

Global Expatriate Tax Guide

Austria

2025



Expatriate tax guide AUSTRIA



Expatriates taking up employment in Austria will be subject to comprehensive regulations and, in some cases, employment visa requirements. The expatriate services team at Grant Thornton Austria assists expatriates and their employers deal with Austrian tax matters, as well as Austrian labour and social security issues.

In particular, Grant Thornton Austria help expatriates, and their employers identify tax planning opportunities and review tax equalisation policies, as well as provide compliance services regarding Austrian tax, social security and labour law requirements.

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1 Facts and Figures

Pre arrival procedures

Before expatriates take up employment in Austria, it is important to ensure that the expatriate's employment contract and benefits package are structured in a tax- efficient manner.



In addition, visa and work permit requirements may have to be observed:

- ✓ EU, EEA and Swiss citizens do not require residency or work permits. They only need to apply for a registration certificate at the relevant local authority within a four-month period starting from the applicant's arrival in Austria.
- ✓ Non-EU nationals usually need to apply for a visa at the Austrian Embassy or Consulate in their home country before travelling to Austria. In addition, a work permit issued by the Public Employment Service (AMS) is required.
- ✓ Special regulations may apply to foreign assignments, e.g. where employees are sent to Austria by a foreign employer to fulfil a contractual obligation. If certain other conditions are met in addition (duration of the project, type of industry etc.) it is sufficient, if the Austrian contractor applies for a so-called foreign placement permit.

Employment visas

Non-EU/EEA citizens may file applications for the issuance of work permits with the Public Employment Service (AMS).

- ✓ **'Red-White-Red Card' (RWR-Card):** Obtaining a work permit is facilitated for highly qualified labour, skilled labour in understaffed professions, employed and self-employed key personnel, graduates from Austrian universities and start-up founders. The RWR-Card for these categories of personnel is issued for a period of 24 months and for employment with a specific employer. After this period of 24 months, the holder may apply for a 'Red-White-Red Card Plus', which grants unlimited access to the labour market for one and up to three years. Information on the conditions for obtaining the RWR-Card is available at: www.migration.gv.at/en/
- ✓ An **EU Blue Card** may be granted to non-EU citizens if (1) they hold a university degree (or equivalent qualification); (2) they have a binding job offer to work in Austria for at least 6 months in an employment corresponding to the education; (3) they earn a gross annual income of at least one time the average gross annual income of full-time employees (in 2025: at least € 51,500.00 annual salary plus special payments); and (4) there is no equally qualified worker registered with the Public Employment Service (AMS) available for the job. Once the individual has been employed in such a role in Austria for at least 21 months within the preceding 24 months, they may apply for the RWR-Card Plus which grants unlimited access to the labour market.
- ✓ The issuance of other types of employment visas may be subject to quotas.

The Austrian tax period is set for a calendar year.



Tax returns and compliance

- ✓ Monthly payroll tax has to be deducted and paid to the Austrian tax authorities by the employer if he or she has a permanent establishment (PE) for payroll tax purposes (in general, if the employment is longer than one month). Furthermore, the employer has to comply with annual payroll tax reporting requirements. Employer payroll tax reports are due by the end of February of the following tax year when filed electronically.
- ✓ For the employee, the income tax requirements can be fulfilled through the payment of payroll tax. However, an annual tax declaration may be obligatory, if the employee has other sources of income in Austria, depending on the specific circumstances.
- ✓ Tax declarations are also obligatory for employees with Austrian Double Tax Treaty (DTT) residency, if they have additional foreign income that is exempt from Austrian taxation under the DTT.
- ✓ Employee income tax declarations are due by June 30th of the following calendar year (or by April 30th if submitted in paper form) if the employee is not represented by a tax advisor. A penalty of up to 10% of the tax due may be imposed at the discretion of the tax authorities in cases of late filings of tax declarations. In addition, interest is due on any tax owed.
- ✓ Employees with limited tax liability in Austria only have to file a tax declaration if their Austrian source income that has not been subject to payroll tax exceeds € 2,420.00-.
- ✓ Employees who are not required to file a tax return can still choose to file one within five years after the end of the respective tax year e.g. to consider deductible expenses that have not yet been taken into account in the payroll.

