KPMG

Taxation of international executives: Austria

April 2025

Contents

1	Overview and Introduction	4
2	Income Tax	6
3	Special considerations for short-term assignments	20
4	Other taxes and levies	24
5	Immigration	28

01

Overview and Introduction

1 Overview and Introduction

Individuals residing in Austria are, in principle, subject to Austrian income tax on their worldwide income (referred to in Austria as unlimited tax liability). Non-residents are subject to Austrian income tax only on certain categories of income from Austrian sources (limited tax liability).

Tax treaties concluded between Austria and many countries may provide for exceptions to these general principles. Please note, due to a change in Austria's administrative high court jurisdiction, in case of treaty residency in the other state, but unlimited tax liability in Austria, the income from foreign sources will be considered for calculating the average tax rate applicable in Austria ("under progression").

Foreign nationals holding an employment permit or a labor contract in Austria, which covers a period of more than six months, shall be deemed to be subject to unlimited tax liability from the commencement of their presence in Austria.

Non-resident individuals are subject to tax only on certain categories of income from Austrian sources. On wages and salaries, income tax is withheld at the source according to the standard income tax rates.

The official currency of Austria is the Euro (EUR).

Herein, the host country refers to the country to which the employee is assigned. The home country refers to the country where the assignee lives when he/she is not on assignment.

02

Income tax

2 Income Tax

2.1 Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

In general, income tax is assessed for the calendar year on the basis of an individual's tax return, which should be filed by 30 April (if a paper version is filed) or 30 June (if filed electronically), respectively 30 September, in case salary is taxed via payroll (in certain cases), of the following year. An automatic extension up to 31 March of the next following year is granted if the individual is represented by a tax adviser and specific preconditions are met (tax number is filed for the quota system by 30 June). Further extensions are available on request in special circumstances.

What is the tax year-end?

31 December.

What are the compliance requirements for tax returns in Austria?

Residents

Generally, a tax return is required if the individual's taxable income exceeds EUR 13,308. Income tax on employment income is generally withheld at the source. Still, a tax return is required in case the individual has additional income, not previously subject to employer withholdings, in excess of EUR 730. Please note that for (foreign) income from investment a threshold of only EUR 22 applies under certain conditions.

Non-Residents

Non-resident individuals must file an income tax return whenever they have taxable income in excess of EUR 2,421 from a taxable source, unless the withholding tax applied represents the final settlement of the tax liability. For calculation of the tax rate the income will be increased by a hypothetical figure of EUR 10,888.

2.2 Tax Rates

What are the current income tax rates for residents and non-residents in Austria?

Residents

In the case of unlimited tax liability, the tax brackets with progressive tax rates for 2025 are as follows:

Income tax table for 2025.

Taxable income bracket	Taxable income bracket	Tax rate on income in bracket
Above EUR	**To EUR**	**Percent**
0	13,308	0
13,308	21,617	20%
21,617	35,836	30%
35,836	69,166	40%

Taxable income bracket	Taxable income bracket	Tax rate on income in bracket
Above EUR	**To EUR**	**Percent**
69,166	103,072	48%
103,072	1,000,000	50%
1,000,000		55%

Austrian tax law distinguishes between regular payments, which recur on a regular basis (e.g., every month), and special (non-recurring) payments. A special tax regime for special payments not exceeding one-sixth of regular payments exists:

	2025
Tax-free amount (per year, no proration)	EUR 620
Above EUR 620 to EUR 25,000	6%
Above EUR 25,000 to EUR 50,000	27%
Above EUR 50,000 to EUR 83,333	35.75%
Above EUR 83,333	Regular tax rate up to 55%

Therefore, and also due to collective agreements, it is very common to pay the yearly salary in 14 installments, 12 recurring payments (one each month) and a holiday and a Christmas payment as bonus.

Otherwise, to calculate the bonus, it can be – depending on the individual circumstance – tax- effective, to pay one-seventh of the total yearly gross compensation as bonus. Please be aware, that there are several prerequisites to apply the one-seventh rule.

Please note that it is very important that the special (non-recurring) payments are actually paid separately. It is not possible to calculate them only hypothetically.

The income tax is reduced by the following deductions:

2025	EUR
Traffic allowance (flat refund of expenses incurred in traveling between private residence and place of employment)	EUR 487
Deduction for pensioners*	EUR 1,002
Deduction for sole wage earner in a family with a child (if the spouse derives taxable income not exceeding certain limits) **	EUR 601
Commuter deduction (annual deduction for the one-way distance between home and workplace)	EUR 2 per kilometer

* There is a phase out for this deduction from EUR 21,245 - EUR 30,957. For pensioners with regular pension income of below EUR 24,196 and who are sole earners without a child, an increased deduction of EUR 1,467 could be claimed. The increased deduction is phased out between EUR 24,196 - EUR 30,957.

