

THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
Austria 2023



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Description of policy rules for 2023

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Preface

This report provides a detailed description of the tax and benefit rules in Austria as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)


Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format `[variable name]`.

The OECD tax-benefit model for Austria: Policy rules in 2023

1. Reference wages

Average wage **[AW]**: The OECD tax-benefit model (TaxBEN) uses Secretariat estimates of the average full-time wage (available [here](#)).¹ If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth² to the latest available wage estimate.

Minimum wage **[MIN]** : There is no statutory minimum wage in Austria.


2. Unemployment benefits

The unemployment benefit system in Austria consists of two schemes. i) a contributory scheme (unemployment benefit, *Arbeitslosengeld*) and ii) a contributory, needs-based scheme (unemployment assistance, *Notstandshilfe*).

The unemployment benefit is described in Section 2.1, unemployment assistance in Section 2.2.

2.1. Unemployment benefit (*Arbeitslosengeld*)

Variable names:³ **[UB; UI_p; UI_s]**

This is an unemployment insurance benefit. It is contributory, not means-tested and not taxable. 

2.1.1. Eligibility conditions

Unemployment insurance (UI) is compulsory for dependent workers but only up from gross monthly earnings of EUR 500.91 (*Geringfügigkeitsgrenze 2023*)⁴. Civil servants

¹ Average Wages are estimated by the [Centre for Tax Policy and Administration](#) at the OECD. For more information on methodology see the latest [Taxing Wages publication](#).

² Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).


³ Each (sub-)section in this chapter lists the variable names for the different benefits and taxes as they are used in TaxBEN. The first variable usually denotes the aggregate component while variable names ending with “_p” refer to the first adult (so-called “principal” adult) whereas those ending with “_s” are related to the spouse (alternative specifications to denote adults are possible, e.g. “_1” and “_2”). For instance, in this section, **UB** denote unemployment benefits, which are the sum of individual-specific unemployment insurance benefits of the principal adult, **UI_p**, and the spouse, **UI_s** (as relevant), and unemployment assistance benefits (see Section 2.2).

⁴ Including 13th and 14th monthly payments for dependent employees. Independent contractors are not entitled to 13th and 14th monthly payments, so for them it is the minimum monthly earnings * 12 (not modelled in TaxBEN)

are not subject to Unemployment Insurance. Self-employed workers can insure themselves voluntarily.

Age: None.

Contribution/employment history: 52 weeks in the last 24 months (this is the case assumed in TaxBEN). Only 28 weeks in case of repeated spells of unemployment⁵. For persons under age 25, a 26-week employment record in the last 12 months is sufficient to qualify for their first UI benefit.

Behavioural requirements and related eligibility conditions:  TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits.⁶ The benefit claimant is:

1. Registered as unemployed;
2. Available, able and willing to work.

2.1.2. Benefit amount

Benefits are defined as a percentage of after tax income: 55 per cent of the average net reference income over a year (which is called the basic amount). If the unemployment benefit for the maintenance of dependants falls short of the equalisation supplement reference rate for a single person (*Ausgleichszulagenrichtsatz*, see Section 2.2.2) then a supplement (*Ergänzungsbetrag*) is granted. Furthermore, a family supplement (*Familienzuschlag*) may be added. Total benefits may not exceed 60 per cent of reference income and 80 per cent for benefit recipients with dependants, respectively.