Income tax rates

The following progressive income tax rates apply to the annual taxable income:

Income (2024)	Income (2025)	Tax rates
up to € 12,816	up to € 13,308	0%
up to € 20,818	up to € 21,617	20%
up to € 34,513	up to € 35,836	30%
up to € 66,612	up to € 69,166	40%
up to € 99,266	up to € 103,072	48%
up to € 1,000,000	up to € 1,000,000	50%
above € 1,000,000	above € 1,000,000	55%

Employees pay income tax at reduced rates on special payments such as the 13th and 14th salary and certain bonuses **provided that these payments** remain within the annual limit, which is **one-sixth** of their annual **regular salary** in the respective year.

Annual amount of irregular remuneration in €	Tax Rate that applies to special payments
First € 620	0,00%
Next € 24,380	6,00%
next € 25,000	27,00%
next € 33,333	35,75%
above € 83,333	regular tax rate

Sample income tax calculation



The employee has no children and receives a monthly salary of € 3,000 per month and € 6,000,- special payments (holiday and Christmas payment) per year.

In line with most collective agreements in Austria, he is entitled to 14 salary payments per year.

Sample income tax calculation

42,000.00 Gross Salary

- 7,529.40 Social Security Contributions

- 3,491.14 Wage Tax

= 30,979.46 Net Salary

02 Basis of taxation

Charge to tax

For tax purposes, individuals are considered tax residents in Austria if they have either their domicile or habitual abode in Austria.

Resident taxpayers are in general taxable on their worldwide income (unlimited tax liability). Married individuals and children are taxed separately.

Individual non-resident taxpayers

are generally subject to tax in Austria on their income received for work performed in Austria. A tax declaration must be filed if the Austrian income that has not been taxed through withholding (payroll tax) exceeds € 2,420.

The zero-bracket for income up to € 13.308 in the income tax table does not apply to non-residents. Instead, an amount of € 10,888 is added to their taxable income when determining the tax. Therefore, the zero-tax bracket only applies up to € 2.420.00 taxable income. Furthermore, a tax declaration is obligatory in cases where the non-resident taxpayer earns income subject to Austrian payroll tax from two sources. Generally, a non-resident may only deduct expenses that are linked to their taxable income in Austria. Personal tax credits are usually not granted to non-residents.

Non-residents from the EU and the EEA

can apply to be treated as residents for Austrian tax purposes if at least 90% of their worldwide income is subject to Austrian income tax, or if income not taxed in Austria does not exceed € 13,308.

Residence



Domicile

A domicile is a place where the individual maintains a residence under circumstances, which indicate that they will keep and use it on more than just a temporary basis.

Habitual abode

An individual is considered to have their habitual abode in Austria if the person is physically present in Austria for more than 183 days within a year.

Income from employment

Income from employment includes any remuneration, in cash or in kind received by an employee, regardless of whether paid by the employer directly or by a third party.

As a rule, the employer is required to deduct and retain the tax on such income at source. The taxation at source applies to most expatriates moving to Austria. In addition, they have to file a tax declaration if they have other sources of taxable income or if they intend to consider certain deductible expenses.



Source of employment

The regulations of the double taxation agreement between Austria and the respective other country must be observed. In general, the source of employment income is deemed to be in Austria if the work was performed in Austria.

For this purpose, it is irrelevant, when, where and in which currency the remuneration is paid or where the contract was signed.



Benefits (in kind)

In Austria, most non-monetary benefits are taxable and subject to social security contributions and income tax as well as to employer payroll taxes (incidental wage costs). In any case, the benefit and incentive package of expatriates coming to Austria should be reviewed in detail regarding tax implications.

The most common types of taxable benefits in kind for expatriates include:

- the right to use a company car privately
- the payment of apartment rent by the employer for the employee
- the taking over of personal income tax liability of the employee by the employer.

Insurance premiums paid by the employer whereby the employee or his/her family are beneficiaries are generally taxable. A tax-free amount of € 300 applies for certain types of insurance under certain condition.

Employer contributions to a pension fund are tax free under certain conditions.

Company events are tax free up to an amount of € 365 per employee per year. Non-cash benefits (e.g. Christmas presents) are tax free up to an amount of € 186 per employee per year.

Employee stock purchase programs that meet certain requirements may be tax exempt up to an annual amount of € 3,000.

Payments the employer makes towards childcare costs of the employee are tax free up to an amount of € 2,000 per child per year.

Employee meal vouchers may be tax-free up to an amount of € 8,00 (if consumption at workplace or a restaurant or prepared by a restaurant) or € 2,00 (for purchase of food) per working day.

