

# AUSTRIAN TAX BOOK 2005



Advice on the tax assessment for employees in 2004

Presented by the Federal Ministry of Finance



## Attention

Throughout this brochure, terms as “employee”, etc., refer to both men and women, in order to save space. It should be pointed out quite explicitly that all statements and phrases also apply equally to both sexes.

Words in **bold print** refer to an entry in the Index.

## Publication details

Editor, owner and publisher: Federal Ministry of Finance,  
Division I/1 (Communication), Himmelpfortgasse 8, A-1015 Vienna

Responsible for the information contained in this brochure:

Section IV (Taxes and Customs Duties)

Translated into English by Liese Katschinka, Vienna.

Layout and production: no limits advertising werbeagentur, Reinhard Helmer

Cover pictures: Gettyimages, Corbis, MEV Verlag

Printer: Druckerei Berger, Horn

Copy deadline: 15 December 2004

Vienna, December 2004

# FOREWORD

The decision on the second stage in the greatest tax reform of the Second Republic was taken in May 2004. It will offer net tax breaks of € 2.5 billion, in addition to the € 0.5 billion of the first stage. This is a total amount of € 3 billion, i.e. more than ATS 41 billion. Every Austrian taxpayer will benefit from an average tax relief of € 500 per year – sometimes even with retroactive effect as of 1 January 2004.

Small and medium income recipients, in particular, as well as families will especially benefit from the tax breaks. Of the 5.9 million gainfully employed persons and pensioners in Austria 2.55 million will no longer pay any more wage or income tax – the new tax scale makes it possible. Families with children benefit from the newly introduced child supplements to the tax deductions for sole earners and single parents. The approximately 100,000 single parents, in particular, will benefit from this family-friendly measure.

The present Tax Book informs you about your optimum tax savings, as well as about the tax benefits to which you are entitled, and what services we can offer you free of charge. The advice offered is based on the legal status for 2004 and

thereafter. Employees must apply it to their 2004 tax assessment, as well as to the current payroll accounting in the course of 2005.

If you have Internet access, you can use *FINANZOnline*, our modern service for filing tax returns electronically via the Internet 24 hours daily. For using this service the first time, please register at [www.bmf.gv.at](http://www.bmf.gv.at) ➔ *FINANZOnline*. A hotline (0810 / 22 11 00, at the local rate throughout Austria), which you can call Monday through Friday from 08.00 to 18.00 hrs., has been set up to answer the questions directly which you may have concerning *FINANZOnline*.

The wage-tax regulations, all pertinent laws, ordinances and decrees, as well as the forms required in connection with your wage or income tax are also available for downloading (free of charge) from the Internet at [www.bmf.gv.at](http://www.bmf.gv.at) ➔ *Steuern*.

Your tax office and the Citizens' Service of the Federal Ministry of Finance are at your disposal (Monday through Friday from 08.00 to 17.00 hrs., phone: 0810 / 00 12 28, at the local rate throughout Austria) to help you personally with any information needed.



Karl-Heinz Grasser  
Federal Minister of Finance



Alfred Finz  
State Secretary in the Ministry of Finance

# CONTENTS

<b>GENERAL INFORMATION ON WAGE TAX AND INCOME TAX</b> . . . . .	6
Tax liability . . . . .	6
Wage tax or income tax . . . . .	6
Categories of income sources . . . . .	7
Income from employment . . . . .	8
Remunerations in kind . . . . .	9
Non-taxable earnings . . . . .	10
Tax-reducing expenses . . . . .	11
<b>TAX SCALE AND TAX DEDUCTIONS</b> . . . . .	12
Tax scale . . . . .	12
Tax deductions . . . . .	14
Deductible amounts for low incomes (negative tax) . . . . .	19
<b>WAGE-TAX CALCULATION BY YOUR EMPLOYER</b> . . . . .	20
General information . . . . .	20
Traveling between one's home and place of work . . . . .	21
Non-taxable payments by the employer . . . . .	21
Business trips . . . . .	22
Employers' contributions to pension funds . . . . .	25
Miscellaneous remunerations . . . . .	25
Bonuses and supplements . . . . .	28
Recalculation by the employer . . . . .	29

**WHAT CLAIMS MAY BE ENTERED AT THE TAX OFFICE?** . . . .30

Income-related expenses . . . . .30

Categories of income-related expenses . . . . .31

Lump-sum allowances for specific groups of professionals . . . . .39

Special expenses . . . . .40

Types of special expenses . . . . .42

Premium-aided provident schemes . . . . .47

Premium-aided pension schemes . . . . .48

Extraordinary burdens . . . . .49

Extraordinary burdens regarding dependant persons . . . . .50

Extraordinary burdens with deductibles . . . . .51

Extraordinary burdens without deductibles . . . . .52

Extraordinary burdens incurred by handicapped persons . . . . .53

Extraordinary burdens due to handicapped children . . . . .55

Official Certifications and Victim Passes . . . . .57

**THE TAX-OFFICE PROCEDURE** . . . . .58

Employee tax assessment . . . . .58

Taxes due on several pensions . . . . .61

Tax-office decision on allowed deductions . . . . .61

Disclosures pursuant to § 109a of the Income Tax Act . . . . .62

Appeal against a tax-office decision . . . . .64

Payment in installments and deferred tax payment . . . . .64

Specimens for appeal and for application  
to pay in installments or to defer payment . . . . .66

**INDEX** . . . . .68

# GENERAL INFORMATION ON WAGE TAX AND INCOME TAX

## ▶ TAX LIABILITY

### Who is liable to pay tax in Austria?

Unlimited liability for tax applies to those persons whose place of residence or regular domicile is in Austria. In any event after the elapse of six months of permanent residence in Austria, unlimited liability for tax ensues, dating back to the first day. Nationality is of no consequence in this respect.

Unlimited liability for tax signifies that, in principle, all sources of income, whether in this country or abroad, have to be declared for tax purposes in Austria.

Limited liability for tax applies to persons who have income in Austria (e.g. as employees) or who derive income from Austria (e.g. social-security pensions) but who have no place of residence, nor their regular domicile in Austria. Individuals with limited liability for tax can also apply for assessment as employees, claiming deduction of income-related expenses and special expenses incurred in Austria.

Double taxation agreements prevent that taxes must be paid more than once on one and the same income, if an individual has a place of residence or derives income from more than one country.

Cross-border workers, i.e. persons residing in Austria but working abroad during the day, are generally liable for tax in the country where they live. An employee, for example, who lives in Upper Austria but who works in Bavaria pays tax in Austria on earnings in Bavaria.

Guest workers are treated as employees with unlimited tax liability, right from the first day of their presence in Austria. The requirement is a work permit for six months, as a minimum, or a work contract for a minimum of six months.

For seasonal workers, unlimited liability for tax generally arises when their stay in Austria exceeds six months. In this case, the unlimited liability for tax dates back to the first day of their employment.

## ▶ WAGE TAX OR INCOME TAX

### What is the difference between wage tax and income tax?

It applies, in principle, that employees and pensioners pay wage tax and that self-employed persons pay income tax. Wage tax differs from income tax solely in the method of levying. The tax scale is basically the same. For employees there are, however, additional deductions and special

stipulations regarding the taxation of certain "miscellaneous remunerations".

Wage tax has to be deducted by every employer and transferred to the tax office by the 15th day of the following month.

Income tax is collected through an assessment procedure. This requires that an income tax return is filed with the tax office. Income tax is then assessed on the basis of this statement, and an income tax assessment notice is issued. An income tax assessment also takes account of income from employment. Wage tax already withheld by the employer is then credited to income tax. Even if only income from employment is earned, it is generally necessary to proceed with an income tax assessment. Please refer to the chapter on "employee tax assessment", page 58.

## ▶ CATEGORIES OF INCOME SOURCES

### On what is wage tax or income tax payable?

The focus of income tax is on income. It comprises several categories of income sources. The Income Tax Act lists all the categories of income sources which are subject to income tax. Only those earnings which are listed in the law under one of the income sources are subject to income tax. Gambling and lottery wins, for example, are not subject to taxation; nor are the child care or the nursing care allowances.

The Income Tax Act covers the following seven categories of income:

1. Income from agriculture and forestry
2. Income from self-employment
3. Income from trade or business
4. Income from employment
5. Income from investment of capital
6. Income from rental and leasing
7. Other income

---

= Total amount of earnings

- Special expenses
  - Extraordinary burdens
- 

= Income (tax assessment basis)

#### ▶ COMMENT:

Income categories 1 to 3 are known as "categories of business income" or "income from profit". Income categories 4 to 7 are referred to as "income from receipts over expenditures" or "categories of non-business income".

### At what level of income does liability for tax commence?

A certain basic income (subsistence level) remains tax-free for every person liable to tax without restriction. The tax-free basic income per year amounts to at least:

	2004	2005
for persons liable to wage tax	€ 10,000	€ 10,900
for self-employed persons	€ 8,887	€ 10,000

The different levels of non-taxable income are due to additional amounts that wage-tax payers may deduct from their tax (employee deduction and transportation deduction or pensioner deduction).

Interpretation of the individual categories:

- ❑ Income from agriculture and forestry is earned, for example, by farmers or market-gardeners.
- ❑ Income from self-employment is earned, for example, by doctors, lawyers, tax advisers, architects or journalists and by partners/directors with a 25% or higher stake in joint-stock companies (e. g. limited-liability companies – GmbH).
- ❑ Income from trade or business is profit generated by business enterprises (e.g. wholesale and retail trade, cabinet-making, hair-dressing) and industrial enterprises. Legal entities (e. g. limited-liability companies – GmbH) do not pay income tax but corporate income tax.
- ❑ Income from employment
- ❑ Income from investment of capital is, for example, interest on savings deposits or securities, as well as dividends from shares and limited-liability company stock holdings. If this income is earned in Austria, the income tax is withheld at source (withholding tax).
- ❑ Income from rentals and leasing are earned when a flat or a house is rented out.
- ❑ Other income constitutes:
  - ▶ recurring earnings (e.g. certain annuities),
  - ▶ income from the sale of private property within specific time-

- limits (speculative gains),
- ▶ income from the sale of private capital holdings higher than a 1% share (e.g. sale of shares in limited-liability companies),
- ▶ income from services (e.g. commissions on occasional business introductions and income from occasionally renting out private objects), and
- ▶ fees earned by office-holders (emoluments of office-holders in public-law corporations if they are not employees).

## ► INCOME FROM EMPLOYMENT

### What constitutes income from employment?

Income from employment comprises the following remunerations:

- ❑ Remunerations and benefits from an existing or earlier contract of employment. These include wages and salaries, as well as company pensions, but also remunerations in kind provided by the employer.
- ❑ Pensions under the statutory social security system. These include, inter alia, pensions from pension-insurance institutions for employees, farmers or trade or business establishments. Augmentations deriving from voluntary additional insurance are only taxable at one quarter of their value.
- ❑ Sickness benefits

- ❑ Benefits paid by pension funds. Benefits and pension benefits which derive from employers' contributions are fully subject to wage tax. Benefits and pension benefits which derive from employee contributions are only taxable at 25%. Pensions from a premium-aided pension scheme (see page 56), a premium aided provident scheme (see page 47) or a staff provident fund are non-taxable.
- ❑ Remunerations in accordance with the Remunerations Act, as well as emoluments paid to members of a provincial government or a provincial diet, to mayors, town councilors or municipal councilors.

► **PLEASE REMEMBER:**

As a rule, work provided within the framework of a contract for independent services or a contract for work is deemed to be business income. No wage tax is therefore deducted. These earnings come under income from self-employment or income from trade or business (see "Disclosure pursuant to § 109a of the Income Tax Act", page 62).

### When must tax be paid on income from employment?

Income tax is calculated in each case on the basis of the total income within a calendar year. As a matter of principle, income (wages, salaries and pensions) is attributed to the calendar year in which the employee receives it.

For an employee tax assessment (formerly known as "annual wage tax re-computation"), the tax is re-calculated on the basis of the income earned during the calendar year. If income liable to wage tax is not earned throughout the year, the calculation usually results in a credit. Please refer to the comments on page 59 in the section on tax-office procedure for cases resulting in a subsequent claim for tax payment.

## ▶ REMUNERATIONS IN KIND

### What exactly are remunerations in kind?

An employee generally receives money as compensation. The payment may (partly) also be made in kind (remunerations in kind). Remunerations in kind must be valued at the mean price they command in the place where they are provided and taxed accordingly. For most remunerations in kind, such as personal use of a company car, uniform values have been established which are applied throughout Austria.

The Income Tax Act stipulates specifically that certain remunerations in kind are non-taxable (e.g. Christmas presents up to a value of € 186, company outings up to € 365, meals at the work place).

### Examples for taxable remunerations in kind:

- ❑ **Company car**  
If the employee may use a company car for private journeys, as a

remuneration in kind, then this is taxed on a monthly basis at 1.5% of the initial cost (including value-added tax), up to a maximum of € 600 (up to 2004: € 510). Private journeys are also considered to include trips between place of residence and place of work. If the company car can be shown to have been used for private trips of no more than 500 km per month, averaged over the year, half the value may be entered as a remuneration in kind, 0.75% or the initial cost, up to a maximum of € 300 (up to 2004: € 255).

#### Car port or garage place

If the employer provides the employee with a car port or garage place free of charge during working hours, then a remuneration in kind of € 14.53 per month must be added to the wage-tax assessment base. This amount only needs to be added when the car port or garage place is in an area with restricted parking ("blue zone"). No further value needs to be added for the remuneration in kind beyond the employee's contribution of € 14.53 per month to the employer's costs.

#### Loans and wage advances by the employer

No remuneration in kind needs to be entered for wage advances and interest-free or low-interest loans by the employer up to € 7,300. If the wage advance or the employer's loan exceeds the total amount of € 7,300, interest savings must be entered at 3.5% (or the difference up to 3.5%) for the amount in excess of this sum.

#### Company housing

If the employee is provided with housing, free of charge or at reduced costs, this is also a taxable remuneration in kind. As a matter of principle, the remuneration in kind is related to the year of construction of the accommodation. If the company housing is rented by the employer, the remuneration in kind is the actual amount of rent, plus overhead costs, minus 25%.

#### Incentive travels

Incentive travels offered to motivate staff members are taxable remunerations in kind.

Examples for non-taxable remunerations in kind:

#### Laptop, desktop computers

If the employee is provided with a laptop or desktop computer which is used regularly for professional purposes, this does not constitute a taxable remuneration in kind.

#### (Mobile) telephone

The occasional private use of a (mobile) telephone belonging to the employer is also not a taxable remuneration in kind.

## NON-TAXABLE EARNINGS

Which remunerations and payments are not subject to taxation?

The following are the most important non-taxable earnings:

- ❑ Family allowance
- ❑ Maternity allowance and similar remunerations under the statutory social security system
- ❑ Parental-leave benefits, parental-leave assistance and child-care benefits
- ❑ Accident pensions

### Which non-taxable payments may have an effect on the tax on income?

There are certain income components (income substitutes) which, in fact, are non-taxable but increase tax on the other income in the event of a possible assessment (the so-called "special provision concerning progression"). These include the following remunerations:

- ❑ Unemployment benefits or poverty relief assistance, as well as temporary assistance for federal employees
- ❑ Certain remunerations pursuant to the Army Fees Act
- ❑ Certain remunerations pursuant to the Community Services Act

If someone does not only earn the above-mentioned non-taxable income substitutes during a calendar year but has also other taxable income (e.g. salary, pension), these payments must be extrapolated fictitiously, for computation of the full tax progression, as though they had also been (continued to be) earned while receiving the

income substitutes. The fictitious total income is then used to determine the mean tax rate, which is applied to determine the tax due on the actually taxable income – namely the salary, the pension or the other taxable current earnings.

The tax may, however, not be higher than would be the result if the income and the income substitutes had been taxed jointly.

## ▶ TAX-REDUCING EXPENSES

### Which expenses reduce taxable income?

There are some expenses which reduce taxable income. These expenses include those which are directly connected with earnings. They may be deducted as **business expenses** under the categories of **business income** (agriculture and forestry, self-employment, or trade or business), or as **income-related expenses** for the other sources of income. Expenses which are directly related to non-taxable income may not be deducted.

Other expenses which reduce taxable income but are not linked to earning an income are **special expenses** (see page 40) and **extraordinary burdens** (see page 49).

# TAX SCALE AND TAX DEDUCTIONS

## TAX SCALE

### How high is wage tax or income tax?

Tax on taxable income is calculated according to the income tax scale. The scale consists, on the one hand, of specific percentages which are applied to the individual tax-scale increments and, on the other hand, there are tax-deductible amounts which can be deducted immediately from the result of the tax-rate computation (as of 2005 a simplified computation will be used, see page 13). The tax liability is the result of combining the tax rate and the tax deductions.