** Increased to EUR 813 with two children and additionally EUR 268 for every additional child.

Furthermore, transfer payments per month are granted for each child entitled to a child allowance (EUR 70,90 for each child). The child allowance is paid together with the following family allowance and is tax-free:

Age of child	Monthly family allowance (EUR)
0-2 years	138,40
3-9 years	148,00
10-18 years	171,80
Above 19 years	200,40

The total monthly amount of the family allowance is increased with the number of children for each child, if Austrian family allowance is granted for:

- 2 children: EUR 8,60 per child
- 3 children: EUR 21,10 per child
- 4 children: EUR 32,10 per child
- 5 children: EUR 38,90 per child
- 6 children: EUR 43,40 per child
- 7 or more children: EUR 63,10 per child

An addition in the amount of EUR 121,40 to the family allowance is paid in August for children between 6 and 15.

Family Bonus Plus since 2019

The family bonus plus is a tax deduction that has provided tax relief for families since 2019. It currently reduces the tax burden of parents by up to EUR 2,000.16, depending on the amount of their wage or income tax. Parents are entitled to this amount if they are subject to unlimited tax liability in Austria and receive family allowance.

As of July 1, 2022, the family bonus plus was increased from EUR 1.500 to EUR 2,000.16 per child under 18 years. For children 18 and older, the family bonus plus was increased from EUR 500.16 to EUR 700,08 per year in 2024.

Single earners and single parents who are hardly or not at all subject to wage or income tax will receive tax relief with the additional child amount. The additional child allowance will be increased to EUR 700. The additional child allowance is also paid out as a negative tax to low-income earners.

Non-residents

Income tax rates for non-residents are the same as for residents, but the hypothetical amount of EUR 10,888 has to be added to the actual income. However, withholding tax rates may differ. Furthermore, various tax deductions are not available.

2.3 Residence Rules

For the purposes of taxation, how is an individual defined as a resident of Austria?

An individual is deemed to be resident in case he/she either maintains any kind of accommodation, or is physically present, under circumstances indicating that his/her abode will not be temporary.

As a general rule, tax residence is deemed to exist if the individual's stay in Austria exceeds six months (183 days). Once these six months have expired, tax residence is deemed to have commenced at the beginning of the stay in Austria. Citizenship is not relevant in determining residence.

Is there a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer cannot come back to the host country for more than 10 days after their assignment is over and they repatriate.

No.

What if the assignee enters the country before the assignment begins?

In general, it is possible to have a period of limited and a period of unlimited tax liability. The days spent in Austria before the assignment are included in the calculation for determining the habitual abode.

2.4 Termination of Residence

Are there any tax compliance requirements when leaving Austria?

The taxpayer's tax office should be notified of a termination of residence as well as the residence cancelled.

What if the assignee comes back for a trip after residency has terminated?

Depending on the purpose of the trip (business or vacation) and on the employer (foreign or Austrian), the income will be prorated and allocated to Austria. Furthermore, it is possible to have limited tax liability during this period.

Communication between Immigration and Taxation Authorities

Do the immigration authorities in Austria provide information to the local taxation authorities regarding when a person enters or leaves Austria?

Usually not.

Filing Requirements

Will an assignee have a filing requirement in the host country/territory after they leave the country/territory and repatriate?

The assignee may have a filing requirement after repatriation if he/she still receives any compensation in connection to his/her ended assignment (such as bonus payments relating to the assignment, Austrian tax payments paid by employer, etc.).

2.5 Economic Employer Approach

Do the taxation authorities in Austria adopt the economic employer approach1 to interpreting Article 15 of the OECD treaty? If no, are the taxation authorities in Austria considering the adoption of this interpretation of economic employer in the future?

Up to 2014, the Austrian Tax Authorities recognize the legal employer approach, which means that the employer must fulfill typical employer functions described by an edict of the Austrian Ministry of Finance.

Nevertheless, there was a switch to an economic employer approach in 2014 due to a Decree of the Ministry of Finance dated June 6, 2014, based on decisions of the Higher Administrative Court in 2013.

Since that Decree Austria applies an economic employer approach in case of provision of personnel.

De minimus Number of Days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

No

2.6 Types of Taxable Compensation

What categories are subject to income tax in general situations?

All types of remuneration and benefits received by an employee for services rendered under an employment agreement are deemed to be taxable income, regardless of where they are paid and by whom. The following typical items of an expatriate compensation package are fully taxable unless otherwise indicated.

