

Austria

Tax System

Tax Unit

The Austrian tax system is based on individual taxation since 1971. Basically tax is paid every single month, but some adjustments (tax allowances, tax credits, negative tax etc.) are calculated on an annual basis, are reimbursed ex post and need to be initiated by the individual within five years.

Single earners can claim a tax credit of ATS 5.000,-- per year if they are cohabiting with a partner to whom they have been married for at least 6 months and their partners' income does not surpass ATS 30.000,--.

Tax bands

Regular remunerations are also taxed separately. No income tax must be paid below a limit of ATS 23.000,-- per year (*Bagatellgrenze*). If regular remunerations exceed this limit, ATS 8.500,-- per year are still exempt from taxation while the rest is taxed at a fixed rate of 6%. In case that regular remunerations exceed 1/6 of annual income (i.e. two months regular wage, *Jahressechstel*), none of these favourable regulations applies and the regular remuneration is added to the current wage of the respective month and taxed accordingly.

After contributions to social security and those two allowances have been deducted, tax is calculated according to the tax bands and progressive rates displayed below. These are marginal tax rates, safeguarding that higher tax rates only apply to those parts of the income exceeding the preceding tax band; thus avoiding discontinuities in the tax function.

Wage Income in ATS	%
- 50.000	10
50.100 - 150.000	22
150.100 - 300.000	32
300.100 - 700.000	42
700.100 -	50

Tax Allowances

The lump-sum tax allowances include the allowance for work-related expenses (*Werbungskostenpauschale*) of ATS 1.800,-- per year (these are supposed expenses to gain, secure or maintain employment) and the basic allowance (*Sonderausgabenpauschale*) of ATS 1.638,-- per year (for example supporting expenses on private occupational pensions or housing).

Taxable Income

Several standard expenses, namely social security contributions and lump-sum tax allowances, can be withdrawn from gross income. While this is a simple procedure for those months of the year without remunerations, social security contributions on both current wage as well as on regular remuneration lower taxable current income of the respective months when remunerations are paid in addition.

As the tax basis is calculated by withdrawing expenditures for social security, the latter's thresholds also affect taxation. The taxation structure itself is smooth, as progression applies to the marginal and not average income and phasing-in provisions are in-built. On a very small scale the principle of individualisation is neglected for spouses earning no or very little income on their own.

All tax credits are deducted to derive payable tax. These include the standard tax credit (*Allgemeiner Steuerabsetzbetrag*) of ATS 8.840,-- per year, the employee's tax credit (*Arbeitnehmerabsetzbetrag*) of ATS 1.500,-- per year and the travel tax credit (*Verkehrsabsetzbetrag*) of ATS 4.000,-- per year. In case the tax liability amounts to less than ATS 7.400,-- a phasing-in provision comes into force. If payable tax should turn negative after tax credits have been deducted, a negative tax can be refunded.

For all those who cannot benefit from the employee's tax credit due to low income, a tax refund of 10% of annual social insurance contributions - up to a maximum of ATS 1.500,-- is granted

Child Tax Credit/Family benefit

The child tax credit (*Kinderabsetzbetrag*) rises with the number of children, as it is worth ATS 350,- for the first child, ATS 525,-- for the second child and ATS 700,-- for each child to follow. Although this transfer is called a tax credit, it is in reality administered as a cash-transfer. *Owing its name to strategic purposes it in fact belongs to the category of universal transfer payments to the family.*

PUBLIC SOCIAL SECURITY

Structure and Contributions

Contributions to social security are legislated as a fixed percentage rate of the individual gross wage. Real social *security* contributions going to insurance funds differ from other social security *levies* going to the family burden equalisation fund and the municipalities not only in terms of recipient. The latter group is not calculated on the basis of individual gross earnings but on the total wage sum of an enterprise. Also, these levies are not subject to any income thresholds that apply to social security payments.

Depending on the subject, contributions have to be paid by both, the employer and the employee or one of them only. Generally speaking, the traditional social insurance pillars like pension, health and unemployment as well as housing are paid for by both parties. In addition all employers must provide a contribution for accident insurance only covering accidents related to employment and to the insolvency fund. In case of employing blue collar employees, another 2,3% is levied for the continuance of wage payment during times of sickness. Slight differences between blue and white collar employees with regard to the contributions to health insurance are also related to the assumption of blue collar employees' higher likeliness to temporary absence from work for physical health reasons. Contributions to the Family Burden Equalisation Fund, to their Chamber of Employers and for potential insolvency are exclusively born with employers.