Expatriate concessions

Inbound expatriates

Starting with the year 2016, it is possible to consider for inbound expatriates a lump-sum amount of 20% (up to € 10.000 per year) of the employee salary as expenses in the monthly payroll. The lump sum expense may also be considered in the tax declaration instead. This provision applies to expats who

- have not been resident in Austria during the past ten years
- work in Austria temporarily (up to five years)
- have a salary subject to Austrian tax
- Maintain a domicile in their home country
- work in Austria on behalf of a foreign employer.

Additionally, instead of the lump sum, employees may deduct actual expenses. Eligible expenses include:

- Costs of maintaining a second household, provided both households are financially maintained by the expatriate
- Costs of family visiting trips

Expatriate concessions

Outbound expatriates

In cases of temporary assignments abroad it is possible under certain conditions to exempt 60% of the remuneration for the assignment (limited to the social security ceiling amount).

The assignment abroad has to involve aggravating work risk factors (e.g. temperature, dust, dirt, health risks) or aggravating assignment country factors (countries where travel warnings have been issued or countries that are listed on the DAC List of ODA Recipients issued by the OECD).

The exemption is applicable for employees that are assigned to the project abroad by an employer resident in the EU/EEC or Switzerland or from a permanent establishment located within the EU/EEC or Switzerland provided that:

- the assignment location is at least 400 kilometres from the Austrian border
- the assignment duration is not shorter than one month
- The activity abroad must not be of a permanent nature.
- Certain other prerequisites may apply as well.

Additionally, instead of the lump sum, employees may deduct actual expenses. Eligible expenses include:

- Costs of maintaining a second household, provided both households are financially maintained by the expatriate
- Costs of family visiting trips
- This tax exemption does not apply to irregular remuneration such as the 13th and 14th salary in Austria and certain bonuses.

Relief for foreign taxes



Austria has concluded double taxation agreements with more than 80 countries in the world. Where a Double Taxation Agreement (DTA) exists, double taxation is eliminated in accordance with the exemption or the imputation method foreseen in the DTA.

Where no DTA applies, double taxation on most foreign income is alleviated by exempting the foreign income from taxation in Austria provided that the average tax rates and taxation in the other country are comparable and appropriate documentation is maintained.

The foreign income is still considered to determine tax progression. If the conditions are not met, foreign tax paid can be deducted from the Austrian tax payable on this type of income. The credit can however not be higher than the amount of Austrian taxes on such income.

Deductions from taxable income

- ✓ Deductions may include special personal or family expenditures and extraordinary expenses, which can either be claimed in full or up to a certain amount.
- ✓ Non-resident taxpayers can only deduct expenses that are directly related to their Austrian income. Personal and family expenditures of non-resident taxpayers cannot be considered.
- ✓ Standard lump sum deduction for expenses: € 132 per year

Tax deduction for commuting, when public transport is considered reasonable, depending on the distance between work and home:

between 20 km and 40 km	€ 696 per year
between 20 km and 40 km	€ 1.356 per year
above 60km	€ 2.1016 per year

Tax deduction for commuting, if public transport is deemed unreasonable:

between 2 km and 20 km	€ 372 per year
between 20 km and 40 km	€ 1.476 per year
between 40 km and 60 km	€ 2.568 per year
above 60km	€ 3.672 per year

- Standard lump sum deduction for special personal expenses € 60

Deductions from taxable income

The most frequent tax credits to be deducted from income tax are:

Standard traffic tax credit	€ 487 per year
Sole earner/ single parent child deduction - 1 child	€ 601 per year
Sole earner/ single parent child deduction – 2 children	€ 813 per year
Family bonus (tax credit)	Up to € 2.000 per year and child

In the **personal income tax declaration**, various expenses **may be deducted from taxable income**, including:

- ✓ work related expenses and formation expenses that were not reimbursed by the employer
- ✓ medical expenses that constitute an extraordinary burden
- ✓ certain donations to not-for profit organisations
- ✓ church fees

Duty of notification of the ZKO: (LSD-BG)

In case of assignment to Austria the Anti-Wage and Social Dumping Act (LSD-BG) applies. In accordance to this Act certain documents have to be kept ready (assignment agreement in German or English, salary slips, ZKO form, A1 form).

The assigning company has a duty to notify the Central Co-ordinating Agency (ZKO - Zentrale Koordinationsstelle des Bundesministeriums für Finanzen), charged with investigating illegal employment, of the Federal Ministry for Finance. This must happen before taking up an assignment

For this purpose, the ZKO provides two different forms:

- The form “ZKO 3” must be used for assignments
- the form “ZKO 4” must be used for personnel leasing to Austria.

Each must be filed electronically by the permanent employer in the case of an assignment.

