

EY Tax Short Cuts - English

Latest tax news for Austria
by EY

COVID-19: Increase of the turnover loss bonus for March 2021, short-time work bonus

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On 10 March 2021, the Federal Ministry of Finance announced that there will be a one-time increase of the turnover loss bonus for March 2021. Instead of 15%, 30% of the decrease in revenue is eligible when applying for the turnover loss bonus. Together with the 15% advance payment for the fixed cost subsidy 800.000, a total of 45% of the decrease in revenue can be claimed as turnover loss bonus. Simultaneously, the maximum limit for March 2021 will be raised from EUR 30,000 to EUR 50,000. Together with the advance for the fix cost subsidy 800.000, a total amount of EUR 80.000 can be applied for in March 2021. The application for the turnover loss bonus for March 2021 can be filed via FinanzOnline as of 16 April 2021. The respective law for the increase of the turnover loss bonus for March 2021 has yet to be published.

Furthermore, the Federal Ministry of Finance has announced a short-time work bonus up to EUR 1,100 per employee for companies that have been closed since November 2020 due to the lockdown (esp. hospitality industry, lodging establishments). The respective law has yet to be published.

The press release of the Federal Ministry of Finance can be found under the following link:
<https://www.bmf.gv.at/presse/pressemeldungen/2021/maerz/ausfallsbonus-erhoeht.html>

Hobby Directive 2012 - amending decree 2021

Income Tax Act
Corporate Income Tax Act
Value Added Tax Act

The amending decree 2021 for the Hobby Directive was published on 2 March 2021. The amending decree incorporates new legislation and supreme court decisions of recent years (BMF-2021-0.103.698). The last amendment of the Hobby Directive was published on 21 November 2013.

Reminder: Amended regulation regarding the refund of input VAT to foreign entrepreneurs

Value Added Tax Act

The regulation on the procedure to refund input VAT to foreign entrepreneurs has been amended and published in the Austrian Federal Gazette (BGBl. II No. 16/2021).

Refund applications for Austrian input VAT, which were accrued before 1 January 2021, must be submitted by entrepreneurs from the UK by 31 March 2021. This shorter deadline also applies vice versa, e.g. when Austrian entrepreneurs apply for the refund of input VAT in the UK. Furthermore, a delivery fiction was implemented for the electronically processed refund procedures: The delivery of the tax assessments is considered effective upon receipt in the electronic portal of the entrepreneur's residence state.

European Court of Justice (ECJ): Taxable revenue between a principal establishment, belonging to a local VAT group, and a foreign branch

Value Added Tax Act

In the case C-812/19 (Danske Bank) of 11 March 2021, the ECJ had to decide whether a branch established in another Member State is to be considered as a taxable person separate from its principal establishment, if the principal establishment belongs to a VAT group, and whether taxable services exist if the principal establishment provides IT services to the benefit of the branch and imputes the costs thereof as well.

According to the ECJ, a service is taxable if there is a legal relationship between the service provider and the service recipient in which there is reciprocal performance. When assessing if such a legal relationship exists, the merger of the VAT group into one single taxable person and the territorial limits of the VAT group must be considered.

European Court of Justice (ECJ): Taxable revenue between a principal establishment, belonging to a local VAT group, and a foreign branch

As a result, according to the ECJ, for VAT purposes the IT services are provided by the VAT group. As the foreign branch is not part of this group the principal establishment and the branch have to be regarded as separate taxable persons. The service provided by the principal establishment to the branch located in another member state, which is not part of this VAT group, is therefore subject to VAT.

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