In practise, employees' and employers' contributions are administered by the employer, so the employee does receive his/her net wage after contributions have been transferred to the according funds. Finally, contribution rates vary whether withdrawn from current income or remunerations.

Thresholds/Definition of marginal part time

At the low end of the income scale, any income below ATS 3.600,-- per month or equivalent does not oblige employees to contribute to social security. At the same time, employers only have to contribute 1,4% of the wage to social *security* to insure marginal employees against the risk of accidents, while social *levies* relating to the wage sum remain proportional. The limit for marginal employment is conceptualised as a tax allowance without phasing-in provision; leading to a respective remarkable increase in charges if exceeded.

At the upper end of the income scale, the contribution base for social security is limited with ATS 39.000,-- per month. Income exceeding this amount remains free of social security charges for both sides of employment. Hence, while no further claims are generated either, the contribution structure is regressive. Being employed at a wage that is either below the marginal employment level or above the upper contribution ceiling improves the ratio of gross to net income on the side of employees and the ratio of hours worked to social charges on labour on the side of employers.

Assumptions for the model calculations

Average Income

The model calculations are based on gross income data published by the *Hauptverband der Sozialversicherungsträger*, which is the umbrella organisation for public social insurance and covers pension, health and accident insurance. The data relate to the income of all gainfully employed, including blue collar and white collar employees but excluding civil servants who are subject to a separate scheme. The data are individual ones and are not corrected for the amount of hours worked. This is due to the fact that - taking gross income as the calculation basis for social security contributions - no differentiation is made between a well paid part-time and a badly paid full-time job as regards the insurance basis. Overtime work and payment could not be extracted separately, since they are as an integral wage component in social security¹.

For the model calculations a contribution rate for the *average* gainful employee had to be constructed. For this purpose, the contribution rates were weighted according to the number of blue collar employees (1.289.400) and white collar employees (1.393.300) gainfully employed in 1996.

Some tax allowances partly represent an extension of the lump-sum tax allowances described, partly they are connected to extraordinary expenses. They all have an upper income ceiling or self-cost bearing in common. While, theoretically, they could be claimed by each gainfully employed person, in fact knowledge, initiative and preceding expenditure are not equally spread amongst the model group simulated here. Hence, they are not included in the model calculations.

¹ In analogy to the thresholds given within the social security system - which in 1996 did not recognise incomes below ATS 3.600,- per month and did not levy those parts of the income surpassing ATS 39.000,-- per month - the data is censored at both ends. Nevertheless, incomes exceeding the upper contribution limit are accounted for when constructing average earnings.

As an Austrian particularity, collective agreements regularly contain a "13th and a 14th monthly wage" (holiday payment and Christmas remuneration) that is paid as a wage supplement. This part of the wage needs to be considered separately as it is subject to lesser social security contributions and taxed at more favourable conditions than normal wages are. Nevertheless it is a regular component of annual income for all wage receivers.

Male income for men and women

Average Income							
	Single	Married	Married	Married	Married	Married	Married
		Sole Earner	FT/PT	FT/PT	FT/PT	FT/PT	FT/FT
Working Time							
M	AI	AI	AI	AI	AI	AI	AI
F	n.a.	0	Marginal PT	0,25 AI	0,5 AI	0,75 AI	AI
Annual Gros Earnings							
M	341.082	341.082	341.082	341.082	341.082	341.082	341.082
F	n.a.	0	0	85.274	170.548	255.822	341.082
M+F	341.082	341.082	341.082	426.356	511.630	596.904	682.164
Annual Social Security Contributions							
M	60.601	60.601	60.601	60.601	60.601	60.601	60.601
F	n.a.	0	0	15.151	30.302	45.452	60.601
M+F	60.601	60.601	60.601	75.751	90.902	106.053	121.201
... in % of Gros Income							
M	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%
F	n.a.	#DIV/0!	#DIV/0!	17,8%	17,8%	17,8%	17,8%
M+F	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%
Annual Tax Burden in ATS							
M	40.130	40.130	40.130	40.130	40.130	40.130	40.130
F	n.a.	0	0	-1.500	2.328	20.871	40.130
M+F	40.130	35.130	35.130	38.630	42.457	61.000	80.259
... in % of Gros Income							
M	11,8%	11,8%	11,8%	11,8%	11,8%	11,8%	11,8%
F	n.a.	#DIV/0!	#DIV/0!	-1,8%	1,4%	8,2%	11,8%
M+F	11,8%	10,299%	10,299%	9,1%	8,3%	10,2%	11,8%
Annual Net Disposable Income							
M	240.352	240.352	240.352	240.352	240.352	240.352	240.352
F	n.a.	0	0	71.623	137.919	189.499	240.352
M+F	240.351	245.352	245.352	311.975	378.271	429.851	480.704
.. in % of Gros Income							
M	70,5%	70,5%	70,5%	70,5%	70,5%	70,5%	70,5%
F	n.a.	#DIV/0!	#DIV/0!	84,0%	80,9%	74,1%	70,5%
M+F	70,5%	71,9%	71,9%	73,2%	73,9%	72,0%	70,5%