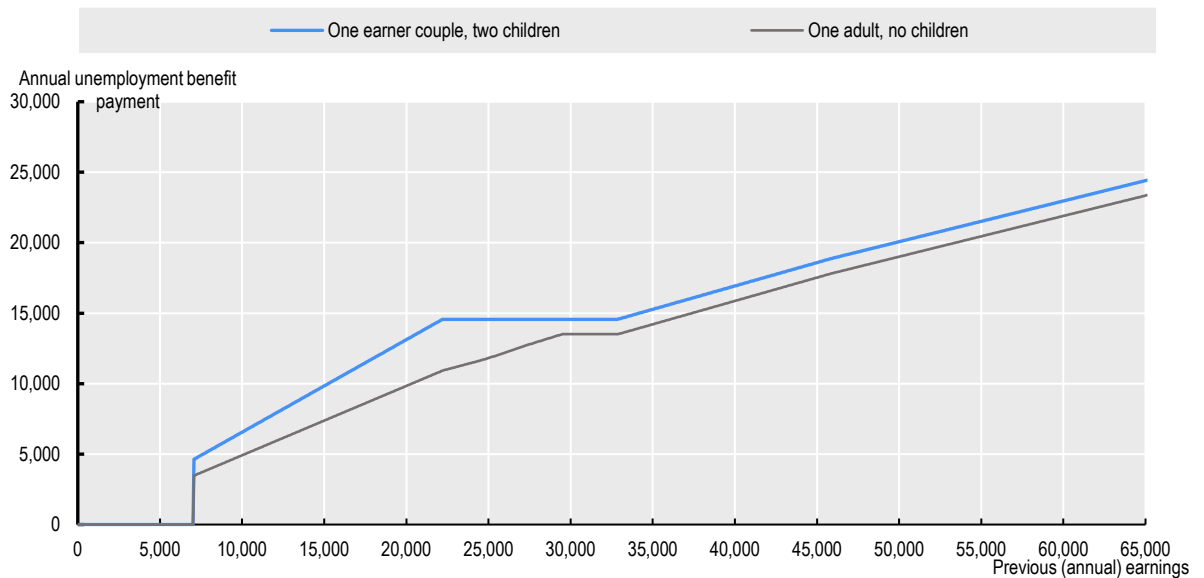
Maximum monthly earnings for the purpose of calculating the maximum benefit amount are EUR 6,265.00 (2023) which results in a maximum benefit of EUR 72.01 (without possible family supplements) per day. Note that the cap of the contribution-base to the UI-fund is at EUR 5,850.00 (see Section 7.1). The daily benefit is increased by EUR 0.97 per dependent (including children and under certain requirement⁷ also partners; family supplement).

In TaxBEN, “net income” is defined as gross earnings minus social security contributions, minus income tax.

⁵ TaxBEN assumes that an unemployed individual has been working without interruptions since they were 18 until that moment. Hence, the case of an individual with repeated spells of unemployment is not covered by the model.

⁶ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbacher \(2015\)](#) and [Venn \(2011\)](#).

⁷ The following requirements have to be met: the partner has no income or an income lower than EUR 460.66 per month (*Geringfügigkeitsgrenze* 2021), the unemployed has substantially contributed to the partners income and there is an entitlement to a family supplement for at least one child.

Figure 1. Unemployment benefit by earnings, 2023

Note: Jobseekers are assumed to have a contribution record of 22 years, and to have earned the same monthly wage each month. The marginal income threshold is 500.91 Euros per month (7,012.74 per year including bonus payments). The spouse in the one earner couple is presumed to be not working, and not entitled to unemployment benefits. The children are 4 and six years old.

Source: OECD TaxBEN model.

2.1.3. Benefit duration

Benefit is payable 7 days per week immediately upon entry in unemployment, without a waiting period. The total duration is 20 weeks. Extensions of benefits depend on the employment record and age-related ceilings:

- 30 weeks after 156 weeks of employment covered by unemployment insurance.
- For recipients aged 40 and above: 39 weeks after 312 weeks of employment covered by unemployment insurance in 10 years.
- For recipients aged 50 and above: 52 weeks after 468 weeks of employment covered by unemployment insurance in the last 15 years.

The benefit duration can be increased up to 156 weeks or up to 209 weeks for workers participating in specific labour market policy activities (employment foundations – *Arbeitsstiftungen*; not modelled in TaxBEN).

The duration of unemployment benefit may be extended up to a maximum of 78 weeks, after having absolved measures of rehabilitation (*Maßnahmen der beruflichen Rehabilitation*). This permanent measure of extension primarily aims at long-time unemployed and elderly workers and follows the principle of “rehabilitation before and instead of pension” (not modelled in TaxBEN).

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

Unemployment insurance benefit is not taxable.

2.1.6. Interactions with other components of the tax-benefit system

None.

2.1.7. Combining benefit receipt and employment/starting a new job

The basic benefit is not affected by the beneficiary's own work related earnings as long as they do not exceed EUR 500.91 per month (excluding the 13th and 14th payment). Earnings from work above this level result in the loss of benefit entitlements for the duration of the employment.