The following tax rates are in force for 2004:

Income		Percentages
	up to € 3,640	0%
over € 3,640	up to € 7,270	21%
over € 7,270	up to € 21,800	31%
over € 21,800	up to € 50,870	41%
over € 50,870		50%

#### ► EXAMPLE:

The taxable income for 2004 amounts to € 21,000. Of this amount, € 3,640 come within the first bracket (0%), € 3,630 are in the second bracket (21% → € 762.30), and the remaining € 13,730 are in the third bracket (31% → € 4,256.30). Tax according to the tax scale therefore amounts to € 5,018.60 (see example on page 13 for calculation of tax deductions).

This example shows that when exceeding a tax bracket, only the "uppermost income component" is taxed at the higher percentage at the so-called "marginal tax rate".

### What tax deductions are there?

The Income Tax Act defines the following tax deductions:

General tax deduction (basic amount with phasing-in rule)	€ 1,264/year (applies to 2004 only; to be integrated into the tax rate as of 2005)
Employee tax deduction (or cross-border worker deduction)	€ 54/year
Transportation deduction	€ 291/year
Pensioner deduction (basic amount with phasing-in rule)	€ 400/year
Sole-earner deduction	€ 364/year (basic amount)
Single-parent deduction	€ 494/year (in case of one child)
Maintenance deduction	€ 25.50 to € 50.90/month/child
Child deduction	€ 50.90/month/child
Additional child supplement	€ 36.40/month/as of 3 <sup>rd</sup> child

For the sole-earner and single-parent deduction (€ 364, basic amount), a scaled

child supplement was introduced as of the 2004 calendar year.

for the first child	€ 130
for the second child	€ 175
for the third and every additional child	€ 220

Sole earners with children and single parents may therefore apply the following annual deductions:

with one child	€ 494
with two children	€ 669
with three children	€ 889

## What tax deductions are there?

### Employees

Income up to	Tax rate	Deduction*
€ 9,646.46	0.00000%	€ 110.000
€ 10,000.00	31.00000%	€ 3,100.400
€ 15,000.00	38.50000%	€ 3,850.400
€ 21,800.00	35.00000%	€ 3,325.400
€ 35,511.00	45.50004%	€ 5,614.409
€ 50,870.00	41.00000%	€ 4,016.400
higher	50.00000%	€ 8,594.700

### Pensioners

Income up to	Tax rate	Deduction*
€ 10,143.90	0.00000%	€ 0.000
€ 15,000.00	38.50000%	€ 3,905.400
€ 16,715.00	35.00000%	€ 3,380.400
€ 21,800.00	42.86627%	€ 4,695.247
€ 35,511.00	45.50004%	€ 5,269.409
€ 50,870.00	41.00000%	€ 3,671.400
higher	50.00000%	€ 8,249.700

\*The tables only cover the amounts for general tax deduction, employee and transportation deduction or the pensioner deduction. The sole-earner or the single-parent deduction and a maintenance deduction must be deducted separately.

### ► EXAMPLE:

For an annual income of € 21,000 the income-tax rate for 2004 is computed as follows, according to the table, for an employee and single parent with one child:

21,000 x 35% =	€ 7,350.00
- deduction acc. to table	€ 3,325.40
- single-parent deduction, including child supplement	€ 494.00
= Income tax	€ 3,530.60

## How do you calculate your tax for 2005?

A completely new tax scale was created for the 2005 Tax Reform, which makes it possible for a taxpayer to compute wage or income tax in a simple manner:

Income tax scale 2005			
Income in €	Income tax in € (before deductions)	Mean tax rate	Marginal tax rate
up to 10,000	0	0%	
10,000 to 25,000	$\frac{(\text{income} - 10,000) \times 5,750}{15,000}$		38.333%
25,000	5,750	23%	
25,000 to 51,000	$5,750 + \frac{(\text{income} - 25,000) \times 11,335}{26,000}$		43.596%
51,000	17,085	33.5%	
over 51,000	$17,085 + (\text{income} - 51,000) \times 0.5$		50%

The general tax deduction was already integrated into this tax scale. As a result, it need not be calculated separately and deducted. You must only subtract the tax deduction applicable to you (**Attention:** Also subtract the employee and the transportation deduction or the pensioner deduction).

► **EXAMPLE:**

For an annual income of € 21,000 of an employee and single parent with one child, the income tax for 2005 is as follows:

$\frac{(21,000 - 10,000) \times 5,750}{15,000} =$	€ 4,216.67
- employee deduction	€ 54.00
- transportation deduction	€ 291.00
- single-parent deduction, including child supplement	€ 494.00
income tax for 2005	€ 3,377.67

In this connection, pensioners with taxable pension payments between € 17,000 and € 25,000 per year must take account of the phasing-in rule for the pensioner deduction (see page 15).

## ▶ TAX DEDUCTIONS

### General tax deduction

**Amount for 2004:** € 1,264 per year. The general tax deduction changes, however, depending upon income. It can no longer be claimed for incomes of more than € 35,511.

**Entitlement:** Employees with unrestricted and restricted tax liability.

**Information:** Your employer settles the general tax deduction automatically. As

of 2005, the general tax deduction is integrated into the tax scale.

### Employee deduction

**Amount:** € 54 per year

**Entitlement:** Employees subject to wage tax

**Information:** Your employer settles the employee deduction automatically. If you are entitled to an employee deduction, you may end up with a **negative tax** of up to € 110 if your income is low (see page 19). Cross-border workers are entitled to a cross-border worker deduction of the same amount in their tax assessment. It replaces the employee deduction.

### Transportation deduction

**Amount:** € 291 per year

**Entitlement:** Employees

**Information:** Your employer settles the transportation deduction automatically. For cross-border workers it is deducted only at tax assessment. It is a lump sum for journeys to your home and to your work place. Employees who live at a greater distance from their work place or who cannot, or not reasonably, be expected to use public transport may, under certain circumstances, claim an additional lump sum for commuters under income-related expenses (see page 21).

### Pensioner deduction

**Amount:** € 400 per year

**Entitlement:** Pensioners

**Information:** The body paying out your

pension settles the pensioner deduction automatically.

2004	€ 16,715 and € 21,800
2005	€ 17,000 and € 25,000

For higher pension payments, pensioner deductions may no longer be claimed.

► **ATTENTION:**

For 2004 the phasing-in rule has already been taken into account in the table (see page 13). The pensioner deduction for 2005 is calculated as follows within the phase-in zone:

$$(25,000 - \text{pensioner's income in 2005}) \times 5\%$$

gross pension

- mandatory social-security contributions
- special expenses
- extraordinary burdens

---

pensioner's income

► **PLEASE REMEMBER:**

It is not possible to claim both, i.e. the pensioner deduction and the transportation and employee deduction.

## Sole-earner/Single-parent deduction

Amount: € 364 per year (basic amount of the sole-earner deduction without children). If family allowance is received for one or several children during a minimum of seven months, a scaled child supplement applies as of 2004.

Sole earner/ Single parent with	Child supplement per child	Deductible amount incl. child supplement
1 child	€ 130 (1 <sup>st</sup> child)	€ 494
2 children	€ 130 (1 <sup>st</sup> child) + € 175 (2 <sup>nd</sup> child)	€ 669
3 children	€ 130 (1 <sup>st</sup> child) + € 175 (2 <sup>nd</sup> child) + € 220 (3 <sup>rd</sup> child*)	€ 889

\*The amount of € 220 also applies to any further child.

If a taxpayer is entitled to a child supplement, it is possible that these amounts are paid out as negative tax (with € 494 as a minimum).

**Entitlement:** Sole earners and single parents.

**Information:** A sole earner is,

- someone who has been married for more than six months in the calendar year and does not live permanently separated from a spouse who has unrestricted tax liability, or
- someone who for more than six months in the calendar year lives in a marriage-like partnership with a partner who has unrestricted tax liability, and where one of the two claims child deduction for a minimum of one child.

In both instances the income of the (marriage) partner may not exceed certain limits. The sole-earner deduction is only paid to one partner. If both partners fulfill the condition (e.g. a student couple with a child), then only the partner with the higher income may claim the deduction. If neither partner has an income, or if their income is the same, the deduction may be claimed by the woman, unless the man has more household responsibilities.

## A single parent is

- ▶ someone who for more than six months in the calendar year has not lived in a marriage or marriage-like partnership and
- ▶ receives the child deduction for at least one child.

## What may be the income of the (marriage) partner to claim the sole-earner deduction?

- The marriage partner (without child/children) may only have a maximum income of € 2,200 per year.
- In a marriage or a marriage-like partnership with at least one child the (marriage) partner may only have a maximum income of € 6,000 per year.

## How are the income limits calculated for the (marriage) partner?

The taxable income matters in the first place. This means that the following amounts are deducted from the gross earnings in order to determine the limits:

- Social-security contributions
- Contributions for voluntary membership in professional bodies (e. g. contributions to the Austrian Trade Union Congress)
- Lump sum for commuters
- Other income-related expenses (for employees at least the lump sum of € 132)
- Non-taxable supplements for overtime, Sunday or holiday work, as well as supplements for night-time work, and non-taxable pay for dirty work, hardship or hazards at work.

- Other remunerations that are non-taxable (as a rule up to € 1,950; as of 2005 the ceiling on non-taxable amounts is € 2,000).

In the event of several sources of income, the total amount of all earnings is decisive.

The following applies to family allowance, parental-leave pay, child-care allowance, unemployment benefits and poverty relief assistance, as well as to maintenance payments: As for most of the other non-taxable earnings, they are not taken into account when calculating the limits on earnings. However, income of the (marriage) partner from capital assets (e.g. interest, dividends on shares) must be taken into account, although it may be taxed upon receipt. Moreover, the non-taxable maternity allowance must be included in the limit on income, as well as all non-taxable remunerations from assembly jobs abroad, development-aid activities and other non-taxable earnings abroad.

### ▶ EXAMPLE:

Calculating the limit on income (taxpayer with child)

Gross remuneration	€ 8,400
- social-security contributions	
for current earnings	€ 1,508
- income-related expenses	€ 132
- miscellaneous remunerations within the limit on non-taxable income	€ 1,200
Income from employment	€ 5,560

If the taxpayer had also received a severance payment of € 1,000, the decisive limit on income would have been exceeded.

## How is the marginal amount determined upon marriage, divorce or death of the (marriage) partner?

The earnings of the whole year are always taken as a basis for determining the marginal amount. If a marriage or marriage-like partnership is entered in the course of a calendar year, the earnings of the (marriage) partner, both for the period before and after the marriage, must be included in the calculation of the marginal limit. Similarly, the earnings of the former (marriage) partner must also be included upon divorce, or the remuneration received as **widow's/widower's pension** after the death of the (marriage) partner.

## How do you claim the sole-earner or single-parent deduction?

In the course of the calendar year, the employer or the body paying out the pension may settle the sole-earner or single-parent deduction if you provide the employer with the relevant statement (Form E 30). Don't forget to indicate the number of your children, so that the corresponding child supplement may be taken into account. If you have several parallel employment contracts, you may complete this statement only for one employer. If the pre-conditions for your claim no longer apply in the course of the year (e.g. because your (marriage) partner's income exceeds the relevant limits, or in the case of a divorce), you must inform your employer or the body paying out the pension within one month (Form E 30).

After the end of the calendar year you may retrospectively claim the sole-earner

or single-parent deduction from the tax office by way of an employee tax assessment (Form E 5).

### ► PLEASE REMEMBER:

Even if your employer has already settled the sole-earner or single-parent deduction in the course of the year, you should not forget to fill in the data regarding the sole-earner or single-parent deduction in the tax return. Otherwise you may inadvertently have to pay taxes on the sole-earner or single-parent deduction.

## Maintenance deduction

Amount: € 25.50/month for the first child, € 38.20 for the second child and € 50.90 each for the third and every additional child receiving child support.

Entitlement: Maintenance payers

Information: A maintenance payer is someone who can prove payment of **legal maintenance** (support) to a child not belonging to the household – neither the taxpayer nor a (marriage) partner living in the same household receive family allowance for the child. Unlike child deduction, the maintenance deduction produces its effect only later in the course of the employee tax assessment.

## What must you remember with the maintenance deduction?

You may claim the full maintenance deduction only if you have fully complied with your legal maintenance obligation. If

only parts of the maintenance were paid, the maintenance deduction is reduced on a pro-rata basis.

No maintenance deduction may be claimed for children of full age, if the parent living separately does not receive the family allowance. The maintenance deduction may also be claimed for children living abroad, whenever maintenance is paid.

## Child deduction

**Amount:** 50.90 € monthly per child.. The child deduction is paid out together with the family allowance.

**Entitlement:** Persons receiving family allowance

**Information:** Child deduction does not have a direct effect on tax computation. No child deduction may be claimed for children who permanently (not only on a temporary basis such as for study purposes) live abroad. However, on the basis of Community-law provisions, EU citizens working in Austria and nationals of the EEA Member States Iceland, Liechtenstein and Norway, whose children live permanently in an EU/EEA Member State, are also entitled to the child deduction, in addition to the family allowance. For child(ren) in non-EU/EEA countries, the person liable to pay support money may claim extraordinary burdens when paying maintenance (see page 53).

## Additional child supplement

**Amount:** € 36.40 monthly for the third and every additional child.

**Entitlement:** Persons receiving family allowance for at least three children. The family income may not exceed certain limits.

**Information:** The additional child supplement is paid out by the tax office upon application.

## What may be the family income when claiming an additional child supplement?

You are entitled to the supplement if the family income of the previous year did not exceed twelve times the basis for maximum contributions to social security in a calendar month. For the 2004 assessment this amounts to € 41,400.

The family income is the sum total of the taxable earnings of the person filing the claim, as well as the taxable income of the (marriage) partner. However, the earnings are added up only if both (marriage) partners lived in the same household for more than six months during the calendar year in question. If one of the (marriage) partners has a negative income, this does not reduce the family income (no compensation for losses).

## How do you apply for the additional child supplement?

You must apply separately to the tax office for every calendar year in the course of the employee tax assessment. If you did not earn any taxable income, you may claim the payment from the tax office by using Form E 4. The (marriage) partner of the person receiving family allowance may also claim the additional child

supplement when filing a tax return. The persons receiving family allowance must communicate to the tax office a statement of waiver upon request.

## ▶ DEDUCTIBLE AMOUNTS FOR LOW INCOMES (NEGATIVE TAX)

If you have only a low income, you may receive a **tax credit** (negative tax) in the following cases:

If you are entitled to claim **employee deduction**, 10% of the employee contributions to statutory social security (however, with a maximum of € 110) will be credited. As of the 2005 tax assessment this also applies to cross-border workers. The **sole-earner or single-parent deduction** (the latter, however, only in case of at least one child, i.e. if there is an entitlement to a child supplement) will be paid out by the tax office if they do not produce their full tax-reducing effect on account of the low income. For one child this may amount to as much as € 494 (negative tax), for example.

Negative tax is determined in the course of the employee tax assessment. If you have no taxable income during the calendar year, please use Form E 5 for receiving the sole-earner or single-parent deduction.

### ▶ EXAMPLE:

A female employee works part-time and earns a monthly gross amount of € 440. Social-security contributions are assumed to amount € 930 per year. There is no tax due on this amount. The tax office will pay 10% of € 930, i.e. € 93, in the course of making the employee tax assessment after the end of the year. If the woman were a single parent with one child at the same time, the refund would go up to a total of € 587 (€ 494 + € 93).

# WAGE-TAX CALCULATION BY YOUR EMPLOYER

## ▶ GENERAL INFORMATION

### What does your employer have to keep in mind when calculating wage tax?

When calculating your wage tax, your employer already takes account of several tax exclusions and tax benefits. You should therefore inform your employer of all circumstances and changes that have an effect on your tax computation (e.g. marital status, domicile, children, sole earner, single parent, lump sum for commuters, decisions on allowed deductions). If you comply with your reporting obligation, your employer is liable for correctly computing your wage tax. He must also hand you a statement regarding the wages/salary paid to you for your work. This statement must comprise the following data:

- gross remunerations
- basis for mandatory contributions (social-security contributions)
- mandatory membership fees
- assessment basis for your contribution to a **staff pension fund** and the actually paid amount
- basis for assessing wage tax
- withheld wage tax

As a matter of principle, the employer must submit the **pay slips** in electronic form to the tax office at the company's place of business or to the health-insurance institute after the end of the calendar year by the end of February. The pay slip must correspond to the official form (L 16). Even if payroll accounting is done "by hand", the wage slips must be communicated in electronic form. In this case, ELDA, the communication program of the regional health-insurance institute, can be used. If there is no Internet connection, the paper pay slips may be sent to the tax office at the company's place of business until the end of January.

If the employment relation is terminated in the course of the calendar year, the employer must also forward a **pay slip** to the tax office at the company's place of business or to the health-insurance institute by the end of the following month.

