

## Austrian Parliament approves digital advertising tax bill

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On 10 October 2019, the upper house of the Austrian Parliament (*Bundesrat*) approved the bill on the new digital advertising tax package (*Digitalsteuerpaket*). The lower house of the Austrian Parliament (*Nationalrat*) approved the bill on 19 September 2019.

In comparison to the draft tax bill released in April 2019, there have been no significant changes. For further details regarding the digital advertising tax bill, see EY Global Tax Alert, [Austria publishes draft digital advertising bill](#), dated 8 April 2019.

Under the digital tax bill, a new tax of 5% on revenue derived from online advertising will be introduced effective 1 January 2020. The 5% tax on Austrian digital advertising revenue applies to companies with worldwide annual turnover of €750 million or more and annual turnover of €25 million or more in Austria.

With respect to Value Added Tax (VAT) rules applicable to online purchases of goods sold by third-country sellers, under the bill the current exemption for goods with a value of less than €22 will be abolished effective 1 January 2021. Also effective 1 January 2021, the supply threshold for distance selling from European Union (EU) countries to non-entrepreneurs in Austria (which currently stands at €35,000) will be abolished, with the impact that distance selling from other EU countries to non-entrepreneurs in Austria will be subject to Austrian VAT from the first Euro. Sales made by small businesses (of up to €10,000 annually) will still be subject to VAT in the other state.

Furthermore, under the bill stricter reporting obligations will be introduced for online platforms that connect the buyers and sellers of goods and services. Operators will be required to report all bookings and revenue in Austria to the tax authorities from 2020 onwards and could be held liable for taxes in order to enforce these reporting obligations.

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