- School-fee reimbursements (certain requirements must be met).
- Benefits-in-kind generally form part of taxable compensation. Where a company car is provided, it may involve a deemed compensation for the private use of the car.
- Cost-of-living allowances.
- Home-leave reimbursements for the employee and family.
- Housing allowances are fully taxable; the imputed value of housing provided directly by the employer is deemed to be a benefit-in-kind and, therefore, taxable income.

An employer contribution to rent is taxable as income. Free or below-market-value use of accommodation provided by the employer is taxable as income. The benefit is initially valued at fixed monthly rates per square meter, determined according to category of accommodation and year of construction.

This notional rent is compared with the actual rent paid reduced by 25 percent. The taxable value is the larger of the two figures.

Intra-group statutory directors

Will a non-resident of Austria who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in Austria) trigger a personal tax liability in Austria, even though no separate director's fee/remuneration is paid for their duties as a board member? N/A (please note this is a highly controversial and complex issue and needs to be analysed case by case)

Tax-exempt income

Are there any areas of income that are exempt from taxation in Austria? If so, please provide a general definition of these areas.

Moving expenses

Moving expense reimbursements are generally not taxable if the actual expenses were reimbursed and the employee was transferred within the same enterprise or between group-related companies (if relocation is solely in the interest of the entrepreneur and home residence is given up).

Moving bonus

If certain requirements are met, a moving bonus of up to one-fifteenth of the total annual salary may be granted tax-free.

Per diems

The employer may pay tax-free per diems up to certain limits.

2.7 Expatriate concessions

Are there any concessions made for expatriates in Austria?

There is only one expatriate concession, which allows a lump sum deduction of income related expenses. This deduction can either be claimed in the annual income tax return or already up front in the payroll. Several, specific requirements have to be met.

2.8 Salary earned from working abroad

Is salary earned from working abroad taxed in Austria? If so, how?

An Austrian resident individual is taxed on his/her worldwide income in Austria, however there may be an exemption according to double tax treaties.

2.9 Taxation of investment income and capital gains

Are investment income and capital gains taxed in Austria? If so, how?

Austrian residents are subject to income tax on their worldwide income derived from capital and investment, including dividends, interest, profit shares of dormant partners, rents and royalties, capital gains, crypto currencies.

Non-residents are subject to tax on certain investment income and capital gains derived from Austrian sources, such as interests, dividends from Austrian companies, royalties, etc.

Austrian sourced interest from saving accounts are basically taxable at a tax rate of 25% (an exemption applies in case the individual is tax resident of another state with which an automatic information exchange applies. If the individual provides a certificate of the home country tax authority, there is no taxation at source). Dividends and other corporate distributions, as well as distributions to silent partners, paid to a non-resident are subject to a withholding tax of 27.5%. Lower rates may apply to dividends, interest and royalties under tax treaties.

Dividends, interest, and rental income

Dividends and interest received by an Austrian resident recipient are generally subject to a withholding tax at a special rate of 27,5%. However, in case of interest derived from bank deposits and non-bonded receivables at a financial institution are subject to a withholding tax at a special rate of 25%.

Interest income derived from bank deposits subject to the 25% respectively dividend income and fixed interest-bearing securities subject to the 27,5% withholding tax are not subject to income tax at the level of the recipient (final taxation). This final taxation only applies if the recipients are individuals (partners of partnerships included).

If the dividend or interest is paid by an agency abroad, no Austrian withholding tax can be withheld. In this case the income has to be reported in the Austrian income tax return and a flat tax rate of 27,5% respectively 25% can be applied.

Regulations on the taxation of cryptocurrencies are in force, through which an inclusion in the income from capital assets and the special tax rate of 27,5% takes place.

Under the tax concept of cryptocurrency fall all publicly offered cryptocurrencies that enjoy a file as a medium of exchange. This also applies to so-called "stablecoins". So-called "non-fungible tokens" (NFT) and "asset tokens" that are based on real assets (e.g., securities, real estate) are not covered - due to their lack of status as a medium of exchange. Depending on their design, the taxation of these products is governed by the general income tax provisions.
Income from cryptocurrencies includes current income from cryptocurrencies ("fruits") as well as income from realized gains in the value of cryptocurrencies ("realized price gains"), irrespective of the fulfillment of a retention period.
This regulation entered into force on 01.03.2022 but is already applicable to cryptocurrencies acquired after 28.02.2021 and sold as of 01.03.2022. Until 01.03.2022, the sale of cryptocurrencies is seen as a speculative transaction, which is subject to the income tax rate if sold within the 1-year retention period. In addition, there are other grandfathering rules that need to be considered.