As an employee you may also ask your employer for a pay slip. Upon termination of the employment relation, you must be handed a pay slip in any event. However, since the tax office receives the pay-slip data from your employer, this document is only for your personal information. Please do not send pay slips to the tax office.

## ▶ TRAVELING BETWEEN ONE'S HOME AND PLACE OF WORK

### How are the costs for traveling between one's home and place of work recognized?

The costs of traveling between one's home and place of work are covered by the transportation deduction. Under certain circumstances, you may also claim the "small" or the "large" lump sum for commuters. Actual travel costs cannot be claimed.

You are entitled to the small lump sum for commuters if you can reasonably be expected to use public transport. For 2004, the amounts are as follows:

Distance	Amount/ year	Amount/ month
min. 20 km	€ 450	€ 37.50
min. 40 km	€ 891	€ 74.25
min. 60 km	€ 1,332	€ 111.00

You may claim the large lump sum for commuters if you cannot reasonably be expected to use public transport. For 2004, the amounts are as follows:

Distance	Amount/ year	Amount/ month
min. 2 km	€ 243	€ 20.25
min. 20 km	€ 972	€ 81.00
min. 40 km	€ 1,692	€ 141.00
min. 60 km	€ 2,421	€ 201.75

You may apply for the lump sum for commuters to your employer in the course of the year. Please use Form L 34. Make

sure that your employer entered the lump sum for commuters from the date you became an employee or since the beginning of the year (see "Recalculation by the employer", page 29).

If your employer took account of the lump sum for commuters, you need not claim the amount in the course of the employee tax assessment. If this was not the case, you may also claim it at your employee tax assessment. Please inform your employer without delay of any changes in your route to the work place.

## ▶ NON-TAXABLE PAYMENTS BY THE EMPLOYER

### Which payments by the employer are not taxable at the current payroll accounting?

- Use of facilities and premises – free of charge or at reduced price – which the employer makes available to all or specific groups of staff members. This includes, for example, recreation homes and sanatoria, nursery facilities, sports facilities or company libraries.
- Benefits from attending company events up to € 365 per year (company outings, cultural events, company festivities, etc.) and the commonly offered remunerations in kind up to € 186 per year, such as Christmas presents, gift vouchers or gold coins.
- Payments by the employer to provident

schemes (e.g. endowment insurances, life insurances, health insurances, shares in pension investment funds or contributions to pension funds) for all or specific groups of staff members (e.g. all wage-earners or all salaried employees) or to the works-council fund up to € 300 per year and employee. This may also be in the form of converting remunerations into such retirement-plan contributions

- Voluntary social contributions of the employer to the works-council fund and voluntary contributions to eliminate damage after natural disasters.
- Gratuitous or reduced-price transfer of staff shares in the company of the employer to all or specific groups of staff members up to € 1,460. Such staff shares must be kept for five year before they ultimately become non-taxable.

#### ► EXAMPLE:

An industrial enterprise distributes, free of charge, to all staff members shares at a price of € 1,400. This remuneration in kind is non-taxable.

- Benefits for "stock options". These are non-assignable options, granted to all or specific groups of staff members, for the purchase of company stock (e.g. shares).
- Free or reduced-price meals and beverages at the work place. There are restrictions if meal tickets are given instead.

- Income from beneficiary assembly jobs abroad by Austrian companies. Every assignment must be for more than one month.
- Earnings by development-aid workers.
- Free or reduced-price transport of company staff members, as well as their dependants, by transport companies.

#### ► PLEASE REMEMBER:

Both, non-taxable earnings for assembly jobs abroad and for development-aid work are recognized at assessment when determining the tax rate (the so-called general provision concerning progression rule). These earnings are also considered when determining the marginal amount for granting the sole-earner deduction.

## ► BUSINESS TRIPS

What refunds for business trips remain non-taxable?

If you travel on business, the following refunds by the employer are not subject to wage tax:

- travel costs (e.g. mileage allowance)
- per-diem allowances and
- overnight accommodation costs.

## What is a business trip?

You speak of a business trip (**short-distance business trip**) if an employee works away from a **duty station** (office, workshop, factory, warehouse, etc.). You also speak of a business trip (**long-distance business trip**) if employees have to work at such a distance for a longer period of time that they cannot reasonably be assumed to return everyday to their permanent domicile (**family domicile**). In both cases, the employees travel on business at employer's instructions. However, the distinction is important for the period of granting non-taxable per-diems (see "per-diem allowances").

## Travel costs

Refunds of the actual travel costs (e.g. rail, air, taxi) are non-taxable. When using one's private car, payment of the **mileage allowance** is not taxable.

Vehicle	Mileage allowance
passenger car	€ 0.356
for every accompanying person	€ 0.043
Motorcycles up to 250 cm <sup>3</sup>	€ 0.113
Motorcycles over 250 cm <sup>3</sup>	€ 0.201

A **log book** must be kept if payment of the **mileage allowance** is to be non-taxable. The log must comprise: date, mileage reading, number of kilometers traveled on business per day, point of departure and destination, as well as purpose of every trip. No further non-taxable travel costs may be paid in addition to the mileage allowance. The mileage allowance also covers the highway

toll sticker, highway and tunnel toll payments, as well as parking charges.

Non-taxable refunds for travel costs are separate from the per-diem entitlement.

## Daily allowances

When traveling in Austria, a per-diem allowance up to € 26.40 per day is non-taxable. The business trip must last for more than three hours. After that period, one twelfth of € 26.40 (i.e. € 2.20) may be charged for every fraction of a next hour.

## What is the tax procedure for per-diem allowances received for short-distance business trips?

If your short-distance business trips (up to 120 km, as a rule) always or quite regularly take you to the same location or several locations (e.g. a building site, a branch office) and if the regulations for your wages (your **collective agreement**) offer no better solution, the period for receiving this allowance is limited. In this case, when returning home every day, your per-diems are no longer non-taxable, once the outside posting has become a new center of your activity.

You speak of a new center of activity if someone

- spends more than five days running in one and the same location, or
- works at a work place at regular intervals (once every week) and exceeds an initial phase of five days, or

- ❑ works repeatedly, but not regularly, at a work place and exceeds an initial phase of 15 days in a calendar year, or
- ❑ works in the same assigned area (e.g. a district representative) for more than five days, or
- ❑ works as a driver along the same routes or lines (e.g. a bus driver) for more than five days.

In such cases, non-taxable per-diem allowances are granted only for the initial phase of 5 or 15 days.

If the per-diem entitlement is part of a **collective agreement** or a similar regulation on wages, the per-diem allowances continue to be non-taxable up to € 26.40 per day (€ 2.20 for every fraction of a next hour, minimum period: more than three hours), irrespective of whether the period or the type of the business trip establishes a new center of activity, as part of the one-twelfth rule of the Income Tax Act.

### What is the tax procedure for per-diem allowances received for long-distance business trips?

If you cannot reasonably be expected to return home to your permanent domicile (**family domicile**) every day (over 120 km), non-taxable per-diems of up to € 26.40 per day may be paid when working at the same place for six months.

## Overnight accommodation costs

The employer may pay non-taxable refunds for the cost of overnight accommodation, incl. breakfast, against receipts for overnight stays in Austria. A lump sum of € 15 per night is not taxable if no receipts are shown and the distance between domicile and work place is more than 120 km.

However, if no expenses are incurred for the overnight stay (e.g. accommodation is provided), no non-taxable lump sum may be paid. Additional expenses (e.g. for the breakfast) may be claimed at the tax office as income-related expenses. If no receipts can be shown, these costs are estimated and amount to € 4.40 for trips in Austria and € 5.85 per overnight stay when traveling abroad.

## Traveling abroad

The employer may pay non-taxable per-diems and refunds of **overnight accommodation costs** for trips abroad at the maximum rate applicable to foreign travel assignments of federal employees. Non-taxable refunds for overnight accommodation costs, incl. breakfast, may also be paid against receipt in the actually incurred amounts.

Below is the current list of per-diem and overnight accommodation allowances for the countries bordering on Austria, as well as the United States:

Country*	Per diem allowance	Overnight accommodation
Czech Republic	€ 31.00	€ 24.40
Germany	€ 35.30	€ 27.90
Hungary	€ 26.60	€ 26.60
Italy	€ 35.80	€ 27.90
Liechtenstein	€ 30.70	€ 18.10
Slovakia	€ 27.90	€ 15.90
Slovenia	€ 31.00	€ 23.30
Switzerland	€ 36.80	€ 32.70
USA	€ 52.30	€ 42.90

\*Special rates apply to certain big cities (e.g. Rome, Milan, New York, or Washington) and border regions (e.g. Freilassing). You find the complete list of rates for business trips abroad in the Annex to the 2002 Wage-Tax Guidelines at [www.bmf.gv.at](http://www.bmf.gv.at), in the column on "taxes" (Richtlinien Steuerrecht).

## ▶ EMPLOYERS' CONTRIBUTIONS TO PENSION FUNDS

### Are contributions to pension funds exempt from tax?

The contributions that an employer pays for his staff members into a pension fund, as defined in the law on pension funds, are not subject to taxation. Contributions to foreign pension funds are non-taxable only in those cases in which they are a statutory requirement.

Please remember, however, that the pensions payable in the future are fully subject to full taxation.

If the future pension is based on a pension fund with employee contributions, only one quarter will be taxed. If you claim a bonus for a premium-

aided provident scheme, the future pension is non-taxable altogether (see page 54). The exemption from wage tax also applies to employers' contributions to relief funds or foundations promoting employees.

## ▶ MISCELLANEOUS REMUNERATIONS

### What are miscellaneous remunerations?

Miscellaneous remunerations are payments that are received on a one-off basis or at major intervals in addition to the current wages. The most important types, among other remunerations, are **vacation pay** and **Christmas allowance** (13<sup>th</sup> and 14<sup>th</sup> monthly salary). These are further examples for other remunerations:

- severance pay
- balance-sheet allowance
- bonuses
- anniversary bonuses
- profit sharing plans

### Vacation pay and Christmas allowance

#### How are vacation pay and Christmas allowance taxed?

If an employee receives a 13<sup>th</sup> and 14<sup>th</sup> monthly salary from the employer, these are not liable to taxation up to an amount of € 620 per year. The flat rate of 6% is applied as a tax to the remaining amount. Miscellaneous remunerations are only taxed up to a certain ceiling, the so-called "one sixth of the

year". That amount of miscellaneous remunerations that exceeds the "one sixth of the year" is not taxed at a reduced rate but together with the current salary due for that month. If the remunerations are the same, the "one sixth of the year" corresponds exactly to the 13th and 14th monthly salary. In case of lower amounts of miscellaneous remunerations (as a rule when the gross monthly salary is approximately € 1,000), an amount of up to € 2,000 is non-taxable in 2005 (up to € 1,950 in 2004).

The social-security contributions due on miscellaneous remunerations are deducted before applying the flat rate.

## Severance payments

The provisions of the company staff pension law have been in force since 2003. When assessing the tax due on severance pay, one must distinguish whether the employee has a severance-pay claim under the "old" or already under the "new" severance-pay system.

### What must be remembered for employment contracts beginning in 2003?

As a matter of principle, the "new" severance-pay system must be applied to employees entering into an employment relation in 2003 and thereafter (there are exceptions, for example, when an employee is transferred within a group of companies or interrupts an employment temporarily). In this case, the employer must contribute 1.53% of the gross remuneration to a staff pension fund.

These employees cannot claim a flat rate of 6% for their collective-agreement or voluntary severance pay.

### What must be remembered for employment contracts beginning before 2003?

If an employee stays within the "old" severance-pay system, there are no changes. If employer and employee agree on a transition to the "new" system, there are the following options:

- to freeze the "old" severance-pay claims up to the transition date and to pay 1.53% of the gross remuneration as of the transition date. In this case, the "old" provisions continue to apply unchanged to the frozen amounts; or
- to transfer the full amount of the "old" severance-pay claims to a staff pension fund. Here, all statutory severance-pay claims up to the transition date are transferred to a staff pension fund. Only the new provisions apply to the statutory severance pay, nor is it possible to tax the severance pay under the collective agreement at the flat rate of 6%. However, the provisions regarding voluntary severance pay continue to apply unchanged; or
- part of the "old" severance-pay claims are transferred to a staff pension fund. Here, one part of the claims up to the transition date is frozen, and the other part is transferred to a staff pension fund. The provisions regarding statutory and voluntary severance pay continue to apply to the frozen part.

## How are statutory and collective-agreement severance payments taxed?

- ❑ **Taxation under the "old" system**  
Those statutory and collective-agreement severance-pay entitlements that are paid by the employer because the employee did not switch to the "new" system or because claims were frozen at a specific point in time must be taxed at the flat rate of 6%. A lower rate may be applied to lower remunerations.
- ❑ **Taxation under the "new" system**  
Severance-pay claims that are paid to the employee from a staff pension fund are subject to the flat rate of 6%. If claims are transferred to a provident scheme (e.g. a pension fund), the full amount is not subject to taxation. The subsequent annuity payments by the insurance company or the pension fund are also not taxable. Severance-pay entitlements under collective agreements, which arise after the date of transfer to the new system no longer benefit from taxation at the flat rate of 6%.

## How are voluntary severance payments taxed?

Voluntary severance payments which accrue at or after terminating an employment contract and amount to three monthly earnings are taxed at the flat rate of 6% (plus augmentations on the basis of established service periods, unless statutory severance-pay claims accrue for these service periods). All remunerations beyond this level are taxed at the current tax rate.

## Other miscellaneous remunerations

### Are there other miscellaneous remunerations for which tax benefits are granted?

Special rules apply for the following other miscellaneous remunerations:

- ❑ **Bonuses for suggestions for improvement, as well as emoluments for employee inventions** may be taxed at the flat rate of 6% up to one sixth of the year, which amount is raised by 15%.
- ❑ **Back payments, dismissal compensations and settlement awards** are taxed according to tax scale. After deducting the social-security contributions which are due on these amounts, one fifth of the remunerations is not taxed, in order to create a mitigating effect on the progressive scale and to take account of non-taxable supplements. If the employee transferred all severance-pay claims to the "new" system and if a settlement award is paid, the latter may be taxed at the flat rate of 6% up to an amount of € 7,500. This benefit does not accrue to employees who have remained in the "old" system completely, or whose claims were fully or partly frozen at a certain point in time.
- ❑ **Substitute payments for non-consumed vacation periods** are divided up: If they relate to current remunerations, they must be taxed

according to the tax scale. If they relate to miscellaneous remunerations, they are taxed at the flat rate of 6%.

- ❑ Pension compensations may only be taxed at half of the tax rate if their cash value does not exceed € 9,300 (as of 2005 the tax rate is 0% up to amounts of € 10,000. See page 13). If the pension compensation is higher, the full amount is taxed according to tax scale in the calendar month in which it is paid. The employer may transfer the cash value of a pension compensation to a pension fund (not taxable), in order to avoid taxation.
- ❑ Social-plan payments benefit from half the applicable tax rate up to an amount of € 22,000.

## ▶ BONUSES AND SUPPLEMENTS

### What non-taxable bonuses and supplements are there?

Bonuses based on collective agreements, company agreements or statutory provisions are not taxed up to a maximum amount of € 360 per month. These bonuses are recognized if the work

- ❑ causes considerable soiling of the employee and his/her clothing (pay for dirty work) or
- ❑ causes extraordinary hardship, as compared to generally customary working conditions (pay for hardship at work), or

- ❑ necessarily causes a hazard, on account of the noxious impact of substances or radiation, extremely high or low temperatures, or humidity, that constitute health hazards (pay for hazards at work).

Supplements for work on Sundays, holidays and at night, together with the accompanying supplements for overtime work, are also not taxable up to a maximum amount of € 360 per month.

### Overtime work

#### How is "normal" overtime work taxed?

The basic pay for overtime work must always be taxed according to the current tax scale. The supplements for the first five hours of overtime work per month are not taxable, if they amount to 50% of the basic pay and to a monthly maximum amount of € 43.

### Supplements for night work and night overtime work

#### When are supplements for night work and night overtime work non-taxable?

For the purpose of taxation, night time is defined as the period between 19.00 and 7.00 hrs. Only supplements for hours of work that is provided during a minimum block of three hours (block time) are subject to tax benefits.

A special rule applies to employees whose normal working hours are overwhelmingly during the night in the course of a wage/salary period. These employees

may deduct € 540 per month, i.e. 50% more than € 360 per month. Night work is done by, among others, bakers, night porters, or night nurses.

Certain rules apply when an employee wishes to claim non-taxability of **supplements for work on Sundays, holidays or at night**. The essential points are that the company's operations require the provision of work during that time, and that there are specific records to prove the time of work.

---

## ▶ RECALCULATION BY THE EMPLOYER

---

### What does recalculation by the employer mean?

As a voluntary service, the employer or the pension-insurance body may balance out differences in amounts in connection with the monthly tax base, for example, in the course of a "recalculation of the wage tax". There is no application required for this procedure.

