance questions and, as of January 1, 2020, to VAT and international tax law issues. An Advanced Ruling is subject to an administrative fee (*Verwaltungskostenbeitrag*), whereby amounts from EUR1,500 up to a maximum of EUR20,000 can be charged, depending on the requesting company's turnover. In addition, non-binding rulings are also available and have a high practical relevance.

Tax incentives

An invention premium is granted as a tax refund, which is directly credited or paid to the corporate entity. The premium equals 14 percent of the expenses for specific research and development activities. The premium is granted as a tax refund and may be claimed at the end of the tax year. An opinion of the Austrian Research Promotion Agency (FFG) is required. The premium applies to research and development activities with respect to expenses paid to companies or permanent establishments located in an EU or EEA country. The premium may also be claimed for contract research projects limited to expenses of EUR1 million per annum.

Tax incentives related to COVID-19

A lot of COVID-19 packages and support measures were provided by several federal institutions, *eg*, the Austrian Ministry of Finance, the Austrian Social Security Institution for Self-Employed, and the Austrian Health Insurance Fund, as well as the Austrian federal states, municipalities, and professional organizations. They have introduced facilitations for tax payments, postponed annual income tax return due dates, as well as the disclosure of deadlines for the annual financial statements, made special a short-time work model available and also provides guarantees and subsidies (*eg*, subsidy for fixed costs) across Austria and the federal states.

CONSOLIDATION

Group Taxation (Consolidation)

In 2005, a new system of group taxation (*Gruppenbesteuerung*) was introduced. The system of group taxation allows allocating profit or loss of domestic members of such tax group to the holding company, which is the only taxpayer for the whole group with respect to corporate income tax. In addition, losses from foreign directly held subsidiaries may be utilized against Austrian income, subject to certain requirements and restrictions, but have to be recaptured if utilized in subsequent periods in the foreign jurisdiction.

In general, the only requirements for becoming a group member of a tax group is a direct or indirect major shareholding in a corporation and the execution of a group consolidation contract. However, there are certain additional provisions for foreign entities. Furthermore, the group members must apply for group taxation with the competent tax authorities. A tax group must be in existence for a period of at least 3 years. If a group member withdraws from the group before this period has elapsed, such group member's tax will be assessed as if it never had been a group member.

Excessive Interest (interest barrier)

The new Section in the Corporate Income Tax Act , entitled "Zinsschranke" (interest barrier), is intended to implement the provisions of Art 4 ATAD2 limiting the deductibility of interest payments into national tax law, for the purpose of determination of the arm's length nature of related party financing. These provisions aim to combat any profit shifting by groups of companies in the form of excessive interest payments by limiting the deductibility of excess debt capital costs.

§ 12a Corporate Income Tax Act sets out the basic rule of the interest barrier, according to which excess interest is only deductible to the extent of 30 percent of the taxable EBITDA or contains a tax-free amount of EUR3 million, *ie*, excess interest up to this amount is to be immediately deductible as a business expense regardless of the amount of the taxable EBITDA. Any financing expenses in excess of the aforementioned amount will be non-deductible but can be carried forward.

PARTICIPATION EXEMPTION

Austrian dividends distributed to a resident company are exempt from corporate income tax under the national participation exemption rules (*Beteiligungsertragsbefreiung*). Foreign dividends distributed to a resident company are also exempt from corporate income tax. However, there are special provisions that differ between companies that are resident in an EU member state or in a state with which Austria signed an extensive tax administrative assistance agreement.

CAPITAL GAIN

Capital gains resulting from the sale of a shareholding in a resident company are subject to corporate income tax. Capital gains resulting from the sale of a shareholding in a foreign company are, in general, exempt from corporate income tax. However, there are detailed special provisions and restrictions that apply in such cases.