The employer is obliged to hold the following documents (in German or English) on site in paper or in electronic form (alternatively with authorized persons – these persons have to be cited in the ZKO form):

- ✓ the ZKO form (copy of submitted form), form A1 (copy of submitted form),
- ✓ payslip documents
- ✓ employment contract or employment notice for assignments
- ✓ work permit of the host country (in case of an assignment of a NON-EU citizen to an EU-country).

Please note: Failure to comply with the LSD-BG requirements or failure to provide the necessary documents during an inspection may result in very high penalties in Austria.

03 What taxes?

What taxes?

Capital gains tax

In general, capital gains are considered taxable income irrespective of the holding period (e.g. income from capital investments, dividends, etc.).

The income tax rate on capital gains is in principle 27,5%. A reduced tax rate applies to certain capital gains such as interests from savings accounts and current accounts. In most cases, the capital gains tax is paid by withholding at the source (e.g. by Austrian banks).



What taxes?

Real estate profit tax

This tax in the amount of 30% of the profit may have to be paid in cases of income from real estate sellings. There are exceptional provisions, e.g. for selling a previous primary residence, and for properties bought before March 31st, 2002.

Individuals must generally declare income from the letting or leasing of real estate to the tax office. Only the income, i.e. the surplus, is subject to income tax. The costs associated with letting or leasing, in particular depreciation and other expenses, can be deducted from the rental income as so-called income-related expenses (income - income-related expenses = income).

Income from letting and leasing must be declared in the income tax return regardless of whether the property is located in Austria or abroad. In order to avoid double taxation, foreign rental income can be exempted within the framework of progression or the foreign tax can be credited. The exemption method depends on the respective double taxation agreement.

The income from the various types of income is added together and subject to the progressive income tax rate after deduction of special expenses and extraordinary expenses. The amount of income tax therefore depends on the total amount of income.

What taxes?

Inheritance, estate & gift taxes

As of August 1st, 2008, inheritance and gift taxes have been abolished in Austria. There are however reporting requirements for gifts.

Local Taxes

In Austria certain types of taxes are levied by the local communities, while others are imposed at the federal level.

Real Estate Tax

Immovable property situated in Austria is subject to a relatively low real estate tax. The tax is levied based on the assessed standard value of immovable property. In general, the assessed value of real estate is substantially lower than its market value.

Real estate tax is levied at an annual basic federal rate of 0,1% - 0.2% multiplied by a municipal coefficient. Municipal coefficients can range up to 500%. The acquisition of real estate is also taxable in Austria. The basic tax rate is 3.5%. A lower rate applies to certain 'acquisitions', such as inheritances and gifts. The basis for this tax is usually the value of the compensation received.

In certain instances e.g. when the value of the compensation cannot be determined or there is no compensation, the assessed standard value of immovable property times three is used as the basis.

What taxes?

Social security taxes

In general, employees are subject to compulsory social security under the Austrian social security system with income they receive for work mainly performed in Austria.

Under certain conditions, employees who are placed in another country for not more than five years continue to be subject to social security in Austria even when their place of work is not in Austria during that time.

EU/EEC regulations and bilateral social security agreements may override this rule:

Within the EU/EEC and Switzerland, employees are subject to social security in only one country. Collision rules determine which country's social security system applies based on

- ✓ the employee's place of work (except for short term delegations to another country)
- ✓ and the country in which the employee is resident as well as other criteria.

What taxes?

None-EU/EEA Social Security Agreements

Austria has entered into social security agreements with several countries. Some of these agreements do however only cover pension insurance such as the agreement with the USA or Canada. Full scope social security agreements are in place with other countries such as Serbia and Bosnia.

Generally, these social security agreements only apply to short term assignments and do not cover employees maintaining employment relationships in two countries simultaneously. In such cases employees may be subject to social security in two countries, with each country levying social security on income derived from work primarily performed within its territory.

According to the Austrian social security regulations Social security contributions are only levied on income up to a certain limit:

- 2024: € 72,720 annually, € 6,060 monthly
- 2025: € 77,400 annually, € 6,450 monthly

A separate ceiling applies to certain irregular payments (e.g., 13th and 14th monthly salaries, bonuses):

- 2024: € 12,120
- 2025: € 12,900

What taxes?

Social Security:

For 2025 the employee rates are:

Contribution for	White-collar Rate (%)	Blue-collar Rate (%)
Pension insurance	10,25	10,25
Health insurance	3,87	3,87
Unemployment insurance	2,95	2,95
Housing fund	0,50	0,50
chamber of labor contribution	0,50	0,50
Total	18,07	18,07

Employee social security contributions are deductible for income tax purpose.