If you have worked for your employer throughout the year, or if you received a pension from your pension-insurance body throughout the year, and if no tax deductions were recognized for you, the employer or the pension-insurance body can perform an "extended" recalculation in December. The employer can

- ❑ enter your church-tax payments and trade-union membership fee (of course, this requires that the respective proof is shown in time, as well as

- ❑ recalculate the tax for miscellaneous remunerations within the one sixth of the year (with regard to the ceiling and the phase-in rule).

In 2004 your employer was also able to enter the (already higher) **lump sum for commuters** or the child supplement to the sole-earner or single-parent deduction.

# WHAT CLAIMS MAY BE ENTERED AT THE TAX OFFICE?

In the course of an employee tax assessment you may claim the following after the end of a year:

- sole-earner and single-parent deduction, including the child supplement
- maintenance deduction
- additional child supplement
- lump sum for commuters (unless already claimed through your employer)
- compulsory social-security contributions on the basis of a marginal employment according to § 191 of the General Social Security Act, if you have opted for the statutory social-security scheme and the employer's contributions have not been entered.
- additional contribution to health insurance according to § 51d of the General Social Security Act for co-insured family members.

The tax deductions (including the additional child supplement) can be found in the chapter "Tax Scale and Tax Deductions", page 12. The following chapter therefore focuses on allowed deductions for

- income-related expenses
- special expenses
- extraordinary burdens
- official certifications and victim passes

You may communicate your employee tax assessment either electronically via *FINANZOnline*, (see page 58) or by using form L 1. You can get the form from your tax office, free of charge, or download it from the Internet ([www.bmf.gv.at](http://www.bmf.gv.at) – column "Formulare").

## ▶ INCOME-RELATED EXPENSES

### What are income-related expenses?

An employee incurs income-related expenses in the form of expenses or expenditures that are due to one's occupation. They are therefore directly connected to the work provided by the employee.

Certain income-related expenses such as, for examples, statutory social-security contributions, membership contributions to chambers and contributions to promote housing construction are automatically settled by the employer when deducting wage tax.

You may claim the lump sum for commuters from your employer by completing and submitting form L 34. If you have failed to do so, you can still claim it from the tax office in the course of an employee tax assessment. Other income-related expenses may subsequently be claimed from the tax office in the course of an employee tax assessment.

## What are the essential features of income-related expenses?

As a matter of principle, it must be possible to document income-related expenses (invoices, receipts, travel log). If no proof can be furnished for the type and amount of the expense, the case must at least be authenticated.

### ► PLEASE REMEMBER:

Please never enclose receipts or alike with the tax return but keep them for seven years, since they must be produced to the tax office upon request.

## What is the lump sum for income-related expenses?

Every employee is entitled to a lump sum for income-related expenses in the amount of € 132 per year. This lump sum is already included in the commonly used wage-tax tables and is deducted from the tax base for wage tax irrespective of whether income-tax related expenses are actually incurred.

The following income-related expenses therefore only reduce the tax payment if their total amount is more than € 132 per year.

- work clothes
- work tools and devices
- work room
- cost of basic, further and re-training
- works council contributions
- computer
- two households and trips home
- specialized literature
- travel costs

- risk money
- Internet
- motor vehicle
- journey costs
- language courses
- study trips
- telephone, mobile phone

## ▶ CATEGORIES OF INCOME-RELATED EXPENSES

### Work clothes

Typical work clothes or protective clothing may be claimed under expenses for work clothes. Expenses for clothing that is usually also worn outside work cannot be deducted such as, for example, for co-ordinates or suits, even though this type of attire is specified for the work place. Income-related expenses are, for example:

- outfits worn by fitters, painters, or assembly workers, asbestos overalls or special jackets/smocks
- shoes and stockings as leg support for standing occupations
- cooking outfits, butcher aprons
- uniforms or duty outfits provided with company logo in the style of a uniform, as well as the accompanying accessories (bow-ties, ties)

### ► PLEASE REMEMBER:

The cost of cleaning your work clothes can only be deducted in the event of extraordinary soiling during work (e.g. work clothes of a car mechanic). Another requirement when claiming the expense is the invoice of the cleaning firm.

## Work tools and devices

This includes items that are used mainly in the exercise of one's occupation.

Example:

- computer
- specialized literature
- motor vehicles for traveling sales staff
- knives for butchers or cooks
- motor saws for forestry workers
- music instruments for musicians and music teachers

Work tools and devices that cost less than € 400 are **low-value items**. They may be written off completely in the calendar year in which they were bought. If the purchase costs exceed € 400 for one item that can be used for more than one year, the cost may be written off over the expected service life (**deduction for wear** – known for short in German as "AfA"). Whenever work tools or devices are bought after 30 June of a year, only half the AfA amount may be written off for the first year (see example under "computer", page 34).

## Work room

The expenses for a room used for work in one's **private premises**, including furniture, are basically not deductible. Expenses can only be deducted if the work room is used (almost) exclusively for one's occupational activities and constitutes the center of one's entire business and occupational activi-

ties. This applies, in particular, to home work, accountants working from home or teleworkers (see page 39), but not to teachers, judges, politicians or traveling sales staff.

Expenses for a work room that is needed for one's work and is located outside one's living quarters can be deducted as income-related expenses. The following costs, on a pro-rata basis, may be deducted as income-related expenses in connection with a work room:

- cost of rental,
- overhead costs (heating, electricity, insurance, etc.)
- deduction for wear of furniture items; in case of private houses or owner-occupied apartments also the deduction for wear regarding construction costs
- cost of financing

### ► ATTENTION:

Furniture and objects used in private premises outside the tax-recognized work room (e.g. desks, chairs, shelves, office cabinets, and cupboards) cannot be deducted. Only "typical" work tools – such as, for example, computer equipment (including a computer desk) and fax machine – are considered to be **work tools** to the extent that they are used for one's work. It is therefore not amiss to keep them in one's premises, although there is not a tax-recognized work room.

## Basic, further and re-training

### What are basic-training costs, and when can they be claimed?

You speak of training when the educational measure serves to obtain knowledge that makes it possible to exercise an occupation in the future. The costs may be deducted if they are related to an occupation that is currently practiced. Related occupations are, for example, hair-dressing and chiropody, butcher and cook, electrical engineer and IT engineer.

### What are further-training costs, and when can they be claimed?

You speak of further training when one occupational activity is exercised and the educational measure (e.g. occupation-related courses, seminars) serves to improve one's knowledge and skills in exercising that occupation. Further-training costs may be deducted. Basic commercial and office-management training (e.g. computer courses, Internet courses, obtaining the European computer license, introductory courses to book-keeping, cost-accounting, wage accounting or tax regulations) may be deducted in the respective occupation, without the actual applicability of the knowledge being checked. See language courses, page 38.

### What are re-training costs, and when can they be claimed?

You speak of re-training if the measure facilitates access to a new occupational activity and if the goal is to actually exercise another occupation that is not related

to one's previous activity. An example would be an employee working in the printing industry who trains to become a sick nurse. Since 2003 expenses for re-training activities may be claimed, provided that an activity is or was exercised.

Expenses in connection with comprehensive re-training measures that are sponsored from public funds (labor market service) or by work foundations may be claimed. Expenses for individual courses or course modules for an activity that is not related to one's occupation (e.g. expenses for attending one single course that does not allow switching to another occupation) cannot be claimed.

### May costs for studying be claimed?

Since 2003 the costs of studying at university may be claimed if the study course is connected to the occupational activity exercised by the tax payer or to a related occupational activity (e.g. a business-management course taken by an industrial clerk). The costs of a study course that aims at a comprehensive re-training, i.e. the actual exercise of another occupation (e.g. a course in pharmacy pursued by a librarian), may also be claimed. One may also speak of a comprehensive re-training if students earn money from auxiliary services or occasional jobs in order to finance their studies. Not only tuition fees for a "regular" course but all costs connected to the educational measure (e.g. specialized literature and travel costs) may be claimed. The student must be actively exercising an occupational activity. Pensioners may therefore not claim re-training costs.

## How about costs for vocational schools?

Expenses incurred for vocational schools may be claimed if they are connected to the exercised or a related occupation or constitute a comprehensive re-training. For example, an accountant may claim the expenses incurred for attending an evening course at a lower or upper-level commercial college; a senior employee of an export company may attend a college of applied science in this field; or a technician may attend a course at an upper-level technical college.

## May costs for "personal" training also be claimed?

The cost of training relating primarily to the private sphere may not be claimed. This includes, for example, the costs for obtaining a driving license ("B" license), sports courses or personality-development training. The costs for obtaining a truck driving license ("C" license) may only be claimed if you need the driving license for the occupation that you exercise or that is related to it.

Further and re-training costs include mainly:

- the actual costs of courses (course fee)
- the costs of course material
- the travel costs
- possible per-diem allowances (for the first five days, if the course is held away from one's domicile or work place)
- cost of overnight accommodation

## Costs of works council contribution

The works council contribution is deducted when calculating wage tax; however, it does not reduce tax on current wage-tax settlements. It may be claimed in the course of an employee tax assessment.

## Computers

Expenses for computers and their accessories (e.g. printers or scanners) are income-related expenses, to the extent that they are used for occupational purposes. If the computer is set up in one's apartment, one must prove or establish a credible case to what extent the employee uses the computer for occupational purposes. Without specific proof – if a major use as a work tool has basically been established – 40% are assumed to be for private use.

The purchase cost of a computer may be written off by way of a **deduction for wear (AfA)** on the basis of a minimum period of use of three years. If accessories – such as a mouse, a printer or a scanner – are subsequently bought for less than € 400, these may be deducted from tax completely as **low-value items**.

### ► EXAMPLE:

A personal computer, including monitor and keyboard, which is to be set up at home and used for one's occupation, is bought for a total of € 1,200 on 11 August 2004. The income-related expenses – without proof regarding the private use – are as follows, assuming a three-year service life:

Year	Total	40% private use	Deduction
AfA 2003	€ 200*	€ 80	€ 120
AfA 2004	€ 400	€ 160	€ 240
AfA 2005	€ 400	€ 160	€ 240
AfA 2006	€ 200	€ 80	€ 120

\*Half-year AfA

All expenses in connection with the computer such as a PC desk, software, disks, manuals and paper, may be claimed in keeping with one's occupational use.

## Two households and trips home

If you need an apartment near your work place because your family domicile is too far away in order to go home every day (minimum distance: more than 120 km), the expenses for this apartment may be claimed as income-related expenses. The rent and overhead costs, for example, but also furniture items may be deducted (depending on local conditions up to € 2,200 per month).

In addition, expenses for trips home may be claimed as income-related expenses, up to a maximum amount of € 201.75 per month. Travel costs are the expenses for the means of transport used (e.g. railway tickets, mileage allowance).

Married couples or persons living in a marriage-like partnership (also without a child) may deduct these income-related expenses on an ongoing basis, if both partners have an income that is considered for taxation. If the partner is not gainfully employed, these costs may, as a rule, be claimed for a period of two years. For single persons expenses for two

households may be claimed for a limited period of about six months. In exceptional cases (e.g. in occupations with typically high fluctuation, such as the building trade, in the case of temporary employment contracts, in the case of a parent requiring care at the family domicile) a longer period may also be justified.

## Specialized literature

Expenses for technical text books (or corresponding electronic media) may be claimed as income-related expenses. The receipt must give the precise title of the book. It is not enough to refer to "miscellaneous specialized literature". Works of general educational benefit such as encyclopedias and reference books are not considered to be specialized literature. Expenses for newspapers are basically considered to be private expenses.

## Travel costs

See "Journey Costs", page 36.

## Risk money

Till shortages which the employee must refund to the employer are income-related expenses.

## Internet

The costs for using an Internet connection for occupational reasons may be claimed in keeping with the occupational use. If a distinction is not possible, the break-down of the costs must be estimated. Provider fees, line costs (online fees) or the costs of lump-sum solutions

(e.g. packages for Internet access, telephone charges) may be claimed on a pro-rata basis depending on the occupational use. Expenses for special areas of application, due to the occupational use, may be claimed in full (e.g. fees to use a legal information system). Until the end of 2004 the costs of a broadband Internet access for private use may be claimed as special expenses (see page 47).

## Motor vehicles

Costs due to the occupational use of a motor vehicle may be claimed as income-related expense either in the form of a **mileage allowance** or in the actually established amounts. The mileage allowance covers the following costs:

- deduction for wear
- fuels and oil
- service and repair costs
- additional accessories (winter tires, car radio, etc.)
- taxes, (parking) fees, toll fees and high-way sticker
- insurances of all kind
- membership fees in automobile clubs
- financing costs

Mileage allowances may be deducted for a maximum of 30,000 km every year, traveled on business. The costs may also be deducted in their actual amounts, in

keeping with the occupational use, replacing the mileage allowance.

### ► PLEASE REMEMBER:

In addition to the **mileage allowance**, damage due to force majeure (especially costs of repair after a no-fault accident, falling rocks) that occurs in the course of an occupational assignment using the motor vehicle, may also be claimed as income-related expenses.

A **travel log** should be kept to prove the business trips in the course of a year. It should list the date, the mileage reading, the point of departure and the destination, the purpose of the individual trip, and the kilometers traveled per day on business. If it is possible to prove the use of the motor vehicle by other means (e.g. travel expense report to the employer), you do not need a travel log.

## Journey costs

The Income Tax Act defines a **business trip** as being an activity of the employee away from the **duty station**, upon order by the employer. The term "business trip" is relatively broad (see chapter on "business trips", page 22). Journey-cost refunds paid by the employer are non-taxable within certain limits.

If employees receive no or only parts of the **journey-cost refunds** that are admissible under tax law, they may claim all or parts of these expenses as income-related expenses. However, the requirements for a "trip undertaken for one's occupation" must be met, which are stricter than for business trips. This restriction does not

apply to travel costs, i.e. employees may claim the costs for any trip undertaken for their occupation (except traveling between home and work place), unless they are refunded by the employer (see "travel costs").

### What is a trip undertaken for one's occupation?

One speaks of a trip undertaken for one's occupation if the employee travels over a longer distance (a route of at least 25 km in one direction) for occupational reasons. The trip must last more than three hours, when traveling in Austria, and more than five hours when traveling abroad. Moreover, this must not create an additional center of activity. Travel costs may also be claimed when traveling shorter distances and shorter periods.

In contrast to a business trip, a trip undertaken for one's occupation may also occur without instructions from the employer (e.g. further vocational training, in order to take up a new job). The tax payer must pay for the journey costs that may be claimed as expenses ("journey costs"), such as travel costs, additional costs for meals and accommodation.

#### ► PLEASE REMEMBER:

Non-taxable journey-cost refunds by the employer always reduce the deductible expenses.

#### □ Travel costs

Travel costs for trips undertaken for one's occupation are considered as income-related expenses – if they are not refund-

ed by the employer – and recognized in the actually incurred amount (rail, plane, taxi, motor vehicle), even though the distance is less than the minimum requirement of 25 km and the duration shorter than the required three or five hours. Travel costs may also be claimed for trips to two or several centers of activity. Travel costs between one's home and one's work place, however, are fully compensated by the transportation deduction and a lump sum for commuters to which one may be entitled.

Please refer to the entry under "vehicle", page 36, for information on the deductible expenses when using one's own vehicle for occupational purposes (e.g. mileage allowance or actually incurred costs for the occupational use of one's vehicle).

#### □ Per-diem allowances

If a trip undertaken for one's occupation in Austria takes up more than three hours, € 2.20 for every fraction of the next hour may be claimed as per-diem (maximum € 26.40 per day). If a journey lasts 4 hours, for example, a per diem of € 11 is due. This also applies when one can document higher expenses. When traveling abroad, the journey must last for more than five hours. Special rates apply in this context (see "traveling abroad", page 24).

Employees, who do not receive non-taxable journey-cost refunds from their employer, or smaller amounts than the ones listed above, may claim the aforementioned amount from the tax office (the so-called "pro-rated income-related

expenses"). However, such pro-rated income-related expenses cannot be claimed if a new center of activity is established (see page 23). If there is no assignment at the new center of activity for six months, the employee is once again entitled to receive per diems.

**Overnight accommodation costs**  
If one must spend the night away from home when traveling for one's occupation, one may either claim the costs, including breakfast, according to the receipt or the lump sum for overnight stays of € 15 per overnight stay as income-related expenses. When staying overnight abroad, the relevant maximum rate for federal employees may be claimed per overnight stay if the expenses are not documented (see page 25).

If the employer provides overnight accommodation, free of charge, one is not entitled to the lump sum for overnight stays. Possible additional expenses (e.g. for the breakfast) may, however, be claimed. They may be estimated to amount to € 4.40 in Austria and € 5.85 abroad per overnight stay, if there is no receipt.