Income from investment funds is treated differently depending on whether the fund is an Austrian or a foreign fund and whether it is considered to be registered and represented or neither registered, nor represented.

Basically, the taxation of foreign funds is the same as of Austrian investment funds.

A special taxation regime exists for unregistered funds, which are taxed on a lump-sum basis. Besides the actual payments, 90 percent of the difference between the redemption price at the beginning and the end of the year (at least a minimum of 10 percent of the last redemption price) are taxable.

The sale of private assets is taxed as follows:

The sales gain (difference between the sales proceeds and the purchase price) should be subject to capital gain tax under the following circumstances:

- If shares were acquired before 1 January 2011 and are sold after one year holding period the gain is tax free, unless the individual held 1 percent or more of the company’s total capital stock within the last 5 years.
- If shares are acquired after 31 December 2010 and sold after 31 March 2012, but before 1 January 2016 capital gain tax is levied at flat tax rate of 25 percent regardless of the period the shares were held.
- If shares are acquired after 31 December 2010 and sold after 31 December 2015, capital gain tax is levied at flat rate tax of 27,5 percent regardless of the period the shares were held.

A loss on the sale of shares does not trigger capital gain tax but may be available to offset against other capital gains made during the tax year.

In case of termination of Austrian residence, exit taxation occurs if Austria loses the taxation right of the respective source of income. In this case, the value increase during Austrian residence period is taxed as capital gains.

Rental income from properties located in Austria will be taxed at normal rates. Rental income deriving from real estate located in foreign countries may be considered as (progression) income depending on the respective double tax treaty.

Gains from stock option exercises

The value of a stock option, granted in respect of services rendered in Austria, is included in the taxable income, regardless of when the option is exercised. The taxable value of an option is the difference between the fair market value of the shares at the date of exercise and the acquisition costs paid by the employee.

The following dates of taxation apply to restricted stock options:

Residency status	Taxable at:		
	Grant	**Vest**	**Exercise**
Resident	N	N	Y
Non-resident	N	N	Y
Other (if applicable)	N/A	N/A	N/A

Foreign exchange gains and losses

The Austrian income tax return has to be filed in Euros. So, gain or loss in a foreign currency resulting from a source of income is included in the tax return and taxed at the normal tax rates.

Principal residence gains and losses

Since April 1, 2012, Austria has implemented a taxation regime on the sale of non-business real estate property with grandfathering-rules.

Taxation of “new property”:

In case the real estate would still have been qualified as “speculative” on March 31, 2012 (e.g. the ten years holding period was not over), or the real estate is bought after that date, the sale of this real estate is always considered as taxable event on which a special tax rate of 30% can be applied for sales after 31 December 2015.

Taxation of “old property”:

The sale of real estate that did not fulfill the requirements of speculative transaction on March 31, 2012 (e.g., as it was held for more than 10 years) is now also considered as a taxable income on which a special tax rate of 30% can be applied for sales after 31 December 2015. There is the possibility to apply a lump-sum taxation on property the use of which has not been rededicated: 14% of the sales price can be taxed at 30% tax rate (effective tax burden of 4,2%).

Since April 1, 2012 two tax exemptions for the sale of a real estate which was used as primary residence are applicable:

- the property was used as primary residence since the acquisition until the sale, but for at least 2 years.
- the property was used as primary residence for at least 5 consecutive years within a 10- years period prior to the sale (newly introduced tax exemption).

Capital losses

Capital losses may only be set off against capital gains within the same year and cannot be carried forward.

Personal use items

The sale of personal use items is taxable if sold within one year after acquisition and certain tax-free amounts are exceeded.

Gifts

Following a decision of the Austrian constitutional court, inheritance and gift tax are abolished from 1 August 2008 onwards.

However, in order to prevent avoidance of income tax it is required to report gifts over EUR 15,000 within five years (EUR 50,000 within one year for relatives) to the tax authorities. There is a penalty of up to 10 percent of the value if the report was not done deliberately.

2.10 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in Austria? If so, please discuss?

No.

Are there capital gains tax exceptions in Austria? If so, please discuss?

Pre-CGT assets

Not applicable

Deemed disposal and acquisition

Not applicable

2.11 General deductions from income

What are the general deductions from income allowed in Austria?

There are only minor general standard deductions for income-related expenses, such as the general standard deduction from taxable employment income of EUR 132. Non-recurring payments of salaries and wages, such as 13th and 14th month salary payments and bonus payments, enjoy a tax-free allowance of EUR 620 per year in aggregate; a tax deduction of for commuters of EUR 487 (note that this is a reduction of the tax due) is granted as a flat refund for travel between the residence and the place of employment. If the distance between the private residence and the place of employment exceeds certain limits, additional standard amounts can be deducted from taxable income and from the computed income tax (different commuter deductions).