Male income for men and women

Low Income						
	Single	Married	Married	Married	Married	Married
		Sole Earner	FT/PT	FT/PT	FT/PT	FT/PT
Working Time						
M	0,75*AI	0,75*AI	0,75*AI	0,75*AI	0,75*AI	0,75*AI
F	n.a.	0	Marginal PT	0,25 AI	0,5 AI	0,75 AI
Annual Gross Earnings						
M	255.822	255.822	255.822	255.822	255.822	255.822
F	n.a.	0	43.200	85.274	170.548	255.822
M+F	255.822	255.822	299.022	341.096	426.370	511.644
Annual Social Security Contributions						
M	45.452	45.452	45.452	45.452	45.452	45.452
F	n.a.	0	0	15.151	30.302	45.452
M+F	45.452	45.452	45.452	60.603	75.754	90.905
... in % of Gros Income						
M	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%
F	n.a.	#DIV/0!	0,0%	17,8%	17,8%	17,8%
M+F	17,8%	17,8%	15,2%	17,8%	17,8%	17,8%
Annual Tax Burden in ATS						
M	20.871	20.871	20.871	20.871	20.871	20.871
F	n.a.	0	0	-1.500	2.328	20.871
M+F	20.871	15.871	20.871	19.371	23.199	41.742
... in % of Gros Income						
M	8,2%	8,2%	8,2%	8,2%	8,2%	8,2%
F	n.a.	#DIV/0!	0,0%	-1,8%	1,4%	8,2%
M+F	8,2%	6,2%	7,0%	5,7%	5,4%	8,2%
Annual Net Disposable Income						
M	189.499	189.499	189.499	189.499	189.499	189.499
F	n.a.	0	43.200	71.623	137.919	189.499
M+F	189.499	194.499	232.699	261.122	327.418	378.998
.. in % of Gros Income						
M	74,1%	74,1%	74,1%	74,1%	74,1%	74,1%
F	n.a.	#DIV/0!	100,0%	84,0%	80,9%	74,1%
M+F	74,1%	76,0%	77,8%	76,6%	76,8%	74,1%