## Language courses

Costs of language courses may be deducted if the foreign language is required for occupational purposes (e.g. as a secretary, telephone operator, waiter, hotel staff or employee in an export department). When attending a language course abroad, only the tuition fee, but not the accommodation and travel costs may be claimed.

## Study trips

Expenses for study trips are considered to be costs for further occupational training if they may be clearly distinguished from private trips and meet the following requirements:

- The trip is planned and carried out either via an organization holding courses or in another manner that clearly reflects the occupational purpose.
- It must be possible to apply, to some extent, the knowledge obtained to one's job.
- The curriculum must be tailor-made for the professionals concerned so that it is of no interest to outsiders.
- The time-table must cover an average of eight hours per day, similar to normal daily working hours.

If these requirements are met, all costs incurred in this connection (e.g. travel costs, accommodation costs, tuition fees, congress materials) may be claimed as income-related expenses. In the case of study trips with mixed program only those costs may be claimed as income-related expenses that are clearly identifiable as costs for further occupational training (e.g. tuition fees, registration fees).

## Telephone, mobile phone

The total amount of the actual costs for telephone calls made for one's occu-

pation may be claimed as income-related expenses. When using a private phone (mobile phone) that part of the purchase cost of the telephone which is required for one's occupation may be claimed, when presenting a receipt or clearly establishing one's case.

## Teleworking

The work place of teleworkers who work exclusively at home and have no work station at their employer is their home. Travels to the company office are regarded as **business trips**.

Telephone charges, expenses for an Internet connection, and – if there is a work room – the pro-rated costs for rental, electricity and heating may be claimed as income-related expenses in the course of the employee tax assessment. Lump-sum refunds for expenses by the employer are classified as taxable earnings.

## ▶ LUMP-SUM ALLOWANCES FOR SPECIFIC GROUPS OF PROFESSIONALS

Lump sums are available for the income-related expenses of certain groups of professionals. They may be claimed without any proof in the course of the employee tax assessment. When so requested by the tax office, a confirmation by the employer must be produced, containing the following information:

- ❑ the specific occupation (group of professionals)

- ❑ the fact that only the stated occupation is exercised
- ❑ the period of work and possible breaks
- ❑ the number of appearances in the case of persons working for television
- ❑ the cost refunds (except for traveling sales staff)

In addition to the lump sum, additional (also non-extraordinary) income-related expenses arising from the specific work may be claimed. If the income-related expenses are higher, the actual costs may be claimed instead of the lump sums.

The following lump sums apply to the income-related expenses of the following groups of professionals:

Variety artists	5% of the assessment base, maximum € 2,628 per year
Stage actors and film actors	5% of the assessment base, maximum € 2,628 per year
Television workers	7.5% of the assessment base, maximum € 3,942 per year
Journalists	7.5% of the assessment base, maximum € 3,942 per year
Musicians	5% of the assessment base, maximum € 2,628 per year
Forestry workers (no own mechanical saw)	5% of the assessment base, maximum € 1,752 per year
Forestry workers (with own mechanical saw)	10% of the assessment base, maximum € 2,628 per year
Foresters and hunters in game reserves	5% of the assessment base, maximum € 1,752 per year
Janitors <sup>1)</sup>	15% of the assessment base, maximum € 3,504 per year
Home workers	10% of the assessment base, maximum € 2,628 per year
Traveling sales staff	5% of the assessment base, maximum € 2,190 per year
Members of a municipal, urban or local council <sup>2)</sup>	15% of the assessment base, minimum € 438 per year, maximum € 2,628 per year

<sup>1)</sup> Janitors are persons who fall under the Janitors' Act and whose employment relation began prior to 1 July 2000. If the employment relation began after 30 June 2000, no lump sum for income-related expenses may be claimed, only income-related expenses in the actually incurred amounts.

<sup>2)</sup> The minimum amount may not result in a negative income.

If the activity does not cover the entire year, the lump sum for income-related expenses is calculated on a pro-rata basis. Non-taxable cost refunds paid by the employer (e.g. per-diem allowances and costs of overnight accommodation for business trips) reduce the respective lump sum, except for traveling sales staff. The pay slip for the calendar year in question is used to determine the correct assessment base.

- Gross income for the year
- non-taxable remunerations
  - special emoluments at preferential tax rates
- 
- = assessment base for lump sum for income-related expenses

## ▶ SPECIAL EXPENSES

### What are special expenses?

The Income Tax Act lists certain private expenses which are taxed at preferential rates. If the listed expenses are income-related expenses at the same time, they may be claimed under this heading. The following special expenses may be claimed either in an unlimited or in a limited amount:

- ❑ Certain annuities (especially life annuities) and permanent charges to an unlimited extent
- ❑ Voluntary continued insurance under statutory pension insurance and the subsequent acquisition of insurance periods, e.g. of time spent at school: to an unlimited extent
- ❑ Insurance premiums for voluntary personal insurance within the overall maximum amount
- ❑ Contributions to pension funds within the overall maximum amount
- ❑ Costs for procuring and improving housing within the overall maximum amount
- ❑ Expenses for new shares (including building-society shares and convertible bonds to promote housing construction) and profit-sharing certificates within the overall maximum amount
- ❑ Church-tax payments: for 2004 up to € 75, as of 2005: € 100
- ❑ Tax-consultancy costs in an unlimited amount
- ❑ Donations to certain teaching and research institutions, as well as to umbrella organizations promoting handicapped sports: up to 10% of the earnings of the previous year
- ❑ Costs for broadband Internet during the period 1 May 2003 to 31 December 2004: up to € 50 for connecting costs and up to € 40 for monthly fees.

► **ATTENTION:**

Losses carried forward (= losses from operations in previous years which could not be offset against earnings) are regarded as special expenses.

## When may special expenses be claimed?

As a rule, the decisive point in time is when the payment is made. If an insurance premium or a similar amount is paid once (one-off payment), you may apply in the year of the payment to spread the amount over ten years. As a result, you will be able to better use your personal maximum amount. The distribution over ten years may also be claimed for unlimited contributions to a voluntary continued insurance (to subsequently obtained insurance periods). When acquiring or improving housing with outside financing, the repayments, including interest, are regarded as special expenses.

## Can payments, made for other persons, be claimed as special expenses?

Contributions to personal insurance, including continued payments to the statutory social security scheme, the subsequent acquisition of insurance periods for time spent at school, self-insurance of relatives, costs of procuring or improving housing, church-tax payments and costs for broadband Internet may also be claimed for a spouse, not living separated on a permanent basis, or a child, for which one claims child deduction or maintenance deduction. The same applies for the partner in a live-in partnership with child.

## What procedure must be followed to claim special expenses?

You can claim your special expenses in the course of your employee tax assess-

ment. Keep your receipts for a period of seven years, since they may have to be shown to your tax office on request.

### What special expenses may only be claimed under the overall maximum amount?

Insurance premiums (except voluntary continued insurance and the subsequent acquisition of insurance periods), contributions to pension funds, procuring or improving housing, new shares (including building-society shares and convertible bonds promoting housing construction) and profit-sharing certificates are also regarded as belonging to the "special-expenses basket" and may be claimed up to an overall maximum amount of € 2,920 per person and year. The personal maximum amount goes up to € 5,840 for sole earners and single parents, when having three children or more by € 1,460 to € 4,380 or € 7,300. Special expenses within the maximum amount have a fiscal effect only to the extent of one fourth.

### What is the lump sum for special expenses?

In the event that you have not incurred any special expenses, an amount of € 60 per year is automatically deducted from your earnings in the course of settling your current wages/salary, as a lump sum for special expenses.

### What is the tax effect of the special-expenses basket?

The sum spent in the framework of your personal maximum amount is

divided by four (the so-called "special-expenses quarter") and reduced by the lump sum for special expenses of € 60 per year. Special-expenses baskets therefore only have an effect on your tax payment if they amount to more than € 240.

#### ► EXAMPLE:

Special expenses per year	€ 2,036
One fourth thereof	€ 509
- lump sum for special expenses	€ 60
Special expenses with effect on tax (up to € 36,400 earnings per year)	€ 449

### What level of income rules out the special-expenses basket?

Up to a total amount of earnings of € 36,400 per year, the special-expenses basket for one fourth of the expenses may be claimed (see example). For earnings in excess of a total amount of € 50,900, the special-expenses basket is no longer granted. In the range from € 36,400 to € 50,000, the deductible amount is evenly reduced according to the following formula:

$$\frac{(50,900 \text{ minus total amount of earnings}) \times \text{special-expenses quarter}}{14,500}$$

## ► TYPES OF SPECIAL EXPENSES

### Insurance premiums

#### Which insurance premiums can be deducted without limit?

Contributions for voluntary continued insurance under the statutory social-

security pension scheme and for the subsequent acquisition of insurance periods under the statutory social-security scheme can be deducted in the full amount without any limit on maximum amounts (no division by four) and without deducting the lump-sum amount.

### Which insurance premiums may be claimed to a limited extent under an overall maximum amount?

Only for personal insurance, but not for property insurance (e.g. fire, household insurance), tax benefits are granted for special expenses. Personal insurance comprises the insurance premiums and the contributions to a voluntary:

- extended insurance coverage under the statutory pension insurance scheme
- annuity insurance with an annuity due during life-time
- ordinary life insurance
- endowment insurance (annuity or ordinary life insurance, if the policy was signed before 1 June 1996)
- health insurance
- accident insurance (including passenger accident insurance)
- widow, orphan, provident insurance and contributions to a funeral fund

With the exception of contributions for a voluntary extension of insurance coverage, the premiums to all insurance companies in the EU area may be deducted.

#### ► PLEASE REMEMBER:

If you claim a bonus for your contributions to a voluntary additional insurance under

the statutory social-security scheme, you may not claim it as special expenses at the same time.

### When must tax on insurance premiums be paid with retroactive effect?

If claims are settled by a capital payment, before or when the annuity payments commence, tax must be paid retroactively for the amounts claimed as special expenses. Tax on insurance premiums must also be paid with retroactive effect if life-insurance claims – without proof of a financial distress – are assigned, bought back or mortgaged within ten years. The tax applied to the payment with retroactive effect is 30% of the amounts in question. In the case of reimbursements, future premiums cannot be claimed up to the amount of the reimbursement.

### Contributions to pension funds

Contributions which the employee pays to a pension fund in Austria or, without any statutory obligation, to a pension fund abroad are special expenses within the overall maximum amount. Only one fourth of the pension due on these contribution payments is liable to taxation. Please refer to the chapter on "wage-tax calculation by the employer", page 20, regarding employer contributions.

#### ► PLEASE REMEMBER:

If you claim a bonus for your contributions to a pension fund, you may not claim it under special expenses at the same time.

## Procuring and improving housing

### What expenses for procuring housing are special expenses?

Expenses for amounts (committed for eight years) used to build owner-occupied houses or apartments or payments of such amounts to building societies (grants to the building costs for the construction of a rented apartment, e.g. from cooperative societies or local communities) may be deducted as special expenses under the overall maximum amount.

### What is an owner-occupied house and who may claim special expenses for it?

An owner-occupied house is private housing in Austria which can be lived in throughout the year (heating facilities and authorized for occupation). A garden cottage or lakeside bungalow is not an owner-occupied house. An owner-occupied house may have a maximum of two apartments and at least two thirds of the total usable floor space must be for living purposes.

The owner or a co-owner may claim special expenses. If the parents are the owners of an owner-occupied house, the children who share in the construction work but are not co-owners may not claim special expenses for this house. Tax benefits are granted for construction work (also regarding a pre-fabricated house), but not for the purchase of a ready owner-occupied house. If someone buys the bare construction, the purchase costs are not special expenses, but the further costs for the construction work are deductible.

### What are costs of construction for an owner-occupied house?

The cost of the land is part of the construction costs, as well as all direct and indirect costs of the construction work:

- costs of the real-estate property, including agent fees and development costs
- planning costs (building contractor, architect)
- costs of connecting the house to public supply networks (sewage, water, gas, electricity)
- building costs (work by the building contractor, electrical installations, roofing, etc.)
- costs of purchasing building materials (gravel, cement, tiles, etc.)
- costs of fencing

However, the following are not special expenses:

- costs of decorating the apartment (e.g. carpets, furniture, built-in kitchen cabinets, wall paneling)
- costs of garden landscaping
- costs of building structures separate from the owner-occupied house (e.g. garage or sauna next to the house)

When claiming the purchase of the real estate as a special expense, you must begin with the building work within five years. When buying the real estate after building the owner-occupied house, no special expenses may be claimed.

As a rule, only the costs incurred until completion of the owner-occupied house

(permit of occupation) may be claimed as special expenses for obtaining housing, as well as the repayments of loans, including interest, due on these expenses. If additional conditions are linked to the permit of occupation (e.g. plastering the façade), these expenses are also considered to be building costs affording a preferential tax treatment.

### What is an owner-occupied apartment?

Expenses for the construction of an owner-occupied apartment as defined by the law on owner-occupied apartments may be claimed as special expenses, provided that a minimum of two thirds are used for living purposes. When buying an already completed (constructed) owner-occupied apartment, the costs may not be claimed.

### What are amounts with an eight-year commitment?

These are payments by the future home owner to obtain housing through:

- non-profit building, housing and development societies
- companies that build housing on the basis of their bylaws and conduct of business
- territorial corporations (e.g. grants to building costs for municipal housing)

If the amounts are paid back before the expiry of eight years, tax is due on them with retroactive effect. If the

apartment ultimately becomes owned property, or if the repaid amounts are used again to obtain or improve housing, no retroactive tax is due.

### What expenses for housing improvements may be claimed as special expenses?

Costs of improving premises may be deducted if the work is directly commissioned by the taxpayer and carried out by an authorized company. Both maintenance and building costs may be claimed. Expenses for the improvement of the apartment may be claimed both by the owner and, for example, the lessee. In the latter case, the improvement work must have been commissioned by the lessee (and not by the lesser).

Improvement work comprises, in particular:

- renewal of windows, including frames
- renewal of doors, including frames
- renewal of ceilings
- renewal of floors
- renewal of individual windows when improving noise protection and to reduce energy consumption
- replacement of entrance doors when improving burgler protection or reducing energy consumption
- renewal of heating systems (improved heating performance, better handling)
- renewal of electrical, gas, water and heating installations
- installation of heat pumps, solar heating and heat recovery systems

- conversion to district heating
- measures to reduce energy losses or consumption
- linking up to existing supply networks (e.g. water, sewage, electricity or gas supply). This also includes expenses for building the connection, as well as the connecting charges. The costs of a telephone connection cannot be deducted.

**Building costs** are, for example:

- merging two apartments
- fitting central heating and elevator systems
- fitting bathroom and toilet facilities
- shifting doors, windows and walls

The following, for example, may not be claimed:

- regular maintenance jobs, repairing the plaster finish, painting and applying wallpaper to walls, renewal of damaged window panes
- bills for material for do-it-yourself jobs
- improving costs passed on in rent payments
- expenses for luxury fittings
- costs of furniture (furniture items, built-in kitchen cabinets)

### What rules apply when loans are used for financing?

If outside financing is used to construct or improve housing, the repayments (incl. interest) may be claimed as special expenses. This also applies if the loan is transferred from the previous owner. The repayments of rescheduled loans at better conditions also benefit from tax credits.

## New shares, building-society shares

### When can expenses for new shares and building-society shares be claimed?

A confirmation by your bank certifies that the requirements for deducting new shares, building-society shares (including convertible bonds for the promotion of housing construction) and profit-sharing certificates are met. Please present this certificate only when so requested by your tax office. The titles must have been obtained from an Austrian bank and must be deposited with for a minimum of ten years.

In case of non-compliance with this term (premature sale or removal from the deposit), tax must be paid with retro-active effect on the deducted amounts, as a matter of principle.

## Church-tax payments

### To what extent can church-tax payments be deducted?

Payments to state-recognized churches and religious denominations in a maximum amount of € 75 may be claimed for 2004; as of 2005 a maximum amount of € 100 may be deducted. They may be claimed in addition to the special-expenses basket and are not deducted from the lump sum for special expenses. Under certain circumstances, you may also claim these amounts from your employer or your pension-insurance institute (the body paying your pension). (See "recalculation by the employer", page 29).

## Donations

### What donations are tax-deductible?

As a rule, donations (e.g. to charitable organizations) may not be claimed. A tax credit is granted, however, for donations to research and teaching institutions. The following beneficiaries of donations are specifically listed in the law:

- ❑ universities, art colleges, Academy of Fine Arts
- ❑ Research Promotion Fund
- ❑ Austrian Academy of Sciences
- ❑ Austrian National Library, Diplomatic Academy, Austrian Archaeological Institute, Austrian Institute for Research into Austrian History
- ❑ Federal Office of Monuments and certain museums
- ❑ umbrella organizations promoting sports for the handicapped

The fiscal administrative authorities may recognize, by way of decree, other non-profit scientific associations and institutions in the field of research and education, as beneficiaries of donations. Once a year, a list of beneficiaries of donations is published in the official journal of the Austrian Fiscal Administrative Authority. You can find this list also on the homepage at [www.bmf.gv.at/steuern/einkommensteuer/erlaesse](http://www.bmf.gv.at/steuern/einkommensteuer/erlaesse).