DISTRIBUTIONS

Distributions (Dividends)

Dividends paid to a domestic or non-domestic individual are subject to a 27.5 percent income withholding tax rate (*Kapitalertragsteuer*). Austria's double tax treaties may provide for a reduced withholding tax rate, which could apply at source or by way of a refund procedure. Claiming the reduced rate may require certain documentation, including a residency certificate. Austrian dividends paid to resident individuals are not subject to further income tax if the 27.5 percent income tax has already been withheld at source.

Dividends distributed to domestic or foreign corporations are, in general, subject to a 25 percent withholding tax. An exemption from withholding taxation of dividends distributed to an Austrian or EU parent company is applicable, provided that the following conditions are met:

- The shareholder is a corporation resident in Austria or
- in another EU member state and the shareholder has held at least a 10 percent interest for 1 year.

Additionally, withholding tax relief may be provided for recipients resident in countries with a double tax treaty with Austria. Dividends paid to foreign corporations are only exempt from Austrian withholding tax if the activities of the foreign company go beyond those of a mere holding company, that staff is being employed and business premises are used.

If dividends are paid to domestic or non-domestic individual or corporate shareholders optionally by dissolution of the share premium of a company, there is no income withholding tax due. Such dividends are paid without source taxation and are treated as capital repayment (*Einlagenrückzahlung*).

LOSS UTILIZATION

Tax losses (resulting from operating revenues) may be carried forward for an indefinite period of time and may be offset against both trading income and capital gain. However, for corporations, only 75 percent of current income may be offset against tax losses brought forward; thus, 25 percent of current income is invariably subject to tax.

This limitation does not apply to individuals. Excess tax losses can still be carried forward. Loss carrybacks are not permitted.

TAX-FREE REORGANIZATIONS

According to the provisions of the Austrian Reorganization Tax Act (*Umgründungssteuergesetz*), reorganizations of partnerships and corporations may be carried out tax-neutrally under certain conditions. In the case of cross-border reorganizations, it is especially essential that a possibly existing right to tax of the Republic of Austria continues to exist. If the requirements of the Reorganization Tax Act are (intentionally) not fulfilled, the reorganization is tax effective, which could be useful in specific situations.

ANTI-DEFERRAL RULES

See below under "Controlled Foreign Companies (CFC) and thin capitalization":

FOREIGN TAX CREDITS

See below under "Double Taxation Treaties".

SPECIAL RULES APPLICABLE TO REAL PROPERTY

Real estate transfer tax

In addition to the real estate transfer tax (up to 3.5 percent from the purchase price), the real estate registration duty (1.1 percent) will be levied. In the case of real estate transfers within the closer family circle a tax rate of 2 percent applies, the rate for transfers without compensation is subject to different levels (0.5 percent for a property value of below EUR250,000, 2 percent up to EUR400,000, and 3.5 percent over EUR400,000). For transfers in connection with corporate restructuring under the Reorganisation Tax Act, the tax rate amounts to 0.5 percent of the property value. Specific taxes exist also for some specific industries (eg, banks, insurances, airlines).

In case of direct transfer of at least 95 percent of the shares in an Austrian or foreign company possessing Austrian real estate, a real estate transfer tax of 0.5 percent from the fair market value of the real estate becomes due.

VAT on acquisition and sale of real estate

Sales of real estate are usually VAT exempt, but an option to VAT liability can be exercised under certain circumstances and in this case, 20 percent VAT will be due. An entrepreneurial purchaser can request a refund of VAT (input tax). In the case of changes in VAT treatment, the input tax must also be adjusted pro rata.

Direct acquisition of real estate – Asset Deal

The real estate investor can acquire real estate in Austria by the means of an asset deal (e.g. direct acquisition of real estate) or by means of a share deal (e.g. acquisition of a corporation owning real estate).

In case of an asset deal, the seller transfers all or part of a business to the buyer. The property is transferred directly via purchase contract, inheritance or donation (for example).

Gains are taxed at 25 percent corporation tax for corporations (up to 55 percent for natural persons according to the progression tax rate).