Male income for men and women

High Income									
	Single	Married	Married	Married	Married	Married	Married	Married	Married
		Sole Earner	FT/PT	FT/PT	FT/PT	FT/PT	FT/FT	FT/FT	FT/FT
Working Time									
M	2*AI	2*AI	2*AI	2*AI	2*AI	2*AI	2*AI	2*AI	2*AI
F	n.a.	0	Marginal PT	0,25 AI	0,5 AI	0,75 AI	AI	1,5*AI	2*AI
Annual Gross Earnings									
M	682.178	682.178	682.178	682.178	682.178	682.178	682.178	682.178	682.178
F	n.a.	0	0	85.274	170.548	255.822	341.082	511.630	682.178
M+F	682.178	682.178	682.178	767.452	852.726	938.000	1.023.260	1.193.808	1.364.356
Annual Social Security Contributions									
M	97.009	97.009	97.009	97.009	97.009	97.009	97.009	97.009	97.009
F	n.a.	0	0	15.151	30.302	45.452	60.601	90.902	97.009
M+F	97.009	97.009	97.009	112.160	127.311	142.461	157.610	187.911	194.018
... in % of Gros Income									
M	14,2%	14,2%	14,2%	14,2%	14,2%	14,2%	14,2%	14,2%	14,2%
F	n.a.	#DIV/0!	#DIV/0!	17,8%	17,8%	17,8%	17,8%	17,8%	14,2%
M+F	14,2%	14,2%	14,2%	14,6%	14,9%	15,2%	15,4%	15,7%	14,2%
Annual Tax Burden in ATS									
M	143.403	143.403	143.403	143.403	143.403	143.403	143.403	143.403	143.403
F	n.a.	0	0	-1.500	2.328	20.871	40.130	83.099	143.403
M+F	143.403	138.403	138.403	141.903	145.731	164.274	183.533	226.503	286.806
... in % of Gros Income									
M	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%
F	n.a.	#DIV/0!	#DIV/0!	-1,8%	1,4%	8,2%	11,8%	16,2%	21,0%
M+F	21,0%	20,3%	20,3%	18,5%	17,1%	17,5%	17,9%	19,0%	21,0%
Annual Net Disposable Income									
M	441.766	441.766	441.766	441.766	441.766	441.766	441.766	441.766	441.766
F	n.a.	0	0	71.623	137.919	189.499	240.352	337.629	441.766
M+F	441.766	446.766	446.766	513.389	579.684	631.265	682.118	779.394	883.532
.. in % of Gros Income									
M	64,8%	64,8%	64,8%	64,8%	64,8%	64,8%	64,8%	64,8%	64,8%
F	n.a.	#DIV/0!	#DIV/0!	84,0%	80,9%	74,1%	70,5%	66,0%	64,8%
M+F	64,8%	65,5%	65,5%	66,9%	68,0%	67,3%	66,7%	65,3%	64,8%

Gender specific income:

Average Income							
	Single	Married	Married	Married	Married	Married	Married
		Sole Earner	FT/PT	FT/PT	FT/PT	FT/PT	FT/FT
Working Time							
M	AI	AI	AI	AI	AI	AI	AI
F	n.a.	0	Marginal PT	0,25 AI	0,5 AI	0,75 AI	AI
Annual Gros Earnings							
M	341.082	341.082	341.082	341.082	341.082	341.082	341.082
F	n.a.	0	43.200	60.088	120.190	180.278	240.366
M+F	341.082	341.082	384.282	401.170	461.272	521.360	581.448
Annual Social Security Contributions							
M	60.601	60.601	60.601	60.601	60.601	60.601	60.601
F	n.a.	0	0	10.676	21.354	32.030	42.706
M+F	60.601	60.601	60.601	71.276	81.955	92.631	103.307
... in % of Gros Income							
M	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%
F	n.a.	#DIV/0!	0,0%	17,8%	17,8%	17,8%	17,8%
M+F	17,8%	17,8%	15,8%	17,8%	17,8%	17,8%	17,8%
Annual Tax Burden in ATS							
M	40.130	40.130	40.130	40.130	40.130	40.130	40.130
F	n.a.	0	0	-1.068	-1.500	5.359	17.378
M+F	40.130	35.130	40.130	39.062	38.630	45.489	57.508
... in % of Gros Income							
M	11,8%	11,8%	11,8%	11,8%	11,8%	11,8%	11,8%
F	n.a.	#DIV/0!	0,0%	-1,8%	-1,2%	3,0%	7,2%
M+F	11,8%	10,299%	10,443%	9,7%	8,4%	8,7%	9,9%
Annual Net Disposable Income							
M	240.352	240.352	240.352	240.352	240.352	240.352	240.352
F	n.a.	0	43.200	50.480	100.336	142.889	180.282
M+F	240.351	245.352	283.552	290.832	340.688	383.240	420.633
.. in % of Gros Income							
M	70,5%	70,5%	70,5%	70,5%	70,5%	70,5%	70,5%
F	n.a.	#DIV/0!	100,0%	84,0%	83,5%	79,3%	75,0%
M+F	70,5%	71,9%	73,8%	72,5%	73,9%	73,5%	72,3%