For 2025 the employer contributions rates are:

Contribution for	White-collar Rate (%)	Blue-collar Rate (%)
Pension insurance	12,55	12,55
Health insurance	3,78	3,78
Unemployment insurance	2,95	2,95
Accident insurance	1,10	1,10
Insolvency Fund	0,10	0,10
Housing fund	0,50	0,50
Occupational retirement contribution	1,53	1,53
Total	22,51	22,51

What taxes?

The employer is also liable to certain payroll taxes which are:

Local community tax: (KommSt)	3%
Employer contribution to FLAF (DB)	3,7%
Additional employer contribution to FLAF	0,31% to 0,40%
Commercial Memory Fee	Depending on the State
Vienna City Tax	€2,00 per week per employee

In January 2021 a new working from home regulation entered into force. The employer is entitled to pay a tax-free amount of up to € 300 per year (up to € 3 per home office day, up to 100 home office days per year).

If the lump sum is not exhausted, the employee can claim the difference up to this maximum of € 300 as income-related expenses. Additionally, the employee can tax-deduct the costs for the purchase of ergonomic office furniture up to an amount of € 300 per year.

What taxes?

Stock options

Stock options are treated as income from employment and are subject to the individual progressive tax rates. If the stock options are not publicly traded options taxes are levied at the time of exercise, rather than at the grant date. Tax treaties often refer to the vesting date instead.

Wealth Tax

There is currently no wealth tax in Austria.

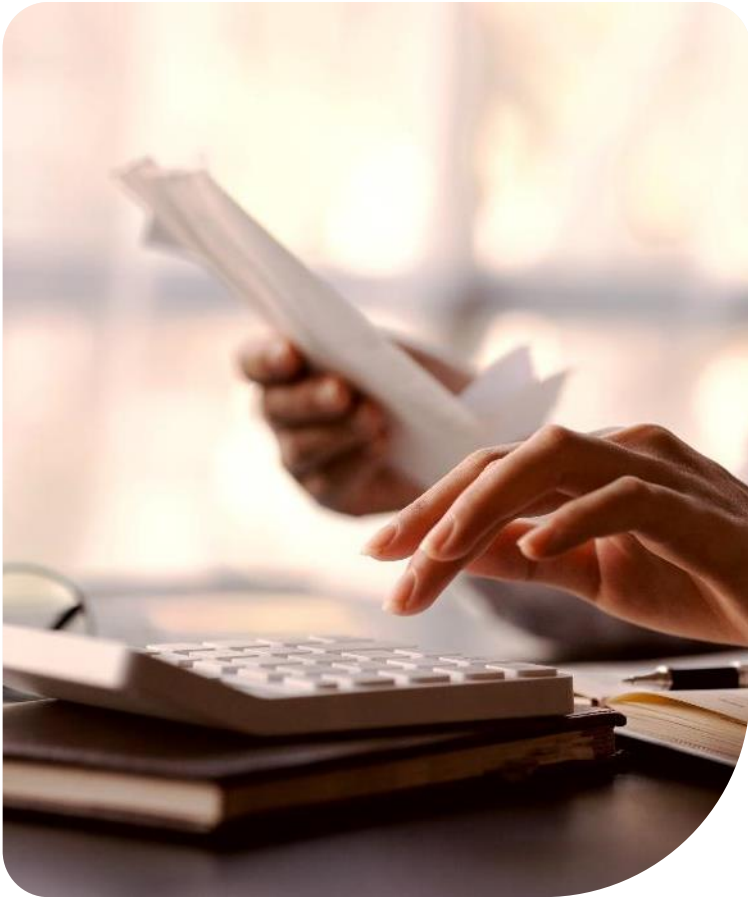
Other Specific Taxes

Stamp duties are levied if certain legal transactions such as lease and rental agreements (with extensive exceptions e.g. in cases of housing) or guarantee agreements are concluded in written form. The rates vary between 0,8% and 2% and some duties are levied as a fixed amount.

Under certain conditions even legal documents executed abroad may be subject to Austrian stamp duty, especially if the transaction will be performed in Austria or refers to an object situated in Austria.

04 Tax planning opportunities

Tax planning opportunities



Earnings description	Planning possible
Cost of living allowance:	Y
Housing:	Y
Home leave:	Y
Club membership:	N
Moving expenses:	Y
Foreign service premiums:	Y

Your prime contacts

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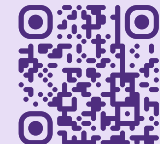


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