

Tax Short Cuts

Current tax information
for Austria by EY

Implementation of the Housing and Construction Campaign

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The housing and construction campaign presented by the Austrian federal government on 27 February 2024 was implemented by the legislator in April 2024.

Support for the construction industry

Federal Law Gazette I No. 36/2024 stipulates that new residential buildings completed between 1 January 2024 and 31 December 2026 may be depreciated at three times the standard percentage rate (i.e. 4.5%) in the first three years after completion (Sec 124b/451 Austrian Income Tax Act (Einkommensteuergesetz, EStG)). The prerequisite is that the building meets at least the ecological standard "Climate Active Bronze Standard". Whether the residential building is held as business or private asset is irrelevant.

Furthermore, Federal Law Gazette I No. 36/2024 adds to Sec 28/3/2 EStG to allow for an accelerated depreciation of production costs over 15 years if a federal subsidy according to chapter 3 of the Environmental Subsidies Act (Umweltförderungsgesetz) is granted. The new regulation applies to production costs that incurred in calendar year 2024. The criteria and framework conditions shall be specified by decree.

For residential buildings, an eco-surcharge of 15% for thermal-energetic modernisations or replacement of a fossil heating system by a climate-friendly one can be deducted as additional expense. For businesses the eco-surcharge is only available for fiscal years beginning after 31 December 2023 and the following fiscal year. Furthermore, the eco-surcharge cannot be claimed for an asset if an investment allowance (Investitionsfreibetrag) is claimed.

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In case of renting, the eco-surcharge is available for expenses that are incurred in the calendar years 2024 and 2025. If the underlying expenses are allocated over several years, the eco-surcharge can either be recognized immediately in full or likewise be allocated (Sec 124b/452 EStG).

The foreseeable period for achieving a total surplus resulting in tax recognition of taxable income were extended by five years both for the rental of properties ("large rental") and for the small rental (in particular rental of apartments) by amendments to the decree regarding Hobby Activities (Liebhabereiverordnung; Federal Law Gazette II No. 89/2024; see our Tax Short Cuts 7/2024 of 5 April 2024).

Creation of affordable housing

Federal Law Gazette I No. 32/2024 and the associated amendment to the Revenue Sharing Act 2024 (Finanzausgleichsgesetz 2024, FAG) built the ground to allocate EUR 1 billion to the federal states to promote the construction and refurbishment of housing (Sec 29a FAG). From this amount, EUR 780 million are allocated to construction by non-profit construction associations or commercial property developers and EUR 220 million to the promotion of the refurbishment of rental apartments to reduce greenhouse gas emissions by non-profit building associations (but not townhouses). The granting of special-purpose subsidies is subject to further social, economic and environmental conditions (see Sec 29a/4 FAG).

The vacancy tax was enabled by an amendment to the Federal Constitutional Law, which was approved by the federal council on 24 April 2024. The federal states can now implement vacancy taxes for non-rented apartments and secondary residences in any amount. Concrete implementation plans at state level are not known yet.

Through Federal Law Gazette I No. 35/2024, the housing umbrella (a support program of the Federal Ministry of Social Affairs) will receive an additional budget of EUR 60 million in 2024 for relocation prevention, housing security and energy support.

Facilitate the creation of property

With amendment to the Court Fees Act (Gerichtsgebührengesetz; Federal Law Gazette I No. 37/2024), the land register entry fee of 1.1% and (in the case of financing with mortgage) the lien entry fee of 1.2% will be waived for purchasers in an urgent need up to a purchase price of EUR 500,000 if the home is registered in the land register between July 2024 and July 2026. If the purchase price of EUR 500,000 is exceeded, the fees are due pro rata. If the purchase price exceeds EUR 2 million, the preferential treatment does not apply at all. The real estate transfer tax of 3.5% of the purchase price remains unchanged.

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The federal states are given the possibility to provide low-interest loans with a maximum interest rate of 1.5% and a loan amount of up to EUR 200,000 to individuals (Federal Law Gazette I No. 32/2024; Sec 29a/6 FAG). Through a special-purpose subsidy from the federal government to the federal states, the effective interest burden on the federal states is limited to 1.5% p.a. until 2028.

Improving the quality of existing residential buildings

The amendment to the Environmental Support Act (Federal Law Gazette I No. 31/2024; Sec 6/2h) increased the budget for the repair bonus by EUR 50 million to EUR 133 million for 2024.

To support craft businesses, 20% of the labor costs of up to EUR 10,000 - leading to a subsidy of up to EUR 2,000 - can be subsidized with a craftsman bonus in 2024 and 2025 upon application. An initiative motion was passed by the National Council on 17 April 2024. Only individuals are eligible to apply. The bonus can only be claimed once per person and calendar year. Applications shall be available online starting 15 July 2024 and apply to craftsman services from 1 March 2024 to 31 December 2025. In 2025, the maximum bonus is EUR 1,500 (costs up to a maximum of EUR 7,500).

Energy cost subsidy for new self-employed

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On 18 April 2024, the amendment to the Commercial Social Security Act (Gewerbliches Sozialversicherungsgesetz) was published in the Federal Law Gazette I No. 38/2024.

New self-employed persons are also to be granted an energy cost subsidy of EUR 410 for 2023, provided they were continuously insured as self-employed person in 2023 and their income did not exceed the maximum monthly contribution base of EUR 6,825 in December 2023. The payment is to be made in the form of a one-off credit to the insured person's contribution account in the third quarter of 2024.

The law is available under the following link (German version only):
https://www.ris.bka.gv.at/Dokumente/BgblAuth/BGBLA_2024_I_38/BGBLA_2024_I_38.pdf

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