The following items can also reduce taxable income.

- Special personal expenses not related to the income of a particular source may be deducted from taxable income. Special expenses are e.g. certain recurring payments; expenses for professional tax advice; contributions to churches and other religious bodies if recognized by law (up to EUR 600 per year); donations for research purposes as well as among others humanitarian organizations (registered at the Austrian tax authorities) are subject to limitations; certain tax losses carried forward from previous years.
- Expenses necessarily incurred by a taxpayer due to extraordinary circumstances may be deducted from taxable income, usually after allowing a retention ranging from 6 percent to 12 percent of the taxable income. The percentage of retention is reduced by 1 percent for each sole earner and for each child entitled to a child allowance. Certain expenses are deductible at flat amounts (such as children's tuition at a boarding school; invalidity certified by the health authorities). These extraordinary expenses are not deductible by individuals who are subject only to limited tax liability.

2.12 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in Austria?

From KPMG Austria's experience, hypo tax agreements are usually concluded.

2.13 Calculation of estimates/ prepayments/withholding

How are estimates/prepayments/withholding of tax handled in Austria?

For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Basically, there is the obligation for employers to withhold payroll tax from their employees and to forward it to the responsible tax office. If there is no permanent establishment for the payroll administration, which could withhold the wage tax or there is no withholding obligation for other reasons, the tax is paid to the tax office by the individual.

If tax return filing is applicable, quarterly prepayments of the expected income tax have to be made.

When are estimates/prepayments/withholding of tax due in Austria? For example, monthly, annually, both, and so on.

Taxes are collected during the tax year either by the tax office or through withholding at the source. Prepayments must be affected by 15 February, 15 May, 15 August, and 15 November each year for personal income tax purposes. These payments are generally based on the prior year's tax. Payroll tax will be withheld by the employer and paid monthly (until the 15th of the following month) to the tax authorities.

Withheld or prepaid taxes are credited against the final tax liability. If the taxpayer's final tax liability exceeds the aggregate of the amounts already withheld or paid, tax is refunded. The final tax is payable within one month after the tax assessment.

2.14 Relief for foreign taxes

Is there any Relief for Foreign Taxes in Austria?

For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

Austria has concluded more than 90 double taxation treaties based on the OECD model tax convention, thus providing relief against double taxation to taxpayers resident in the contracting states.

In the absence of a tax treaty, the Austrian Federal Tax Act grants credit or exemption under certain circumstances in relation to actual double taxation.

2.15 General tax credits

What are the general tax credits that may be claimed in Austria?

Please list below.

There are only some tax credits, which may be claimed against the taxpayer's tax liability. Several requirements have to be met:

- sole earner credit (lump sum)
- pensioners tax credit (lump sum – phased out)
- traffic tax credit (lump sum)
- alimony payments (lump sum)
- commuter deduction (lump sum – depending on km)

2.16 Sample tax calculation

This calculation assumes a married taxpayer resident in Austria with two children whose three-year assignment begins 1 January 2023 and ends 31 December 2025. The taxpayer's base salary is USD100,000 and the calculation covers three years.

	2023 USD	2024 USD	2025 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	60,000	60,000	60,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD 1.00 = EUR 0.910941.

Other assumptions

- All earned income is attributable to local sources.
- The salary is paid out in 12 installments and the bonus is considered as special payment. Bonuses are paid at the end of each tax year and accrue evenly throughout the year.
- Interest income is not remitted to Austria.
- The company car is used for business and private purposes and originally costs USD 60,000.
- The employee is deemed resident in Austria throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of taxable income (EUR)

Year-ended	2023 EUR	2024 EUR	2025 EUR
Days in Austria during year	365	365	365
Earned income subject to income tax			
Salary	91,094	91,094	91,094
Bonus	18,219	18,219	18,219
Cost-of-living allowance	9,109	9,109	9,109
Net housing allowance	10,931	10,931	10,931

Company car	11,520	11,520	11,520
Moving expense reimbursement	18,219	0	18,219
Home leave	0	4,555	0
Education allowance	2,733	2,733	2,733
Total earned income	161,825	148,161	161,825
Other income	5,466	5,466	5,466
Total income	167,291	153,627	167,291
Deductions	25,062	15,975	16,955
Total taxable income	142,229	137,652	150,336

Calculation of tax liability (EUR)

	2023 EUR	2024 EUR	2025 EUR
Taxable income as above	142,229	137,652	150,336
Austrian tax thereon	49,034	44,173	46,375
Less:			
Domestic tax rebates (dependent spouse rebate)	5,125	5,237	5,300
Foreign tax credits	0	0	0
Total Austrian tax	43,909	38,936	41,075

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than one year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

No. An individual is assumed to be resident if he/she either maintains any kind of accommodation, or is physically present, under circumstances indicating that his/her abode will not be temporary.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

No. As a rule the tax on employment income is levied by way of withholding through the employer. If no permanent establishment of the employer exists in Austria or if there is no other obligation for a wage tax withholding, a tax consultant can handle the withholding or income tax will be paid by assessment.