If the recipient has a work contract which lasts 27 days or less, with an earning more than EUR 500.91, benefits are withdrawn completely during the period of work. Additionally, benefits for days not worked in that month will be reduced according to the following rule: The net income is reduced by the marginal earnings threshold (*Geringfügigkeitsgrenze 2023*; EUR 500.91) and 90 percent of the remaining income is divided by the number of days per month. In some cases (such where the benefits are not very high and/or earnings are rather high) this reduction can, result in a complete withdrawal. This rule for temporary contracts of short duration are not modelled in *TaxBEN*.

2.1.8. Benefit indexation

There is no automatic adjustment/indexation of benefit amounts.

2.2. Unemployment assistance (*Notstandshilfe*)

Variable name: [UB; UA_p; UA_s]

This is a second unemployment insurance benefit. It is contributory, needs-based, and not taxable. 

2.2.1. Eligibility conditions

Unemployment assistance (UA) is only payable after exhaustion of UI benefits (i.e. claimants must have already received UI benefits) and if the person is in need. It is means-tested against incomes of recipients.

Behavioural requirements and related eligibility conditions:

1. Registered as unemployed;
2. Available, able and willing to work.

2.2.2. Benefit amount

The benefit amounts to 92 per cent of the previous basic UI benefit or 95 per cent of the previous basic UI benefit plus 95 per cent of the supplement (*Ergänzungsbetrag*) for low income groups, i.e., persons whose total unemployment insurance benefits were less than EUR 1,110.26 per month (this amount is the standard value for the equalisation supplement reference rate, the so called *Ausgleichszulagenrichtsatz* – equivalent to EUR 37.01 per day). Family supplements as described in Section 2.1 above are paid on top of that.

TaxBEN-specific comment: In calculating UA, monthly net income is required. Due to annualisation in TaxBEN, a proxy gross income of 12/14^{ths} of the full gross income (incl. bonuses) is used to calculate this net income. This is due to different taxation rules applying to months 13 and 14.

2.2.3. *Benefit duration*

52 weeks upon granting; the benefit may be extended for 52 weeks repeatedly as long as recipients qualify and until old-age pension entitlements accrue. In case it is determined in the course of the counselling that there is need for further support, participation in a training or reintegration measure can be required to maintain eligibility.

2.2.4. *Means test*

UA is affected by other income (income from rent, interest, etc. affects UA). The benefit is not affected by the beneficiary's own work related income as long as this income does not exceed EUR 500.91 per month; earnings from work above this level result in the loss of benefit entitlements for the duration of the employment. If the recipient works not more than 27 days, UA benefit for days not worked is reduced (see also Section 2.1). UA is not affected by partner's income. This rule for temporary contracts of short duration is not modelled in TaxBEN.

2.2.5. *Tax treatment*

The benefit is not taxable.

2.2.6. *Interactions with other components of the tax-benefit system*

None.

2.2.7. *Combining benefit receipt and employment/starting a new job*

See Section 2.2.4.

2.2.8. *Benefit indexation*

There is no automatic adjustment/indexation of benefit amounts.

3. Social assistance and housing benefits

In Austria, two forms of minimum income provision benefits exist: i) a general assistance (social assistance/means-tested minimum income, *Sozialhilfe/Bedarfsorientierte Mindestsicherung*) and a supplementary pension (*Ausgleichszulage*). The first benefit is covered in Section 3.1. The latter is only paid to age pensioners or other persons incapable of working and is, therefore, not considered in TaxBEN.

Housing costs can be covered partly within the means-tested minimum income (as described in Section 3.1) and an additional related subsidy (*Mindestsicherung-Mietbeihilfe*, Section 3.2) as well as two further schemes called *Wohnbeihilfe* (Section 3.3) and *Mietzinsbeihilfe* (not modelled in TaxBEN).

3.1. Minimum income/Social Assistance (*Bedarfsorientierte Mindestsicherung/ Sozialhilfe*)

Variable name: [SA; HB_SA]

This is a non-contributory benefit which is means-tested, needs-based and not taxable.

On the 1st of June, 2019 a Principle Law on social assistance (*Sozialhilfe-Grundsatzgesetz*) entered into force. As a joint framework, this Principle Law must be executed through implementing laws by the federal states, which will replace the old minimum income schemes in Austria's provinces (*Bedarfsorientierte Mindestsicherung*).