Real estate transfer tax up to 3.5 percent of the purchase price in the case of transfer against payment, but at least of the value of the land plot and registration fee of 1.1 percent of the purchase price (including VAT) will be levied.

Indirect acquisition of real estate – Share Deal

In the case of a share deal, only shares in a company owning real estate are transferred.

Capital gains on the sale of shares in Austrian corporations by private persons/ partnerships/single entrepreneurs in the amount of 27.5 percent and by corporations corporate income tax of 25 percent generally will be levied.

The transfer of company shares is VAT exempt and Real estate transfer tax for the acquired real estate amounts to 0.5 percent of the real estate value at change of shareholders in partnerships or association of shares in partnerships when more than 95 percent are transferred within 5 years to new shareholders or in case of an reorganisations according to UmgrStG will be collected. No registration fee will be levied as the real estate continues to be the property of the company.

TRANSFER PRICING

INTERNATIONAL BUSINESS-RELATED ISSUES

Controlled Foreign Companies (CFC) and thin capitalization

Beginning in January 2019, the Austrian government introduced a Controlled Foreign Company Rule. According to this rule, passive income of foreign subsidiaries in low-taxed countries (equal or below 12.5 percent) will be added to the income of the Austrian shareholder, if certain conditions are fulfilled. The CFC rule applies to foreign entities which are controlled by a domestic entity that holds more than 50 percent of the voting rights alone or together with its affiliated companies. These rules only apply to non-distributed profits of the CFC arising especially from the following categories of passive income: interest or any other income generated by financial assets, royalties or any other income generated from intellectual property, dividends, financial leasing, income from insurance and banking, etc. An exemption is available if a CFC carries out substantial economic activity through engagement of staff, equipment, property and buildings, as evidenced by relevant facts and circumstances. If only 1/3 or less of the total income of the foreign entity falls within the categories of passive income as listed above, the foreign entity will not be considered a CFC. In general, tax rules as the substance-over-form-principle, beneficial ownership concept and other anti-abuse rules remain.

Austrian tax law does not provide for specific thin capitalization rules. However, the Austrian courts have developed various principles to determine under which circumstances debt financing from shareholders is to be treated as equity for tax purposes. With regards to an interest deduction, intragroup interest payments by Austrian companies to foreign connected low or non-taxed entities are not recognized for tax purposes.

Double taxation treaties

Austria has signed 100 double taxation treaties with other countries to avoid double taxation of income or gains arising in one territory and paid to residents of another territory. These treaties either grant a credit against Austrian tax for foreign taxes paid on the same income (*eg*, with the US, UK, Japan and Italy) or exempt foreign-source income.

If there is no applicable tax treaty, the Austrian Ministry of Finance may grant unilateral relief in order to avoid double taxation.

Transfer Pricing

Transfer pricing documentation based on the OECD Transfer Pricing Guidelines (master file, local file, country-by-country report) must be prepared and submitted with the Austrian tax authorities according to the Austrian Transfer Pricing Documentation Law. The size of required documentation depends on the turnover of a corporate entity.

All business transactions between related parties, one of which is a resident while the other is a non-resident, must be effected at arm's length, or at fair market value. Following from this principle, should a company through a transfer pricing transaction pay more for a service to a non-resident related party than what would be considered at arm's length in accordance with the Austrian corporate tax law, then the excess amount of the transaction would not be a deductible expense for the resident company for profit tax purposes. In Austria, 5 methods that can be used for establishing whether the business transactions between related parties are agreed at market prices, which are in line with the OECD Transfer Pricing Guidelines (comparable uncontrolled price method, resale price method, cost plus, profit split method, and transactional net margin method).

Business transactions between related parties and prices agreed between them will be recognized for tax purposes and accepted by the tax authorities if the taxpayer has in its possession, and provides upon a request from the tax authorities, details on the method used for determining the transfer prices.