3.3 Taxable income

What income will be taxed during short-term assignments?

In general, if the assignee is only limited tax liable in Austria, he/she is taxable with income derived from Austrian sources only, whereas in case of unlimited tax liability in Austria taxation is based on the world-wide income. Tax treaties concluded between Austria and many countries may provide for exceptions to these general principles.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short- term assignment in Austria?

In order to avoid wage and social dumping, that could be caused by the posting or temporary employment (hiring-out) of workers from so-called low-wage countries, Austria has implemented restrictive regulations (particularly in the Anti-Wage and Social Dumping Act). A number of measures ensure equal pay conditions for employees working in Austria. Among others, the compliance with statutory minimum wages in Austria and mandatory labor regulations. Employees posted, or hired-out to Austria are entitled to the salary which is stipulated in the Austrian laws, regulations or collective bargaining agreements and which other comparable employees at the place of work in Austria would receive. Furthermore, the employer (in case of a posted employee) respectively the Austrian lessee (in case of a hired- out employee) has to keep wage/salary records in German language ready for inspection at the place of work (in Austria).

In case of transnational posting of (temporary) workers, who are employees by a company based in the EEA or Switzerland, these must be reported prior to commencement of work to the Central Coordination Office for the control of Illegal Employment (in German: “Zentrale Koordinationsstelle des Bundesministeriums für Finanzen für die Kontrolle illegaler Arbeitnehmerbeschäftigung”) (for posted

employees by use of the form ZKO 3, for temporary employees by use of the form ZKO 4). For this purpose, only the electronic forms of the Federal Ministry of Finance may be used.

The most important exemptions are highlighted below. Please note that these exemptions are applicable for assignments only (as defined), except for the last two (high earners exception; temporary intra-group assignments/hiring-outs) which is also applicable for the hiring-out of employees:

- Business meetings, as long as no further services are rendered.
- Participation in seminars, as long as no further services are rendered.
- Trade fairs and events similar to trade fairs (this exemption is not applicable for preparatory and concluding work).
- Attending and participating in conferences.
- In cases involving “transit traffic,” activities by mobile employees or crew-persons in the cross-border transport of goods or passengers.
- In cases where the employee concerned receives a monthly gross remuneration in an amount of at least 120 percent of thirty-times the daily ASVG-maximum contribution basis (for 2025: EUR 7,525).
- Temporary intra-group assignments or hiring out of especially qualified employees for the maximum of two months per calendar year, as long as the work in Austria is for purposes of research and development, planning of project work, holding of a training, or otherwise for purposes of exchanging experiences, consulting the company, controlling or participating in a cross-border group-department with management and planning functions.

Please note that the required permits/notifications/registrations/etc. highly depend on the facts and circumstances of the individual case and therefore request for a case-by-case analysis

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in Austria? If so, what are the rates for employers and employees?

Austrian social insurance is compulsory and comprises health insurance, pension insurance, unemployment insurance, and accident insurance.

The contributions are determined as percentage of the total monthly earnings (but only up to specified maximum amounts) and are paid partly by the employee and partly by the employer.

The maximum contribution basis for regular payments amount to EUR 6,450 per month. The maximum contribution base for special payments (those that do not occur on a monthly basis, such as a bonus) amounts to EUR 12,900 per year.

Type of insurance	Paid by employer	Paid by employee	Total
Pension insurance	12.55%	10.25%	22.80%
Accident insurance	1.10%	0.00%	1.10%
Health insurance	3.78%	3.87%	7.65%
Unemployment insurance*	2.95%	2.95%	5.90%
Others	0.6%	1.00%	1.6%
Total	20.98%	18.07%	39.05%
Severance fund	1.53%	0.00%	1.53%

The other (minor) contributions payable are for housing purposes, to a special fund intended to safeguard wages and salaries against such contingencies as insolvency and to the chamber of labor. On special payments these contributions (mostly) do not occur.

* The employee-contribution for unemployment insurance is reduced depending on the income.