Gender specific wage level

High Income									
	Single	Married	Married	Married	Married	Married	Married	Married	Married
		Sole Earner	FT/PT	FT/PT	FT/PT	FT/PT	FT/FT	FT/FT	FT/FT
Working Time									
M	2*AI	2*AI	2*AI	2*AI	2*AI	2*AI	2*AI	2*AI	2*AI
F	n.a.	0	Marginal PT	0,25 AI	0,5 AI	0,75 AI	AI	1,5*AI	2*AI
Annual Gross Earnings									
M	682.178	682.178	682.178	682.178	682.178	682.178	682.178	682.178	682.178
F	n.a.	0	43.200	60.088	120.190	180.278	240.366	360.556	480.732
M+F	682.178	682.178	725.378	742.266	802.368	862.456	922.544	1.042.734	1.162.910
Annual Social Security Contributions									
M	97.009	97.009	97.009	97.009	97.009	97.009	97.009	97.009	97.009
F	n.a.	0	0	10.676	21.354	32.030	42.706	64.060	85.412
M+F	97.009	97.009	97.009	107.685	118.363	129.039	139.715	161.069	182.421
... in % of Gros Income									
M	14,2%	14,2%	14,2%	14,2%	14,2%	14,2%	14,2%	14,2%	14,2%
F	n.a.	#DIV/0!	0,0%	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%
M+F	14,2%	14,2%	13,4%	14,5%	14,8%	15,0%	15,1%	15,4%	15,7%
Annual Tax Burden in ATS									
M	143.403	143.403	143.403	143.403	143.403	143.403	143.403	143.403	143.403
F	n.a.	0	0	-1.068	-1.500	5.359	17.378	44.520	74.015
M+F	143.403	138.403	143.403	142.336	141.903	148.762	160.782	187.924	217.418
... in % of Gros Income									
M	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%
F	n.a.	#DIV/0!	0,0%	-1,8%	-1,2%	3,0%	7,2%	12,3%	15,4%
M+F	21,0%	20,3%	19,8%	19,2%	17,7%	17,2%	17,4%	18,0%	18,7%
Annual Net Disposable Income									
M	441.766	441.766	441.766	441.766	441.766	441.766	441.766	441.766	441.766
F	n.a.	0	43.200	50.480	100.336	142.889	180.282	251.975	321.305
M+F	441.766	446.766	484.966	492.245	542.101	584.654	622.047	693.741	763.071
.. in % of Gros Income									
M	64,8%	64,8%	64,8%	64,8%	64,8%	64,8%	64,8%	64,8%	64,8%
F	n.a.	#DIV/0!	100,0%	84,0%	83,5%	79,3%	75,0%	69,9%	66,8%
M+F	64,8%	65,5%	66,9%	66,3%	67,6%	67,8%	67,4%	66,5%	65,6%

Gender specific wage level

Low Income						
	Single	Married	Married	Married	Married	Married
		Sole Earner	FT/PT	FT/PT	FT/PT	FT/PT
Working Time						
M	0,75*AI	0,75*AI	0,75*AI	0,75*AI	0,75*AI	0,75*AI
F	n.a.	0	Marginal PT	0,25 AI	0,5 AI	0,75 AI
Annual Gross Earnings						
M	255.822	255.822	255.822	255.822	255.822	255.822
F	n.a.	0	43.200	60.088	120.190	180.278
M+F	255.822	255.822	299.022	315.910	376.012	436.100
Annual Social Security Contributions						
M	45.452	45.452	45.452	45.452	45.452	45.452
F	n.a.	0	0	10.676	21.354	32.030
M+F	45.452	45.452	45.452	56.128	66.807	77.483
... in % of Gros Income						
M	17,8%	17,8%	17,8%	17,8%	17,8%	17,8%
F	n.a.	#DIV/0!	0,0%	17,8%	17,8%	17,8%
M+F	17,8%	17,8%	15,2%	17,8%	17,8%	17,8%
Annual Tax Burden in ATS						
M	20.871	20.871	20.871	20.871	20.871	20.871
F	n.a.	0	0	-1.068	-1.500	5.359
M+F	20.871	15.871	20.871	19.803	19.371	26.230
... in % of Gros Income						
M	8,2%	8,2%	8,2%	8,2%	8,2%	8,2%
F	n.a.	#DIV/0!	0,0%	-1,8%	-1,2%	3,0%
M+F	8,2%	6,2%	7,0%	6,3%	5,2%	6,0%
Annual Net Disposable Income						
M	189.499	189.499	189.499	189.499	189.499	189.499
F	n.a.	0	43.200	50.480	100.336	142.889
M+F	189.499	194.499	232.699	239.979	289.835	332.387
.. in % of Gros Income						
M	74,1%	74,1%	74,1%	74,1%	74,1%	74,1%
F	n.a.	#DIV/0!	100,0%	84,0%	83,5%	79,3%
M+F	74,1%	76,0%	77,8%	76,0%	77,1%	76,2%