## Broadband Internet

### When may the cost of setting up broadband Internet access may deducted and what amount?

Up to a maximum amount of € 50, expenses for the first-time installation of

Internet access via broadband technology may be claimed. The cost of the ongoing basic charges regarding the broadband Internet access may be deducted up to a maximum amount of € 40 per month. The condition is that the Internet access was installed for the first time after 30 April 2003, and that the expenses were incurred before 1 January 2005. They may be claimed in addition to the special-expenses basket; nor are they deducted from the lump sum for special expenses. The expenses may also be claimed for the group of persons benefiting from your tax credits (children, (marriage) partner) under your maximum amount.

### ▶ PREMIUM-AIDED PROVIDENT SCHEMES

The premium-aided provident scheme may be claimed by all persons with unrestricted tax liability in Austria who do not receive a statutory old-age pension.

### What is the amount under the premium-aided provident scheme and what is the incentive?

A lump sum is granted as an incentive, which is calculated according to a percentage of the premium paid for the respective calendar year. For 2004 and 2005 the bonus is 9% of the premiums. The bonus is only paid for payments amounting to 1.53% of 36 times the maximum basis for social-security contributions (HB-SV).

	HB-SV	max. amount	bonus 9%
2004	3,450	1,901	€ 171
2005	3,630	2,000	€ 180

The bonus is credited for the last time for that calendar year in which the tax payer draws a statutory old-age pension for the first time. In addition to granting a bonus, the institution running the provident scheme for the bank that sells the premium-aided provident scheme, must provide a capital guarantee.

### Where do you apply for the bonus?

The respective institution running the provident scheme files the application.

### When can you first dispose of your entitlements?

After a minimum period of ten years (after paying the first premium) you may dispose of your entitlements. These are your options:

- to ask for the payment, or
- to transfer the entitlements to another provident scheme, or
- to transfer the claims, for example
  - ▶ to an insurance company of your choice, or
  - ▶ to a bank of your choice to be used exclusively to buy shares in a pension investment fund by signing an irrevocable payment plan, or
  - ▶ to a pension fund where the person entitled to future payments already falls under the definition of the pension-fund law.

### How is the income from premium-aided provident schemes taxed?

If the entitlements in a provident scheme are transferred, or if you draw a pension from these schemes, no tax is due.

### What happens when the entitlements are paid out?

In the case of cash payments for the entitlements, half of the credited bonuses must be returned, and tax (25%) must be paid on the capital gains with retro-active effect. In addition, you lose your entitlement to a capital guarantee.

## ▶ PREMIUM-AIDED PENSION SCHEMES

### What is a premium-aided pension scheme and what is the amount?

As a matter of principle, premium-aided provident schemes have replaced premium-aided pension schemes. If you signed a contract in 2003, at the latest, you may, however, continue to claim the tax credit for the following amounts:

- Supplementary pension insurance with an insurance company
- Employees' contributions to a pension fund
- Savings with a pension investment fund
- voluntary additional insurance under the statutory social-security scheme

New contracts with pension funds may also be signed after 2003 and continue to be premium-aided.

As with building-society bonuses, the bonus depends on secondary-market yields. In 2004 and 2005 the bonus amounts to 9% of the premium payments. The maximum amount for the calculation is € 1,000.

## How do you claim the bonus?

You must apply for payment of the bonus by submitting the respective form, which you may obtain from the respective contract partner (the deposit-managing bank in the case of pension investment funds). If you have several contracts, please remember that you may claim the bonus only for a maximum assessment base of € 1,000.

The bonus is paid for the year in which the premium was paid. Advance payments of premiums as of 15 December are already recognized for the subsequent year. However, delayed payments will not be accepted.

## How are earnings from premium-aided provident schemes taxed?

They are not taxable, to the extent that the earnings are due to premium-aided payments.

### ► EXAMPLE:

Every year, a taxpayer pays € 1,500 into a pension investment fund. The premium was paid for € 1,000. The entire credit balance is transferred to a supplementary pension insurance scheme as a one-off premium. The annuity payments resulting from the provident premiums are not taxable for the amount of the € 1,000. The annuity payments due on the remaining € 500 are taxed.

## What is the relation between provident premiums and special expenses?

Contributions to supplementary pension schemes and for the purchase of shares in investment funds are not regarded as special expenses. With regard to contributions to voluntary additional insuran-

ce under the statutory social-security scheme and employee contributions to pension funds, one may choose between claiming a bonus or special expenses.

## ▶ EXTRAORDINARY BURDENS

### What are extraordinary burdens?

Certain expenses and expenditures may be recognized as extraordinary burdens if they are indeed extraordinary, if they are inevitable, and if they considerably affect one's economic performance. The latter is the case if the individual deductible is exceeded. For certain extraordinary burdens (especially in connection with handicaps) no deductible is required.

### What amount is the deductible and what effect does it have?

The deductible is the following for incomes of:

maximum	€ 7,300	6%
more than	€ 7,300	8%
more than	€ 14,600	10%
more than	€ 36,400	12%

The deductible is reduced by 1% if one is entitled to a sole-earner or single-parent deduction, as well as for every child that creates an entitlement to a child or maintenance deduction for more than six months. The tax office calculates the deductible in the course of an employee tax assessment. Below is a simplified method which you may use to calculate the income which determines your deductible:

Gross earnings

- minus non-taxable remunerations
- income-related expenses (including those which are settled by the employer)
- special expenses
- (other) extraordinary burdens to which no deductible is applied

---

= assessment basis for the deductible

You may apply for the entitlement in the course of your tax assessment. Please keep your receipts for seven years, since they must be shown to the tax office upon request.

► **EXAMPLE:**

A sole earner has two children, each entitling him to a child deduction. In the course of the calendar year, the following expenses are incurred:

orthodontic treatment for one child	€ 580
hospital expenses for his wife	€ 1,816
his own medical expenses	€ 730
	€ 3,126
- refunds from health insurance	€ 364
total expenses	€ 2,762

The earnings determining the deductible (the assessment basis) therefore amounts to € 21,075. The basic deductible of 10% is reduced by 3%, i.e. 1% since he is a sole earner and 1% for each child. The deductible is therefore 7%. The total expenditure of € 2,762 is reduced by the deductible of € 1,475.25 (7% of € 21,075). € 1,286.75 is therefore the extraordinary burden with effect upon taxes.

## ► EXTRAORDINARY BURDENS REGARDING DEPENDANT PERSONS

### What payments for dependant persons may be claimed?

Basically, payment of the legal maintenance money (support money) for children or a divorced spouse is not an extraordinary burden. The current costs for children are covered by the child or maintenance deduction. Extraordinary burdens are incurred if costs are borne for the dependant person, which per se constitute an extraordinary burden. This includes, for example, medical costs for a child (such as glasses or an orthodontic treatment), or the cost of an education away from home, if this is required. These expenses may only be taken into account for a person required to pay maintenance if they are incurred on top of the current maintenance payments.

However, maintenance payments to children may constitute extraordinary burdens if (because no family allowance is received) one is not entitled to claim a child deduction and (because no support money is paid) one is not entitled to claim a maintenance deduction. This applies, for example, to support-money payments for children who permanently live in a country outside the EU/EEA area and there belong to (another) household of the taxpayer (see page 18). In such cases, the current maintenance amount may be claimed that is appropriate according to the cost-of-living index of the country con-

cerned. In practice, a lump sum is usually determined (for a child normally € 50 per month). A deductible is not considered in this case.

## ▶ EXTRAORDINARY BURDENS WITH DEDUCTIBLES

What are the most common examples for extraordinary burdens with deductibles?

### Medical costs

Medical costs include, for example:

- ❑ doctors' fees and hospital costs
- ❑ costs of medication (also homeopathic medicines), prescription fees, treatment costs (including acupuncture and psychotherapy), health service vouchers
- ❑ expenses for therapeutic aids (walkers, hearing-aids, etc.)
- ❑ costs of dentures or dental treatment (dental prosthesis, crowns, bridges), costs of glasses or contact lenses)
- ❑ costs of childbirth
- ❑ travel costs to see a doctor or to go to a hospital

Possible refunds of costs by the statutory health and accident insurance scheme, by a voluntary supplementary health and accident insurance or by another third party must be deducted.

Medical costs may also be incurred in connection with a handicap (minimum of 25%), which may be claimed as costs of a therapeutic treatment without considering a deductible.

### Medical costs (costs of diets) with separate lump sums

Medical costs may also include the costs of a special diet, required by an illness. They may be determined on the basis of the actually incurred costs, by way of receipts, or lump sums for sick-care diets:

Disease	Monthly deduction
Diabetes	€ 70
Tuberculosis	€ 70
Coeliac disease	€ 70
Aids	€ 70
Gall bladder complaint	€ 51
Liver complaint	€ 51
Kidney complaint	€ 51
Other diets prescribed by the doctor in connection with internal diseases (stomach, heart)	€ 42

#### ▶ PLEASE REMEMBER:

If one of the aforementioned diseases results in a handicap (minimum 25%), the deductible must not be reduced (see chapter on "extraordinary burdens incurred by handicapped persons", page 53).

### Costs of cures

Costs of cures may only be claimed as extraordinary expenses if the stay at the sanatorium is directly linked to a disease or required for medical reasons. These include:

- costs of accommodation
- costs of cures and medical care
- travel costs to and from the resort, in the case of persons requiring attendance and children also the costs for an accompanying person

Cost refunds (such as for medical costs) and savings in household expenses (cost of living incurred at home) in the amount € 196.20 per month (or a pro-rata part thereof) must be deducted. Costs of cures due to a handicap (minimum 25%) are considered to be a therapeutic treatment and must be granted without deductible.

## Costs of an old-people's or nursing home

The costs of accommodation in a nursing home are only regarded as an extraordinary burden if they are due to disease or the need for care or special attention. This also applies to the care ward in an old-people's or nursing home of one's own choice. When receiving the nursing allowance, class 1, one must definitely assume the need for special care in any event.

If the income, including the nursing allowance, of the person requiring care does not cover the costs, the persons required to provide support (e.g. a spouse, children) may claim their expenses as an extraordinary burden. The cost refunds, as well as savings in household expenses (€ 196.20 per month) must be deducted.

When being granted a nursing allowance, one may assume a minimum reduc-

tion in earning capacity of 25% (level of disablement). In these cases, proof of the handicap and the extent of the reduction in earning capacity are not required. The costs of the nursing home are therefore granted lowering them by a deductible.

## Funeral costs

The costs of a funeral, not covered by the deceased's estate, constitute an extraordinary burden up to a maximum amount of € 3,000. The costs of a tombstone up to a maximum amount of € 3,000 must also be granted. If higher expenses are incurred, their necessity must be shown (e.g. special transportation costs or special requirements for the design of the tomb).

## Costs of child care

The costs of a nursery school, a day-care child-minder, a boarding school, a daycare center, a child nurse or a household help are regarded as an extraordinary burden if they are incurred on account of the gainful employment of a single parent.

## ▶ EXTRAORDINARY BURDENS WITHOUT DEDUCTIBLES

For which extraordinary expenses is there no deduction from the deductible?

- Vocational training of children away from home
- Damage due to disasters

- ❑ Handicap beyond 25%
- ❑ Certain maintenance payments to children away from home, page 50.

## Lump sum for vocational training away from home

For expenses regarding the vocational training of a **child** away from the place of domicile, a lump sum for extraordinary burdens is granted, if there is no alternative training facility in the vicinity of the place of domicile – in a radius of 80 km.

The lump sum amounts to € 110 per month of the vocational training (12 times per year). Higher actual costs – e.g. travel costs or tuition fees – may not be claimed. When pupils or apprentices attend a **boarding school** at a distance of more than 25 km, this is considered to be vocational training away from home (this also applies to vocational schools), if there is no closer training facility.

Ordinances to the study-promotion law determine which places of domiciles are in the vicinity of the respective school or study place. If your place or municipality is not mentioned there, and if the distance between the domicile and the school is less than 80 km, then you are entitled to receive the lump sum, if the time spent traveling (one direction) is more than one hour.

Being granted the allowed deduction does not require recognition of a **child deduction**, if serious studies are pursued.

## Expenses to clear up damage after disasters

This includes, in particular, damage caused by flooding, landslides, mudflows, avalanches and storms. The costs relate to the clearing work and the costs of replacing damaged commodities, unless the damage is covered by insurance or from public funds (relief funds).

## ▶ EXTRAORDINARY BURDENS INCURRED BY HANDICAPPED PERSONS

### What extraordinary expenses can handicapped persons claim?

In the case of a physical or mental handicap, the lump sums without deductibles reduce the taxable income. A taxpayer is considered to be handicapped, if the incapacitation amounts to a minimum of 25%. The lump sum depends on the level of the handicap and amounts to the following sums per year:

Level of handicap	Deduction per year
25% to 34%	€ 75
35% to 44%	€ 99
45% to 54%	€ 243
55% to 64%	€ 294
65% to 74%	€ 363
75% to 84%	€ 435
85% to 94%	€ 507
over 95%	€ 726

Upon request, the handicap and its level must be documented to the tax office by an official certificate issued by the following competent bodies:

- ❑ provincial governor for persons receiving a victim's pension
- ❑ social-security entity in case of occupational diseases or accidents at work of employees
- ❑ Federal Office for Social and Handicapped Matters for all other cases, as well as in the case of several, different handicaps.

The proof may also be established by a **handicap pass** or a negative decision in this connection (indicating the level of the handicap). The handicap pass or decision is issued by the Federal Office for Social and Handicapped Matters.

► **PLEASE REMEMBER:**

The certificates issued by the public health officer up to 2004 continue to be valid.

When receiving a **nursing allowance** throughout the year (supplement for blindness, blindness money, care and blindness support), the lump sum may no longer be claimed. Sole earners may also claim the additional expenses due to a handicap of the (marriage) partner.

## Therapeutic aids

Expenses for therapeutic aids that are not incurred on a regular basis – e.g. a wheelchair, adaptation of the apartment to accommodate a wheelchair, hearing aids or therapeutic aids for the blind – are also recognized and do not reduce the deductible.

## Therapeutic treatments

In the case of a handicap, the costs of a therapeutic treatment may be claimed in addition to the lump sum and without being reduced by a deductible. The following are considered to be costs of therapeutic treatments:

- ❑ doctors' fees and hospital costs
- ❑ costs of cures and therapies
- ❑ costs of medication in connection with the handicap

Expenses that are caused on a regular basis because of the need for care are not regarded as costs of therapeutic treatment. These are, for example, costs of nursing staff, bed linen or wound-dressing materials.

If a diet is prescribed on account of the handicap, the lump sums for diets may also be claimed. In this case, both the handicap and the diet requirement must be confirmed by the competent body. Instead of the lump sums, the actually incurred costs of the handicap may also be claimed.

## Allowed deduction for mobility-handicapped persons

Physically handicapped persons may claim an allowed deduction of **€ 153 per month**, if they need a special motor vehicle for their private transport due to their mobility handicap. When claiming this lump sum, one must document the mobility handicap (e.g. decision on an exemption from the engine-related insurance tax, identification pursuant to § 29 b of the Road Traffic Regulations or a handicap pass indicating the mobility handicap). The proof of the mobility handicap must be shown to the tax office on request.

The costs of adapting the motor vehicle for the handicapped person may not be claimed. The additional expenses caused to a mobility-handicapped person for owning and using a car may only be deducted in the amount of the lump sum of € 153 per month. Handicapped persons with a 50% reduction in earning capacity (minimum) without their own motor vehicle may claim the actual costs for taxi transportation up to a maximum of € 153 per month.

### What regulations apply to handicapped pensioners?

Handicapped pensioners may claim the aforementioned lump sums either at the tax office or directly from the pension-insurance body (the entity paying the pension). The pension-insurance body will be glad to provide you further information.

### Overview of possible allowed deductions for handicapped persons:

Allowance	Handicapped persons not receiving a nursing allowance	Handicapped persons receiving a nursing allowance
Lump sum, allowed deduction for a handicap of 25%	yes	no*
Lump sum, allowed deduction for diets	yes	yes
Allowed deduction for own motorvehicle for mobility handicapped persons	yes	yes
Allowed deduction for taxi transports (if no own motor vehicle) for mobility handicapped persons	yes	yes
Expenses for handicapped aids and costs of therapeutic treatment	yes	yes

\*if the nursing allowance is received throughout the year

## ▶ EXTRAORDINARY BURDENS DUE TO HANDICAPPED CHILDREN

### What extraordinary expenses may be claimed for handicapped children?

Depending on the level of the handicap, various allowed deductions are available which are not reduced by a deductible. A child is regarded as handicapped if the level of the handicap amounts to a minimum of 25%.

