

GMS Flash Alert



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Austria - Round-Up of Recent Coronavirus Relief Measures

The coronavirus/COVID-19 pandemic reached Austria in March 2020 and obliged the government to implement a “shut-down” of public, social, and economic life. The Austrian government has implemented tax and non-tax measures to support the economy in response to the pandemic.¹

As the coronavirus/COVID-19 crisis gave rise to numerous new legislative provisions, in this *GMS Flash Alert* we provide an overview of the key relevant provisions focusing on employee-related subsidies, income tax law, social security law, and wage tax law.

WHY THIS MATTERS

A stimulus package consisting of financial aid was enacted in order to support businesses. On the one hand, an immediate relief package (Fund for Hardship or, in German, “Härtefallfonds”) was established, aimed at supporting small- and medium-sized businesses detrimentally impacted by the shut-down due to the health crisis. On the other hand, the government also made available guarantees and “guarantee products”², aimed at fostering liquidity, as well as the “Corona-Support-Fund,” with guarantees and subsidies for fixed expenses.

In addition, to enable employers to retain their employees as far as possible, a new “Corona short time work” package of measures was put in place.

In response to the adverse effects of the pandemic, the government has implemented these various relief and incentive measures to provide much-needed financial/fiscal relief and support to businesses and employees facing extraordinary challenges in this difficult period.

Key Measures in a Nutshell

- In the field of **employee-related subsidies**, the most relevant measure is the new “Corona short time work”³. The main points of this concept are the reduction of working time between 10 percent and 90 percent, and guaranteeing employees 80 percent up to 90 percent of their previous net income. The employee is still paid by the employer, and the employer is entitled to apply for a refund from the Public Employment Service Austria (“Arbeitsmarktservice” (AMS)). The Corona short time work is applicable for a period of up to six months, until end-September 2020.

In addition, the government provided for the possibility of paid leave of absence for care for children, disabled persons, etc. (special care period) and various protection provisions for COVID-19 risk groups.⁴

- Regarding **income tax law**,⁵ the main measures consist of liquidity measures for payments – providing for possibilities of deferrals or payments in installments, assessing no interest on tax deferrals, waiver for late payment of taxes, non-assessment of late filing penalties, as well as possibilities for repaying of tax credits despite having benefitted from deferrals for payments.

Furthermore, it is possible to apply for a reduction of income and corporate tax prepayments for 2020 (down to zero).

In addition, the deadline for filing annual tax returns for 2019 has been extended until August 31, 2020 (please note: currently – if represented by a tax adviser – the deadline for filing the 2018 income tax returns was end-April 2020, but the same extension applies).

Finally, tax exemptions were created for grants that deal specifically with the coronavirus crisis (e.g., from the COVID-19 Crisis Assistance Fund (“Corona-Hilfsfonds”) or from the Hardship Fund), as well as all grants distributed/paid out for such purposes, irrespective of who pays them and how the funds are raised.

- With regards to **social security law**,⁶ the main measures include deferrals for social security payments and wage-related taxes. Also, they provide for possibilities of deferrals or payments in installments, forbearance regarding penalties for late payment, forbearance regarding interest for late payment, and suspensions of filings for enforcements and bankruptcies and insolvencies.

In addition, the applicability of accident insurance during coronavirus-induced home office work was clarified.⁷

- Concerning **wage tax law**⁸, clarification was provided such that for periods of home-work employees are still entitled to receive commuter allowances and certain supplements, which are still paid by the employer, and are still tax-free in the previous amounts that had been granted (e.g., this applies to dirt/contamination, aggravation, and danger supplements (in German: “Schmutz-, Erschwernis- und Gefahrenzulage”) that relate to the “risk” nature of an individual’s type of work).

- One of the main measures was the implementation of **tax-free corona-bonuses**.⁹ Thus, it is possible to exempt bonuses up to EUR 3,000 in the calendar year 2020, if these payments were effected due to the coronavirus crisis and they are *additional* bonuses, which have not been granted thus far. Such payments do not increase the favourably-taxed yearly “sixth of special” payments and are no part thereof; they are free of wage tax and social security contributions, but subject to wage-related taxes.

- The most recent development is that the “19. COVID-19-law”¹⁰ entered into force. It provides for the possibility of raising the **tax exemption for meal vouchers** from EUR 4.40 to EUR 8.00, for food vouchers from EUR 1.10 to EUR 2.00, and to deduct the expenses for business meals in the amount of 75 percent instead of 50 percent.

KPMG NOTE

Other

In addition to the measures mentioned above, exemptions from fees and duties are granted for all documents and official procedures related to the Corona crisis.

Next Steps

Companies with globally mobile employees who are taxable in Austria should consult with their tax service professionals about these relief measures, as well as new compliance timetables and obligations, to determine how they may benefit and how they may be impacted.

FOOTNOTES:

- 1 For more information read [a May 2020 report](#) prepared by the KPMG International member firm in Austria.
- 2 To cover the short-term liquidity needs of companies due to the coronavirus crisis, federally-secured working capital loans are granted; phrase of “guarantees and liabilities” (see www.oesterreich.gv.at (also see: [www.https://www.bmf.gv.at/en/current-issues/Corona/information/information-coronavirus/Guarantees-in-the-context-of-the-Covid-crisis-.html](https://www.bmf.gv.at/en/current-issues/Corona/information/information-coronavirus/Guarantees-in-the-context-of-the-Covid-crisis-.html)) .)
- 3 See the called “Kurzarbeit vor Kündigung: Jetzt für alle Arbeitnehmerinnen und Arbeitnehmer” at: <https://www.bmafj.gv.at/Kurzarbeit-Infoseite.html> ; Info des BMF vom 09.04.2020, 2020-0.225.082.
- 4 BGBl. I Nr. 31/2020; BGBl. II Nr. 203/2020.
- 5 See the Federal Ministry of Finance webpage (in English): <https://www.bmf.gv.at/en/current-issues/Corona/information/information-coronavirus.html> .
- 6 See “Coronavirus-Pandemie – beitragsrechtliche Auswirkungen: Fragen-Antworten-Katalog: (in German): <https://www.gesundheitskasse.at/cdscontent/load?contentid=10008.734649&version=1586152402> .
- 7 BGBl. I Nr. 23/2020.
- 8 See “FAQ: Das Corona-Hilfspaket der Österreichischen Bundesregierung” (in German) at: <https://www.bmf.gv.at/public/top-themen/corona-hilfspaket-faq.html#steuerrechtliche-Fragen> .
- 9 BGBl I Nr. 23/2020.
- 10 BGBl. I Nr. 48/2020.

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