- Income up to EUR 2,074: 0 %.
- Income between EUR 2,074 and EUR 2,262: 1 %. Income between EUR 2,262 and EUR 2,451: 2 %. Income greater than EUR 2,451 2.95 %.
- The employee's portion of the various compulsory social security contributions is, for personal income tax purposes, deductible as an income-related expense.

The employer contribution of 1.53 percent is payable on the gross salary to a severance payment fund. This obligatory contribution applies to all private law employment contracts entered into from 1 January 2003, onwards.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Austria?

After a decision of the Austrian constitutional court inheritance and gift tax are abolished from 1 August 2008 onwards.

However, in order to prevent avoidance of income tax it is required to report gifts over EUR 15,000 within five years (EUR 50,000 within one year for relatives) to the tax authorities. There is a penalty of up to 10 percent of the value if the report was not done deliberately.

4.3 Real estate tax

Are there real estate taxes in Austria?

Immovable property situated in Austria is subject to real estate tax. For individuals, real estate tax paid is deductible in case the property is used for business purposes.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in Austria?

There are a number of indirect taxes that will affect an individual's cost-of-living in Austria, including a European Community-style VAT of 20 percent.

4.5 Unemployment tax

Are there unemployment taxes in Austria?

Contributions for an insurance against unemployment are included in the Austrian social security system. It is funded partly through the employee (2.95 percent, reduced depending on income) and the employer (2.95 percent).

4.6 Other taxes

Are there additional taxes in Austria that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

No information provided.

Foreign financial assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/territory's fiscal or banking authorities?

No information provided.

05
Immigration

5 Immigration

Following is an overview of the concept of Austria's immigration system for skilled labor.

(e.g., which steps are required, authorities involved, in-country/territory and foreign consular processes, review/draft flow chart illustrating the process)

This summary provides basic information regarding business visits to, and work authorization for, Austria. The information is of a general nature and should not be relied upon as legal advice.

With regard to entry and residence into Austria it has to be differentiated between nationals of the

European Union respectively the European Economic Area and so-called third-country nationals.

Most foreign nationals who intend to engage in active, productive employment in Austria will need a Residence and Work Permit. Depending on the purpose of travel to Austria and the nationality of the traveller, there are different types of visas that will apply to the occasion, and which vary in their processes and processing times. For all work authorization types, foreign nationals must coordinate with their employer to collect and legalize corporate and personal documentation.

EU citizens have the right to Freedom of movement, which means they have unrestricted access to the Austrian labor market. A work and residence permit or visa will not be required to either enter or work in Austria. The same rules apply to citizens of Iceland, Liechtenstein, Norway and Switzerland.

Unless evidence can be provided that one is an EU/EFTA national, a permit will be required to work and reside in Austria.

Austria distinguishes further between Non-Visa Nationals and Visa Nationals. Non-Visa Nationals can enter Austria for both touristic and certain, limited business purposes without the need to apply for an entry visa. Visa nationals always require a visa in order to enter Austria.

Regarding most activities, third country nationals may not start working until the appropriate work and residence permit has been issued. Non-visa nationals will not need to obtain an entry visa and can submit the application for the Residence and Work Permit directly to the local immigration authorities after entering Austria. Visa nationals need to apply for the respective permit at the Austrian embassy / consulate abroad. Furthermore, permits relating to work activities sometimes may be lodged by the employer at the Austrian authorities as well. The Immigration Authorities will review the application and issue the permit. On most occasions the involvement of the Public Employment Service ("AMS") will be required.

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Austria as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

1. Extensive information regarding which nationalities are visa-nationals and which are non-visa nationals can be found in a table published from the Austrian Federal Ministry of Interior under this: linkhttps://www.bmi.gv.at/202/Fremdenpolizei_und_Grenzkontrolle/Visumpflichtige_Laender/start.aspx
2. They may only perform activities which are exempted from the Aliens Employment Act, such as e.g., meetings or other activities which are only of short duration and for which, by their nature, domestic labor force is not used. Please note that it has to be assessed individually whether an activity is exempted from the Aliens Employment Act every single case. In case the activity is not exempted from the Aliens

Employment Act, the individual is required to obtain (i) a visa / residence permit (depending on the duration) for business purposes as well as (ii) a work permit.