### Allowed deductions for children with a 25% to 49% handicap

The same authorities as for adults are responsible for determining the handicap of a child (see page 54). For handicaps on the following levels, the following allowed deductions may be claimed:

Level of handicap	Deduction per year
25% to 34%	€ 75
35% to 44%	€ 99
45% to 49%	€ 243

In addition, the lump-sum allowed deductions for a necessary diet or for expenses regarding handicap aids (e.g. glasses/contact lenses, wheelchairs, adapting the apartment for a handicapped person) may be claimed without being reduced by a deductible.

### Allowed deductions for children with a 50% handicap and more who do not receive a nursing allowance

In this case a higher amount of family allowance is granted and - instead of the

aforementioned allowed deductions – a monthly lump sum of € 262 may be claimed. In addition, expenses for handicap aids (e.g. glasses/contact lenses aids, wheelchair, adapting the apartment for a handicapped person) may also be claimed without being reduced by a deductible. The costs of a diet may not be recognized in addition to the allowed deduction of € 262.

## Allowed deduction when receiving the nursing allowance for the handicapped child

The amount of the nursing allowance is deducted from the allowed deduction of € 262 per month. The allowed deduction per year, depending on the level of the handicap, may not be claimed. If the nursing allowance exceeds the amount of € 262, no lump sum may be claimed. In addition, the actual amounts of the

following expenses must be taken into consideration, independent of a nursing allowance:

- expenses not regularly incurred for therapeutic aids
- costs of therapeutic treatments.

If the nursing allowance is kept to accommodate the handicapped person in a boarding school or apartment-sharing community, the costs borne by the person responsible for paying maintenance for the handicapped person (the contribution to living costs in Vienna or the cost refunds to the respective provincial governments) constitute an extraordinary burden.

### Overview of the allowed deductions for handicapped children:

Allowed deduction	Minimum handicap of 25% without higher family allowance	Handicap with a higher family allowance	Handicap with higher family allowance and a nursing allowance
Lump sum, allowed deduction depending on level of handicap pursuant to § 35 (3) Income Tax Act	yes	no	no
Lump-sum allowance of € 262	no	yes	yes*
Lump sum, allowed deduction with diet	yes	no	no
Allowed deduction for own motor vehicle	no	no	no
Allowed deduction for taxi transport	no	no	no
Expenses for handicap aids and costs of therapeutic treatment	yes	yes	yes
Tuition fee for handicapped school	yes	yes	yes*

\*reduced by nursing allowance

---

## ▶ OFFICIAL CERTIFICATIONS AND VICTIM PASSES

---

What allowed deduction may be claimed by holders of official certifications and victim passes?

Holders of victim passes and official certifications (taxpayers who suffered from political persecution between 1938 and 1945) are entitled to an additional non-taxable amount of € 801 per year. Pensioners may claim this allowed deduction directly from the pension-insurance body by presenting their certification/pass. The allowed deduction may be claimed after the end of the year in the course of the employee tax assessment, irrespective of the current payroll accounting.

# THE TAX-OFFICE PROCEDURE

## ▶ EMPLOYEE TAX ASSESSMENT

### When can an application for an employee tax assessment be filed?

You can file an application for an employee tax assessment within a period of five years (e.g. an application for 2004 may be filed until the end of December 2009). You may file your application either electronically via *FINANZOnline* or by mailing form L 1, or by handing it in at your tax office. The tax office processes the applications in the order in which they arrive and establishes your tax payment upon your application (formerly: annual wage tax re-computation).

The tax office can only complete an employee tax assessment if all pay slips for the year and other disclosures (e.g. unemployment benefits) have been received.

#### ▶ PLEASE REMEMBER:

Do not enclose any pay slip with your tax return, or any receipts (invoices, confirmations, vouchers) for income-related expenses, special expenses or extraordinary burdens. However, please keep these documents for seven years, since they must be shown to the tax office upon request.

## Electronic employee tax assessment

### How can you contact us?

Call up *FINANZOnline* at [www.bmf.gv.at](http://www.bmf.gv.at) and register: Either click on the box “*FINANZOnline*” or the box “Registrierung” (registration) in the red login field. After successfully completing your registration, you will receive your access data (participant ID, user ID and PIN) in an RSA letter (return receipt).

### What are the advantages of *FINANZOnline*?

- free use, 24 hours per day
- no errand required, convenient processing by way of a mouse click at home
- possibility to change your personal basic data at any time, such as your address, bank account, e-mail address
- inquiries regarding your current tax account and tax file (e.g. account balance, pay slip)
- electronic applications for repayments
- service of tax decisions to your personal electronic mail box (DataBox), incl. e-mail message
- anonymous tax computation
- no special software
- no paper enclosures
- comfortable user interface (on-line help, hotline)

- use suitable for handicapped persons
- automatic extension of the deadline for tax returns until 30 June of the subsequent year

If you have questions regarding *FINANZOnline*, please visit our homepage at [www.bmf.gv.at](http://www.bmf.gv.at). We also have a hotline, i.e. 0810 / 22 11 00 from Mondays to Fridays, 8.00 to 18.00 hrs., at the local rate throughout Austria.

### In what cases can you usually expect a credit note?

- If you received different amounts as remuneration, and the employer did not make a recalculation.
- If you changed employer in the course of the year or were not employed throughout the entire year.
- If you are entitled to a “negative tax” on account of your low income.
- If you are entitled to a sole-earner or single-parent deduction and/or the child supplement, introduced in 2004, and/or a lump sum for commuters, which were not settled in the course of the ongoing payroll accounting, or
- if you claim the allowances for income-related expenses, special expenses or extraordinary burdens which have not yet been granted in the decision on allowances.

### What should you do if an additional tax payment is demanded?

If an additional tax payment should become due in exceptional cases, you may withdraw your application in the course of an appeal, except

- if you are required to file a tax return for yourself, or
- a mandatory assessment is made for another reason (see the next two questions).

### When do you have to file a tax return (without a request from the tax office)?

If your income for 2004 exceeds € 10,000, you are obliged to file an income-tax return or a statement in connection with the employee tax assessment,

- if you have other income in addition to your income liable to wage tax (e.g. from contracts for work) in the total amount of more than € 730. Capital gains after withholding tax need not be included in the calculation. In this case, please file an income-tax return (form E 1) and enclose your cash-based accounts, your balance sheet or the accounts for your net income. Deadline: 30 April of the following year (in the case of online submission: 30 June of the following year)
- if – in the course of the calendar year – you received at least two or several incomes liable to wage tax, at least partly at the same time, for which wage tax was not settled jointly (e.g. when drawing a company pension in addition to a social-security pension). In this case, please file a statement in connection with your employee tax assessment. Deadline: 30 September of the following year

- ❑ if you are not entitled to a sole-earner or single-parent deduction for the calendar year, but this was settled in the course of the ongoing payroll accounting. In this case, please file a statement in connection with your employee tax assessment.

Deadline: 30 September of the following year

#### ► ATTENTION:

Complete information about your personal data and the entity paying the remunerations are necessary on the application form in order to ensure an expeditious processing of your application for employee tax assessment. Missing data delay the processing of your application.

### When is a mandatory tax assessment made?

If you do not or need not file a statement in connection with your employee tax assessment, the tax office will request you to file such a statement by sending you form L 1 and proceed with a mandatory employee tax assessment in the following cases:

- ❑ if you received sickness pay under the statutory social-security scheme or remunerations according to the law on army fees (e.g. troop or cadre exercises), insolvency-deficiency pay in the course of bankruptcy or debt recomposition proceedings, or if contributions to the statutory social-security scheme were repaid; or
- ❑ if a tax-office decision on an allowed deduction was issued during the

respective calendar year. However, a mandatory tax assessment needs to be made only if the amount of the allowed deduction indicated in the decision was too high.

#### ► PLEASE REMEMBER:

Please do not enclose any pay slip with the statements enclosed with the application for an employee tax assessment. The employer (or the body paying your pension) forwards such documents to the tax office.

### Can an employee tax assessment result in tax prepayments?

Wage-tax payers may have to make tax payments in advance, if the additional payment amounts to more than € 300. In this case, an additional payment for the past year may coincide with the prepayment for the current year, in exceptional cases (e.g. if two remunerations are due in parallel for the first time).

### Why can there be additional payments in the case of two or several remunerations?

As a matter of principle, every entity paying remunerations or pensions calculates the wage tax only for the remunerations or pensions that it pays out. The result is that the actually paid wage tax is too low. In the course of an employee tax assessment, these remunerations are taxed as if the total amount were one single payment. You are therefore treated like a taxpayer who has only one employment relation but has earned just as much in the form of a salary or pension than what has accrued to you from several remunerations.

## When does the tax office calculate interest on additional tax payments or credit balances?

The tax office calculates interest on additional payments and credit balances for income-tax returns that are served after 30 September of the following year. The interest rate is 2% above the basic interest rate (i.e. 3.47% according to the status on 15 December 2004). Interest on additional payments or credit balances which amount to less than € 50 is not established. Interest accrues irrespective of the date at which the tax return is filed. It is recommended, though, to file the return as early as possible. If you do not receive the tax assessment notice by 30 September of the following year, you can avoid paying interest on additional tax payments by paying an advance in the amount of the future additional tax payment before that deadline.

## ▶ TAXES DUE ON SEVERAL PENSIONS

### How are several pensions taxed?

The joint taxation of (several) statutory pensions, federal-employee pensions, pensions from a previous employment relation with a federal province, or pensions from Austrian pension funds is mandatory, in order to avoid additional tax payments and tax prepayments.

If, for example, the federal or a regional government and the pension-insurance institute for employees pay a widow's

pension, the wage tax due on the two remunerations is withheld from the higher pension.

If you also receive a company pension, in addition to your statutory social-security pension, you are not obliged to tax them jointly. In this case, the former employer is responsible for paying the pension and the tax on your social-security pension. However, the employer cannot be obliged to do so.

## ▶ TAX-OFFICE DECISION ON ALLOWED DEDUCTIONS

### What is a tax-office decision on allowed deductions?

A tax-office decision on an allowed deduction relates to certain income-related expenses, special expenses or extraordinary burdens which the employer may already settle in the course of the ongoing payroll accounting. As a result you pay less wage tax. Normally, the tax-office decision on an allowed deduction is served together with the tax assessment notice on the basis of the employee tax assessment. At the same time, you will receive a note to hand to the employer.

The tax-office decision on the allowed deduction applies to the second year following the assessment period. The tax-office decision on allowed deductions and the note for the employer, applicable to the calendar year 2006 is therefore enclosed with the tax assessment notice for the calendar year 2004. This tax-office decision on allowed deductions relates to

your allowed deductions – on the basis of the year 2004 – on a preliminary basis already for 2006. If the actual expenses in 2006 are higher than those in the tax-office decision on allowed deductions, this will be offset in the course of the employee tax assessment. An additional credit note may be expected.

If your expenses are lower, additional tax payments will, as a rule, become due. If it is uncertain whether you will have similar expenses in the second following year than in the base year, you may waive receiving a tax-office decision on your allowed deductions in the course of the wage tax assessment, in order to avoid additional tax payments. There is also the possibility to apply for a tax-office decision on a lesser amount of allowed deductions.

However, you can also amend the note to the employer to indicate lower allowed deductions or not at all show the note to the employer. The tax office can also take the initiative and fix a lower amount for the allowed deductions, if certain expenses are obviously incurred only on a one-off basis.

Irrespective of the employee tax assessment, you may apply for a tax-office decision on allowed deductions for the current year under certain circumstances:

- if additional income-related expenses of a minimum of € 900 will probably be incurred in the current calendar year, or
- if expenses to clear up damage after

disasters (floods, damage caused by storms) will probably be incurred, and

- if the application is filed before 30 October

#### ▶ PLEASE REMEMBER:

No tax-office decision on allowed deductions will be issued for an annual allowed deduction of less than € 90 and if prepayments for income tax need to be made.

## ▶ DISCLOSURE PURSUANT TO § 109a OF THE INCOME TAX ACT

### What is a disclosure pursuant to § 109a of the Income Tax Act?

Companies and corporations must communicate certain data on payments to the tax office electronically or by using the form E 18. This disclosure concerns physical persons or associations of persons without separate legal entity (e.g. general partnerships, limited partnerships) who receive emoluments for certain activities on a self-employed basis, i.e. not as part of an employment relation. The body making the disclosure to the tax office must hand a copy to the person concerned.

### Which data must be communicated?

The following data must be communicated:

- name, address, social-security number

- ❑ type of service rendered
- ❑ calendar year in which the emoluments were paid
- ❑ emoluments (including remunerations in kind and cost refunds) and possibly value-added tax.

### For which activities must a disclosure be made?

The disclosure is required for the following self-employed activities:

- ❑ services as members of a supervisory board, administrative board or other services by persons in charge of supervising the management of a company
- ❑ services as agents of building societies and insurance companies
- ❑ services of board members of foundations
- ❑ services as a lecturer, teacher or trainer
- ❑ services as a newspaper street vendor or newspaper deliverer
- ❑ services of office-holders of public-law corporations if fees are paid for the activity
- ❑ other services that are rendered under a contract for independent services and which are subject to insurance under § 4 (4) of the General Social Security Act.

### ▶ ATTENTION:

No disclosure is required for services that are not mentioned above.

### Is a disclosure necessary for minor emoluments?

No disclosure needs to be made if the (total) emoluments, including possible cost refunds, paid to a person or association of persons (group of persons) amounts to less than € 900, and if the (total) emoluments, including possible cost refunds for every individual service do not amount to more than € 450.

### What must the person concerned do?

As a matter of principle, emoluments for the aforementioned activities constitute an income that is liable to taxation. The emoluments received must therefore be mentioned in the **income-tax return** (form E 1) under the respective income category. The (operating) income for which the disclosure was made must be shown separately in the cash-based accounting (profit and loss statement, form 1a) or the net-income account.

If you received one or several copies of several disclosures for the respective year, please be sure to indicate the number of disclosures received in the course of the employee tax assessment. However, this information should not be provided to the tax office. If the income amounts to more than € 730 (allowed assessment deduction), they are not taxable. In this case, an employee tax assessment can be made.

## ▶ APPEAL AGAINST A TAX-OFFICE DECISION

### How can you appeal against a tax-office decision?

You can appeal against a tax-office decision **within one month after service**. File your appeal in writing with the tax office that issued the decision in question. There are no charges on filing an appeal. An appeal does not suspend the prescribed additional payment; it remains due on the indicated date.

If you do not wish to pay the required additional payment for the time being, you must file an **application for suspension of the collection**. The tax office will issue a formal decision on this application.

#### ▶ PLEASE REMEMBER:

In the event that your appeal is dismissed, interest must be paid for the time of suspension. As of 1 February 2005, the interest rate is 3.47% (previously 2.47%).

As a rule, the tax office will issue a preliminary ruling on the appeal. If you do not agree with this decision, you may apply for the submission of your appeal to the Independent Finance Senate (UFS).

## ▶ PAYMENT IN INSTALLMENTS AND DEFERRED TAX PAYMENT

### How can you obtain payment facilities?

Upon your application, the tax office can grant a respite for the additional payment or payment in installments

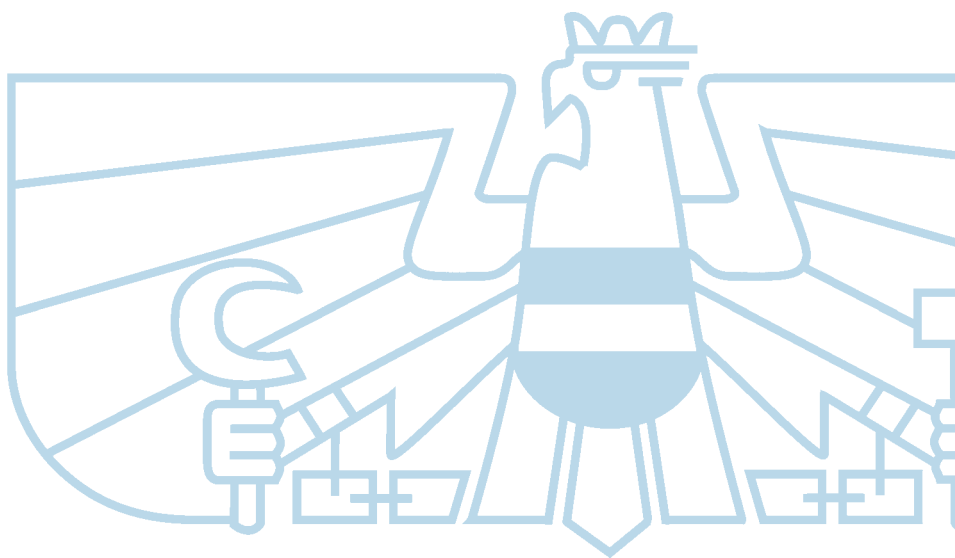
- if paying the full amount of the owed tax would constitute a considerable hardship, and
- if granting payment facilities does not jeopardize the collection of the owed tax.