WITHHOLDING TAX

Withholding Tax

With regard to dividend distributions, see the explanations above. Regarding interest, no withholding tax becomes due in Austria, as long as the beneficial payee is a corporate entity or an individual, resident in a state with whom Austria has automatic exchange of information (otherwise withholding tax of 25 percent or 27.5 percent may become due). Royalties are subject to 20 percent withholding tax, subject to tax treaty limitation or limitation according to the EU Interest and Royalty Directive.

Exit Taxation

In the case of a transfer of assets that formed part of a business from Austria to a foreign country (*eg*, allocation of assets to a foreign branch), 25 percent latent capital gains generally are taxed at the time of the transfer. The same applies if the Austrian taxing rights regarding an asset are lost due to other circumstances. In case these assets are transferred to and taxing rights are lost vis-à-vis an EU/EEA member state, it is possible to apply for a payment by instalments (*ie*, 7 years for non-current assets and 2 years for currents assets).

Reporting Obligations under DAC 6

The aim of DAC 6 is to prevent aggressive tax planning by strengthening the control of the activities of tax intermediaries. According to the proposal, these intermediaries, such as tax advisors, accountants and lawyers who design and/or offer tax planning models, are to be obliged to report models that are considered potentially aggressive. By means of defined "hallmarks," models are to be identified that must be reported to the tax authorities. The fact that a model must be notified does not mean per se that it is harmful, but only that it may be of interest to the tax authorities to examine it more closely. While some models have perfectly legitimate purposes, the aim is to identify those where this is not the case.

The reportable tax arrangements must be reported to the competent national authority within 30 days. The Member States are in turn to be required to exchange the information thus obtained automatically among themselves via a central database. Member States would be obliged to impose penalties on intermediaries who do not comply with the transparency rules.

Member States had until December 31, 2019 to implement the Directive into national law. The new reporting requirements apply from July 1, 2020. Member States must then exchange information every 3 months, namely within 1 month of the end of the quarter in which the information was received. The first Automatic Information Exchange took place on October 31, 2020.

Hybrid Mismatch

As of January 1, 2020 and based on the provisions of EU Directives (ATAD and ATAD II), provisions on hybrid mismatch are in effect. These provisions define the tax treatment of cross-border hybrid mismatch arrangements. Hybrid mismatches are the consequence of differences in the legal characterization of 2 jurisdictions regarding payments (financial instruments) or entities that arise as a result of interaction between these 2 jurisdictions.

CAPITAL DUTY, STAMP DUTY AND TRANSFER TAX

Stamp duty

Austria levies stamp duty on certain legally predefined transactions for which a written contract has been established. Stamp duty has to be paid if at least 1 Austrian party is involved or, even if a contract is concluded between non-Austrian parties only, if the subject of the contract relates to Austria. The Austrian administration's understanding of a ‘written contract’ is very broad and covers not only paper contracts but also contracts concluded by electronic means (*eg,* electronically signed emails).

Relevant legal transactions subject to stamp dutyinclude:

- Instructions (2 percent)
- Rental agreements: *eg,* rental contracts for movable or immovable property, leases (1 percent)
- Declarations of surety and specific guarantees (1 percent)
- Mortgage (1 percent)
- Assignments of receivables (0.8 percent)

It should be mentioned that exemptions are available. Loan and credit agreements are not subject to stamp duty.

EMPLOYMENT TAXES

Austrian wage tax is a withholding tax which has to be paid by the employer but is also partly borne by the employee. Along with this wage tax, the employer also has to pay social insurance contributions and other taxes. As a general, but very rough rule approximately 50 percent of the salary costs for an employee are taxes and social security contributions.

OTHER TAX CONSIDERATIONS

Digital services tax

In 2020 a digital tax of 5 percent on online advertising for large companies was introduced in Austria.

Online advertising services are subject to the digital tax if they are provided for remuneration by online advertising providers in Austria and only for large multinational companies with a worldwide revenue of at least EUR750 million and a yearly domestic revenue at least EUR25 million.

