

Tax Short Cuts

Current tax information for Austria from EY

Progression Compensation Act 2025

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The Progression Compensation Act 2025 (Progressionsabgeltungsgesetz 2025, PrAG 2025) was published in the Federal Law Gazette I No. 144/2024 on 9 October 2024. The Act results in the inflation adjustment of the main tariff elements and deductible amounts regarding the income tax. The following measures are to be implemented from 1 January 2025 and for the year 2025:

Increase of the limit regarding the small business regulation

The limit of the small business regulation in the VAT Act will increase to EUR 55,000.00 per year. The new limit also applies to the lump sum income tax for small businesses under Sec 17/3a Austrian Income Tax Act.

Increase in the mileage allowance

In the travel allowance regulation (Reisegebührevorschrift), the mileage allowance for the business or professional use of motor vehicles (currently: EUR 0.42), motorcycles (currently: EUR 0.24) and bicycles (currently: EUR 0.38) increases to EUR 0.50/km. The amount for additional passengers increases from EUR 0.05 to EUR 0.15/km.

Increase of daily and overnight allowances

The flat-rate daily allowances for domestic business trips will increase from EUR 26.40 to EUR 30.00 per day and the flat-rate overnight allowance from EUR 15.00 to EUR 17.00 per day.

For further details please refer to the German version of our Tax Short Cuts 21/2024 dated 15 October 2024.

The law can be accessed via the following link (German version only):
https://www.ris.bka.gv.at/Dokumente/BgblAuth/BGBLA_2024_I_144/BGBLA_2024_I_144.pdfsig

Relief Measures for Energy-Intensive Businesses

National Emissions Trading Act 2022

Energy-intensive businesses can be financially relieved under Sec 24 to 27 of the National Emissions Trading Act 2022 (Nationales Emissionszertifikatehandelsgesetz, NEHG) to maintain cross-border competitiveness and to prevent the relocation of emissions abroad (carbon leakage).

Businesses whose energy costs (energy taxes paid and costs for emission certificates) exceed 0.5% of the net production value (Nettoproduktionswert) may qualify to apply for relief. The calculation of the net production value is based on the already known system of the energy tax refund (Energieabgabenvergütung).

The relief amounts to 45% of the costs passed on by the suppliers from national emission certificates ("CO₂ tax") for supplies of natural gas, liquefied petroleum gas, coal, gasoline, diesel, heating oil or kerosene. The relief applies to these energy sources when used for heating purposes (especially process and space heating). For certain economic sectors (listed in Annex 2 of the NEHG) that are threatened by carbon leakage, the relief increases to 65% up to 95%.

It is not a prerequisite for the relief that the affected businesses themselves fall under the NEHG with their activities. If the conditions are met, affected businesses will be relieved (proportionally) of the costs that are passed on to them by the suppliers from the CO₂ certificates.

Applications must be submitted electronically via the NEIS portal (National Emissions Trading Information System). For the years 2022 and 2023, the application must be submitted between 1 October and 30 November 2024. For the following years, applications must then be submitted from 1 May until 30 June of the following year. There is a budget limit, which can lead to reductions in payouts.

At least 50% of the payout amount must be reinvested in climate protection measures within 12 months of payout. From 2025, the reinvestment obligation increases to 80%.

The correctness of the application must be confirmed by a tax advisor, auditor or certified accountant.

Expected social security values for 2025

General Social Security Act

The maximum monthly contribution base for 2025 is expected to be EUR 6,450.00 (2024: 6,060.00). The maximum annual contribution base for special payments is EUR 12,900.00 (2024: 12,120.00). The maximum monthly contribution base for freelancers without special payments is EUR 7,525.00 (2024: 7,070.00). The monthly marginal income limit is EUR 551.10 (2024: 518.44). As of 1 January 2017, the daily marginal income threshold was abolished. Therefore, only the monthly marginal income threshold is relevant for determining whether an employment relationship is marginal.

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Business Tax

Markus Stefaner
Phone +43 1 211 70 1283
markus.stefaner@at.ey.com

International Tax

Roland Rief
Phone +43 1 211 70 1257
roland.rief@at.ey.com

Transfer Pricing

Manuel Taferner
Phone +43 1 211 70 1104
manuel.taferner@at.ey.com

Indirect Tax

Ingrid Rattinger
Phone +43 1 211 70 1251
ingrid.rattinger@at.ey.com

People Advisory Services

Regina Karner
Phone +43 1 211 70 1296
regina.karner@at.ey.com

Global Compliance & Reporting

Maria Linzner-Strasser
Phone +43 1 211 70 1247
Maria.Linzner-Strasser@at.ey.com

Transaction Tax

Andreas Sauer
Phone +43 1 211 70 1625
andreas.sauer@at.ey.com

Editor and owner of the medium

Ernst & Young
Steuerberatungsgesellschaft
m.b.H. ("EY")
Wagramer Straße 19, IZD Tower
1220 Vienna

Responsible Partner

Klaus Pflieger
Phone +43 1 211 70 1179
Klaus.Pflieger@at.ey.com

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**Ernst & Young
Steuerberatungsgesellschaft m.b.H.**
1220 Vienna, Wagramer Straße 19
4020 Linz, Blumauerstraße 46
5020 Salzburg, Sterneckstraße 33
9020 Klagenfurt, Eiskellerstraße 5

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