You should therefore specify all circumstances supporting your application for a payment respite.

#### ▶ PLEASE REMEMBER:

If a tax payment is deferred or if taxes are paid in installments, interest is due on amounts in excess of € 750. The interest rate is 5.97% as of 1 January 2005 (previously 5.47%). In cases of special hardship, taxpayers may be fully or partially released from paying the owed tax. No fees are due on applications to the tax office.

# NOTES



Name  
Adresse

An das Finanzamt

Betreff: Bescheid vom .....  
Steuernummer .....

Gegen den oben angeführten Bescheid erhebe ich innerhalb offener Frist

## Berufung

und begründe diese wie folgt:

Bei der Berechnung der Arbeitnehmerveranlagung wurde(n)

- Alleinverdienerabsetzbetrag (Alleinerzieherabsetzbetrag)
- Erhöhte Werbungskosten
- Erhöhte Sonderausgaben
- Außergewöhnliche Belastung usw.

nicht berücksichtigt.

Ich beantrage daher die Berücksichtigung von ..... €

**Antrag auf Aussetzung der Einhebung gem. § 212a BAO**

Gleichzeitig beantrage ich die Aussetzung der Einhebung in Höhe des strittigen Betrages von ..... €.

Datum, Unterschrift

Name  
Adresse

An das Finanzamt

Betreff: Bescheid vom .....  
Steuernummer .....

## Antrag auf Stundung oder Ratenzahlung

Durch den oben angeführten Bescheid wurde mir eine Steuernachzahlung von ..... € vorgeschrieben.

Ich ersuche um

- Bewilligung der Entrichtung in Raten zu ..... €
- Stundung der Abgabenschuldigkeit bis zum .....

Begründung:

Persönliche Umstände, Hilflosigkeit, minderjährige Kinder, Unterhaltsverpflichtungen, Krankheitsfolgen, Zusammenkommen mehrerer Nachzahlungen, geringes Einkommen usw.

Datum, Unterschrift

# INDEX

## A

accident insurance	43, 51
accident pension, see annuities/pension	
activities abroad, see assembly jobs	
additional child supplement, see children	
additional payments	
- as a result of employee tax assessment	60
- miscellaneous remunerations	27
additional tax payments, interest on	61
advance on wages/salary	10
allowed deductions	
- official certifications/victim passes	57
- loan by the employer/wage advance	10
- extraordinary burdens, incurred	
by handicapped persons	53, 55, 56
- medical costs	51
- night-time work	29
- special expenses	41
- miscellaneous remunerations	25
- income-related expenses	31
amounts committed for eight years	44, 45
annuities, pensions	
- life annuities	8, 41
- tax payment with retroactive effect	
for insurance premiums	43
- victim pension	54
- special expenses	41, 43
- accident pensions	11
appeal	59, 64, 66
assembly jobs	16, 22

## B

basic and further training	33
block time	28
boarding school	53, 56
bonus	25, 27
bonus for premium-aided pension	
scheme, see pension fund	
bonuses and supplements	
- for night-time work	16, 28
- for night overtime	16, 28
broadband Internet, see Internet	
building costs	46
building-society shares, see shares	
business income	7, 9, 11
business trip, see trip	

## C

capital assets, income from	7, 8, 16
car, see motor vehicle	
center of activity	
- work room	32
- business trips	23
- journey costs	36
child care, cost of	52
child-care allowance	7, 11, 16
children	
- deduction, see deductions	
- sole-earner/single-parent	
deduction	15, 17, 19, 30
- extraordinary burdens	
incurred by handicapped persons	53, 56
- extraordinary burdens, with/	
without deductible	49, 51
- extraordinary burdens, maintenance	50
- additional child supplement	18
- special expenses, other beneficiaries	41, 47
- special expenses, maximum amount	42, 47
- maintenance deduction	17, 18
- supplement to sole-earner/	
single-parent deduction	13, 15
Christmas allowance	25
Christmas presents	9, 21
church-tax payments	29, 41, 46
collective agreement, see severance pay	
- per-diem (allowances)	23, 24
- bonuses/supplements	28
company	
- social facilities and premises	21
- events	21
company car, see motor vehicle	
company housing, see private premises	
company outing	9, 21
company pension, see pension	
computer	32, 34
computer license, see license	
continued insurance, voluntary,	
see insurance	
contract for independent services	9, 63
contract for work	
- employment-like	9
- additional income from	59
convertible bonds, see shares	
cost of dental treatment	50, 51

cost of financing, see loan	
- income-related expenses	32, 36
cost of further training, see costs of basic and further training	
cost of land, real-estate property	44
cost of overnight accommodation	
- business trips	22, 24, 25
- income-related expenses	34, 37, 38
costs of basic and further training	33
costs of cures	51, 54
costs of diets, see medical costs	
courses, see costs of basic and further training	
- language courses	38
- re-training measures	33
cross-border worker	
- tax liability	6, 14, 19
<b>D</b>	
damage after natural disasters	22, 52, 53, 62
daycare child-minder, see child care	
deadline	
- for assessment upon application	59, 60
- recalculation	29
- tax-office decision on an allowed deduction	62
- for submission of pay slips	20
deductible, see extraordinary burdens	
deduction for wear (AfA)	
- work tool/devices	32
- work room	32
- computer	34
- mileage allowance	36
deductions	
- single-parent deduction	12, 13, 14, 15, 19, 30, 50, 59, 60
- sole-earner deduction	12, 13, 15, 19, 30, 50, 59, 60
- general tax deduction	12, 14
- employee deduction	7, 12, 13, 14, 15, 19
- for low incomes (negative tax)	14, 15, 19, 59
- tax deduction for cross-border workers	12, 14
- child deduction	12, 15, 16, 18, 50, 53
- pensioner deduction	7, 12, 13, 14
- maintenance deduction	12, 13, 17, 30, 49, 50
- transportation deduction	7, 12, 13, 14, 21, 37
deferral of tax payment	64, 67
development-aid worker	16, 22
disability pension, see annuities/pensions	
Disclosure pursuant to § 109a of the Income Tax Act	62
dismissal compensations	27
division by four, special expenses	42

donations	41, 47
double taxation agreement	6
duty station, see center of activity	

## E

earnings, total amount of all earnings	7, 16, 40
employee inventions, emoluments for	27
employee tax assessment	58
- assessment upon application	58
- mandatory tax assessment	59, 60
employee tax deduction, see deductions	
employment	7, 8
employment-like contract for work, see contract for work	
energy-saving measures	45
extraordinary burdens	7, 15, 50, 59, 61
- incurred by handicapped persons	53
- due to handicapped children	55
- with deductible	51
- without deductible	51, 52
- regarding dependant persons	50

## F

family allowance	11, 15, 16, 17, 18, 50, 55, 56
family domicile, see place of residence	
family income, see income	
flat rate, see tax rate	
funeral costs	52
further training, see basic and further training	
further vocational training	37, 38

## G

garage facilities	
- mileage allowance	23, 36
- remuneration in kind	10
general tax deduction, see deductions	
guest workers	6

## H

half the tax rate, see tax rate	
handicap, see extraordinary burdens	
health insurance	22, 30, 43
household help	52
household, see two households	
housing, procuring and improving	41, 42, 44

<b>I</b>	
improvement work	45
improving/procuring housing, see housing	
incentive travel, see trip	
income (family)	7, 9, 11, 12, 13, 14, 15, 18, 19, 49, 59
income sources	7, 11
income substitutes	11
income-related expenses	11, 16, 30, 31, 40, 50, 59
insurance (pension)	
- additional insurance	9, 42, 49
- personal insurance	
- continued insurance	41, 43, 47
insurance periods, subsequent acquisition of	41, 43
insurance premiums, special expenses	41, 42
- tax payment with retroactive effect	43
interest savings in the case of a	
loan by the employer/wage advance	10
Internet (broadband)	36, 39, 41, 47
<b>L</b>	
language courses, see courses	
laptop, see computer	
license (computer license)	33, 34
life annuity, see annuities/pensions	
life insurance	22, 43
limit on non-taxable income	
- limit on assessable income	59
- miscellaneous remunerations	16
limits on income	
- sole-earner/single-parent deduction	16
- taxation limit	7
- additional child supplement	18
- extraordinary burdens, deductible	49
- special expenses	42
literature, see specialized literature	
live-in partnership, see (marriage) partner	
loan	
- by the employer	10
- special expenses	45, 46
loss carried forward	41
low-value items	32, 34
lump sum, lump-sum claim	
- extraordinary burdens	52, 53, 54, 55, 56
- groups of professionals	39
- lump sum for overnight stays	24, 38
- lump sum for commuters	16, 21, 29, 30, 37, 59
- lump sum for special expenses	42, 47
- income-related expenses	16, 31, 40
- provident scheme	47
lump-sum allowance for film actors	40
lump-sum allowance for foresters	40

lump-sum allowance for forestry workers	40
lump-sum allowance for home workers	40
lump-sum allowance for janitors	40
lump-sum allowance for journalists	40
lump-sum allowance for musicians	40
lump-sum allowance for stage actors	40
lump-sum allowance for television workers	40
lump-sum allowance for traveling sales staff	40
lump-sum allowance for variety artists	40

<b>M</b>	
maintenance deduction, see deductions	
maintenance payments, see support payments	
maintenance, legal	17, 18, 50
mandatory tax assessment, see employee tax assessment	
marginal tax rate, see tax rate	
(marriage) partner	
- sole-earner/	
- single-parent deduction	15, 16, 17
- extraordinary burdens, incurred	
by handicapped persons	53
two households	35
- additional child supplement	18
- special expenses, other beneficiaries	41, 47
- special expenses, maximum amount	47
- maintenance deduction	17
maternity allowance	11, 16
maximum amount	
- trips home to family	35
- pension scheme	48
- special expenses	41, 42, 43, 44, 47
- provident scheme	47
- bonuses/supplements	28
meal tickets	22
meals, see journey costs	
- at the work place	9
mean tax rate, see tax rate	
medical costs	51, 54, 56
mileage allowance	22, 23, 35, 36
military service	11, 60
miscellaneous remunerations, see remunerations	
mobile telephone	
- remuneration in kind	10
- income-related expenses	39
money compensation, advantages	9
motor vehicle	
- company car	9
- travel costs	23, 37
- for handicapped persons	55, 56
- income-related expenses	32, 36
motorcycle, see mileage allowance	
music instrument	32

# N

- negative tax, see deductions
- "new" severance payment 26
- new shares, see shares
- night overtime, see bonuses/supplements
- night work, see bonuses/supplements
- non-taxable earnings 10, 21
- nursing allowance
  - incurred by handicapped persons 53, 54
  - for handicapped children 55, 56
  - costs of old-people's/nursing home 52
  - exemption from taxation 7
- nursing home, see old-people's home

# O

- obligation to file a tax return, see (income) tax return
- official certification, see non-taxable earnings
- old-people's home 52
- one sixth of the year
  - recalculation 29
  - miscellaneous remunerations 25, 26, 27
- online fees 35
- organizations promoting handicapped sports 41, 47
- other beneficiaries 8
- other earnings 59
- other income, taxation limit
- overtime, see bonuses/supplements
- owner-occupied apartment, see private premises
- owner-occupied house
  - special expenses 44
  - income-related expenses 32

# P

- parental-leave assistance 11
- parental-leave benefits 11, 16
- parking space, see garage facilities
- pay for dirty work 16, 28
- pay for hardship at work 16, 28
- pay for hazards at work
- pay slip, see deadlines
- payment in installments 64, 67
- payments, non-taxable, see non-taxable payments/earnings
- pension
  - income from employment 9
  - company pension 8, 61
  - taxation of several pensions 61

- widow's/widower's pension 17, 61
- pension compensation 28
- pension fund (contributions)
  - employer's contributions 9, 25
  - employee contributions 43, 49
  - income from employment 9
  - special expenses 41, 42
  - exemptions from taxation 22, 27, 28
  - bonus for premium-aided provident scheme 25, 43
  - provident scheme 47
- pension investment funds 22, 48, 49
- pension scheme, premium-aided 9, 48
- pensioner deduction, see deductions
- pensioners (handicapped) 6, 13, 14, 55, 57
- per-diem (allowances)
  - business trips 22, 23, 24
  - income-related expenses 34, 38
- phasing-in rule
  - recalculation 29
  - special expenses 42
  - tax deduction 12, 15
- place of residence (family domicile)
  - business trips 23, 24
  - tax liability 6
  - income-related expenses 35
- poverty relief assistance 11, 16
- premium-aided, see pension scheme/provident scheme
- prepayments (of taxes) 60, 61, 62
- private premises, see travel costs
  - company housing 10
  - two households 35
  - owner-occupied apartment 32, 44, 45
  - income from rentals and leasing 8
  - teleworker 39
- private use, see computer/motor vehicles
- profit-sharing certificates 41, 42, 46
- provident scheme 21
- provident scheme, premium-aided 9, 48
- provision concerning progression
  - general 22
  - special 11

# R

- recalculation, see wage tax
- release from tax payment 64
- remunerations
  - from employment 8
  - in kind 9, 63
  - miscellaneous remunerations 25, 27
  - non-taxable remunerations 11, 40, 50

remunerations in kind, see remunerations	
restricted tax liability, see tax liability	
re-training measures	33, 34
risk money	35
route to the work place	21

## S C

savings in household expenses	52
school/study place, vocational	
training away from home	53
seasonal workers	6
self-employed persons	6, 8, 9, 62
seminars	
- cost of further training	33
- study trips	38
settlement awards	27
shares	8, 22
- new shares	41, 42, 46
- convertible bonds	41, 42, 46
- building-society shares	41, 42, 46
sickness pay	8, 60
single-parent deduction, see deductions	
social-plan payments	28
social-security contributions	
- sole-earner/single-parent deduction	16
- wage-tax calculation	20
- negative tax	19
- mandatory assessment	60
- miscellaneous remunerations	26, 27
- income-related expenses	30
sole-earner deduction, see deductions	
special expenses ("basket")	7, 15, 40, 42, 50, 59, 61
specialized literature	32, 35
staff pension fund	9, 20, 26
staff shares	22
stock options	22
studies	
- costs of basic and further training	33
- vocational training away from home	53
study trips with mixed program,	
see trips	
subsistence level, non-taxable	7
substitute military	
service (community services)	11
substitute payments	27
suggestion for improvement, bonus for	27
supplement for holiday work	16, 28
supplement for Sunday work	16, 28, 29
suspension of collection	64, 66

## T T

tax credit	
- as a result of employee tax assessment	9, 59
- negative tax	19
- interest on	61
tax liability	6, 7
tax rate	
- mean tax rate	11, 13
- flat tax rate	25, 26, 28
- marginal tax rate	12, 13, 14
- half the tax rate	28
tax rate, see tax scale	
tax return (income tax)	7, 59, 63
tax scale	12
taxation limit, see limits on income	
tax-consultancy costs	41
taxi costs, incurred by	
handicapped persons	55, 56
tax-office decision on an	
allowed deduction	59, 60, 61
tax-reducing expenses	11
telephone, see mobile telephone	
teleworker	32, 39
total amount of all earnings, see earnings	
transportation deduction, see deductions	
travel costs	
- extraordinary burdens	51, 52, 53
- business trips	22, 23
- income-related expenses	34, 35, 37, 38
- work place/home	21
travel log	23, 31, 36
traveling abroad (business trips), see trips	
traveling in Austria, see trips	
trip	
- traveling abroad (business trips)	24, 37, 38
- undertaken for one's occupation	38
- business trips	22, 39
- incentive travel	10
- traveling in Austria	24, 37, 38
journey costs (journey-cost refunds)	37, 38
- study trips	38
trips home	35
tuition fees	33
two households	35

## U I I

unemployment benefit	11, 16
unrestricted tax liability,	
see tax liability	

<b>V</b>		
vacation pay		25
vacation/holiday leave, see substitute payments		
victim pass, see allowed deductions		
victim's pension, see annuities/pensions		
vocational training		
- away from home, see extraordinary burdens		53
- income-related expenses		33
voluntary additional insurance, see insurance		

<b>W</b>		
wage tax		6
- recalculation	29, 59	
- calculation		20
withholding tax		8
work clothes		31
work room		32
work tools and devices	32, 34	
works council contribution		34

# FINANZ*Online*

Your wage tax re-computation via Internet

[www.bmf.gv.at](http://www.bmf.gv.at)