Advertising tax

The purpose of the Advertising Tax Act is to tax advertising services in print media, radio and outdoor advertising at 5 percent of direct remuneration. A prerequisite for the obligation to pay the tax is an advertising service which is provided in Austria against payment. Advertising on the Internet on homepages, Web TV or Web radio is exempt from the advertising tax.

Inheritance and gift tax

There is no inheritance and gift tax in Austria.

Excise taxes

Excise taxes are for example imposed on petroleum, tobacco products and alcoholic beverages.

VAT

Under the Austrian VAT law, companies and individuals, independently carrying out an active business on a permanent basis are qualified as entrepreneurs for VAT purposes. Non-residents may also be subject to VAT if they carry out taxable transactions in Austria.

Under the provisions of the Austrian Value Added Tax Act (VATA), the following transactions are taxable:

- The supply of goods and services within Austria for a consideration by taxable persons within the scope of their business;
- The withdrawal of goods and rendering of services for the taxable person himself (self-supply);
- The import of goods from a country outside the EU;
- Intra-Community acquisitions of goods.

VAT place of supply

A supply of goods is deemed to have taken place within Austria if the goods were located in Austria at the point at which the power of disposition was transferred. In the case of the dispatch or transport of supplies of goods, the supply is deemed to have been made from the point at which the goods are handed over to the forwarding agent.

The place of supply primarily depends on whether the supply is made to a taxable person (B2B) or to a non-taxable person (B2C). For supplies of services to taxable persons, the general rule is that the place of supply of services should be the place where the recipient is established (B2B general rule). Services supplied to nontaxable persons should be taxed at the place where the supplier has established its business (B2C general rule). However, there are numerous exceptions to these general rules.

VAT rate

In general, an Austrian VAT rate of 20 percent exists. A certain limited range of goods and services is taxed at the reduced rate of 10 percent (*eg*, books, food, restaurants, passenger transportation, medicine, hotel accommodation) or 13 percent (*eg*, animals, seeds and plants, cultural services, museums, zoos, film screenings, wood, ex-vineyard sales of wines, domestic air travel, public pools, youth care, athletic events). Certain other transactions are exempted from Austrian VAT (*eg*, export transactions).

Due to the COVID-19 pandemic, the Austrian government has announced and already introduced several measures, including VAT reductions, to strengthen the economy. This includes a reduction of the VAT rate for certain supplies of respirators and COVID vaccine from 20 percent to 0 percent, reduced VAT rate of 5 percent for supplies of all food and beverages in restaurants and other catering establishments, access to museums, cinemas, or musical events, and supplies in the publishing sector and hotels until December 31, 2021.

VAT exemptions

The numerous exemptions from VAT can be classified in 2 categories, depending on whether or not they preclude the deduction of input VAT.

The following supplies of goods and services are VAT exempt (with the loss of input VAT recovery): health services, financial, banking and insurance services, securities and share transactions, sales of immovable property, unless the taxable person opts to pay VAT, and supplies of small businesses (up to EUR35,000 net per annum).

Input VAT Deduction

Entrepreneurs are entitled to deduct Austrian input VAT insofar as the input VAT does not result from goods /services purchased that are directly linked to certain VAT-exempt categories as mentioned above. To be entitled to deduct input VAT, the entrepreneur must obtain an invoice from one's supplier that fulfills certain formal requirements.

Reverse Charge

Under the reverse charge system, the VAT liability of a non-resident business is shifted to the recipient of the supply. The reverse charge system applies to all supplies of services, installation supplies of goods rendered by nonresident taxable persons in Austria.

VAT Filling

The monthly/quarterly VAT return must be submitted until the 15th of the 2nd month following the month /quarter concerned. The Annual VAT return must be filed until June 30 of the following year if filed electronically. If represented by a tax advisor, an extension until March 31 of the 2nd year following the year concerned might be granted within the quota agreement, althoughearlier filing may be requested by the Austrian tax authorities.

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