3. Maximum length of stay: 90 days within 180 days.

Describe (a) the regulatory framework for business travellers being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

1. Visa-nationals always require a visa in order to enter Austria. The type of visa depends on the activity as well as the duration. For a duration of up to 90 days within 180 days, a “Visum C” is required, for a duration up to 180 days a “Visum D” is required.
2. A “normal” visa is required for activities which are exempted from the Aliens Employment Act, such as e.g., meetings or other activities which are only of short duration and for which, by their nature, domestic labor force is not used. Please note that it has to be assessed individually whether an activity is exempted from the Aliens Employment Act every single case. In case the activity is not exempted from the Aliens Employment Act, the individual is required to obtain (i) a visa for business purposes as well as (ii) a work permit. In case the duration exceeds 180 days, a residence permit is required.
3. See above.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

The individual has to apply for a visa in person at the Austrian embassy/consulate. The required documents vary, however, standard documents are passport, birth certificate, certificate of criminal records as well as documentation on the planned activity in Austria. All documents should be translated into German and all official documents issued by an authority should be legalized / apostilled (except the passport) if there is no bilateral agreement between Austria and the respective state concerning the recognition of legal documents.

Furthermore, please note that the authority may always ask for additional documents.

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

No.

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to Austria?

In this context please outline whether a local employment contract is required for the specific permit type.

Local employment:

- Red White Red Card (combined work- and residence permit)
- Blue Card EU (combined work- and residence permit)

Assignment:

- ICT-Card (combined work- and residence permit)
- Work permit and residence permit for assigned employees (separate work permit and residence permit)

Provide a general process overview to obtain a work and residence permit for long- term assignments (including processing times and maximum validation of the permit).

The Red White Red Card, Blue Card EU, ICT-Card and the Work Permit in case of separate Work and Residence Permits can be applied for by the employer at the Austrian Authorities. In case of a Red White Red Card, Blue Card EU and ICT-Card, upon approval, the employee will be granted an entry visa (in case of visa-nationals) and may enter Austria in order to submit his/her fingerprints and collect the respective cards.

In case of separate work and residence permits, the work permit gets sent to the employer. Once the work permit was approved, the employee has to apply for the residence permit at the Austrian embassy / consulate abroad. Non-visa nationals may also apply directly in Austria.

Processing times for Red White Red Cards, Blue Cards EU and ICT-Cards are legally maximum 8 weeks. The legal processing time for separate work permits is 6 weeks, however, the legal processing time for separate residence permits is 6 months.

Generally, it cannot be ruled out that the authority takes longer.

Red White Red Cards, ICT-Cards and separate work and residence permit are valid for one year. Blue Cards EU are valid for two years. All permits can be extended.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

Yes, the respective employees / assignees have to receive the minimum salary paid to comparable employees of comparable employers. This is calculated with the classification within the applicable Collective Bargaining Agreement.

Allowances can only be taken into account in case they are granted for the assignee's work activities and do not qualify as reimbursement of expenses.

Is there a fast-track process which could expedite the visa/ work permit?

No.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

As soon as the respective card (Red White Red Card, Blue Card EU, ICT-Card Residence Permit Card) was collected and, in case of separate work and residence permits, the work permit was sent to the employer.

Can a short-term permit/ business visa be transferred to a long term permit in Austria?

It cannot be transferred; however, the employer / assignee could apply for a long-term permit whilst being on the short term assignment.

Is it possible to renew work and residence permits?

Yes. It is possible to renew work and residence permits infinitely, except of the ICT-Card, which can only be held for 3 consecutive years. After this period, the assignee is required to leave to a third country (outside the EEA) for a "cooling off" period

Is there a quota or system or a labor market test in place?

There is no quota system for work and residence permits based on employment / assignment in place, however, in case of Red White Red Cards, Blue Cards EU and separate work permits, there is a labor market test. There is no labor market test in case of ICT-Cards.

5.3 General Immigration Related Questions

Would it be possible to bring family members to Austria?

Partly – it is only possible in case of Red White Red Cards, Blue Cards EU and ICT-Cards.

Is it possible to obtain a permanent residence permit?

After 5 years of residency in Austria it is possible to obtain a permanent residence permit, however, the applicant is required to present a specific test (Module 2 of the “Integration Agreement”) which includes German knowledge on B1 Level.

What if circumstances change after the Work and Residence application process?

In case the process was not finished yet, it can be withdrawn or changed into another application. In case the process already finished, the authority should be informed about the changed circumstances and a new application (“change of purpose”-application) should be lodged.

How long can a permit holder leave Austria without their permit becoming invalid?

General rule: 6 months maximum, however, the authority could make exceptions under certain circumstances.

Must immigration permissions be cancelled by the end of the assignment/employment?

The respective card which was handed out to the employee / assignee has to be returned to the authority.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

There are both penalties for individuals as well as for companies.

5.4 Other Important Items

List any other important items to note, or common obstacles faced, in Austria when it comes to the immigration processes.

N/A

Back to top

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com

'KPMG' refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.