By the 1st of January 2023, six federal states, Upper Austria, Lower Austria, Carinthia, Salzburg, Styria and Vorarlberg, have implemented this principle law, and other states are expected to follow. The aim of the principle law on social assistance is to harmonize the main principles of social assistance at the national level, and to establish a binding framework for the Federal provinces. However, within this framework, the federal states continue to have some discretion for their policy priorities. As of 1st of January 2020, there is no national minimum standard across the nine federal states, and benefits are regulated differently across states. TaxBEN models the benefit in Vienna.

3.1.1. Eligibility conditions

The means-tested minimum income respectively social assistance is based on a subsidiary principle and, therefore, constitutes the last resort in social security. Persons are eligible only if they do not have adequate financial resources to support themselves and their dependents, respectively, through other resources (e.g., income, social insurance) or assets.

Applicants have to register with the Public Employment Service (PES), if they are fit and available to work. They are – in principle – subject to the same rules as recipients of unemployment benefits. The assessment process takes place in cooperation between the competent authorities in the federal provinces and the PES (See *OECD Box* below for additional information).

OECD Box: Exceptions to employment eligibility requirements

The Basic Social Assistance Act does not contain any provision for exceptions regarding availability-for-work requirements. The federal provinces can therefore apply their own rules, which vary from province to province. Nevertheless, the provinces provide for (partly similar) exceptions concerning certain groups of recipients, **e.g.:**

- Persons, who have reached the statutory retirement age according to the General Social Insurance Act (women 60/men 65);
- Persons, who have care obligations towards children under the age of three and cannot take on employment opportunities (because there are no suitable care options),
- Persons, who support an accompany seriously ill or dying children, who are the main carers for family members in need of care from care stage 3, etc.
- Persons, who are incapable to work due to long-term health issues and invalidity/disability generally fall within one of the exceptions regarding availability-for-work requirements, the federal provinces foresee in their legislations (certificate needed).

Rules for Vienna:

The following group of people is exempt from employing their ability to work:

- People who have reached the statutory retirement age according to the General Social Insurance Act (ASVG);
- People who are not fit to work according to the chief medical officers assessment, for the duration of their inability to work; when receiving care allowance (Pflegegeld) of stage 4 and above, when receiving (half-) orphan's pension if they are not currently enrolled in any school or vocational training;
- People with care obligations for children up to the age of three or up to the age of four if care allowance of stage 1 or above is received for the child in question;
- People who care for relatives with care stage 3 (Pfleigestufe 3) or above;
- People during end-of-life care of close relatives;
- People who are supporting and care for seriously ill children;
- People who are purposefully pursuing vocational training or schooling, provided they have not yet completed vocational training or received their secondary school diploma (Matura);
- People who are participating in a voluntary integration year.

3.1.2. Benefit amount

The benefit is due twelve times a year. It amounts to EUR 1.053,64 for single persons and EUR 1.580,46 for couples per month in Vienna (2023). In the means-tested minimum income scheme these figures comprise a share of 25% for housing costs.

The following table shows monthly rates for three regions.

Monthly rates in EUR

Family type	Carinthia (2023)	Upper Austria (2023)	Vienna (2023)
Single person	1.053,64	1.053,64	1.053,64
Couple	1.475,10	1.475,10	1.580,46
Dependent child	221,26 per child	263,41 (for one child) 210,73 (with 2 children per child) 158,05 (with 3 children per child) 131,71 (with 4 children per child) 126,44 (with 5 or more children per child)	284,48

Remarks: The rates include the benefits for housing (25%). Exception: Dependent child in Vienna and Upper Austria. TaxBEN simulates the rates for Vienna.

Since January 2013, the heating supplement in Vienna has been reformed into the “energy support”. Recipients of the minimum income scheme or a supplementary pension (*Ausgleichszulage*) qualify for this measure which covers financial support for energy cost arrears, energy advice and financing of measures according to household needs (as these benefits are determined on an individual basis, “energy support” is not modelled in TaxBEN).

Since February 2018 (amending law), Vienna has its own minimum standards for 18 to 25 year olds, two different levels. The level of the standard depends on whether the person is in education or vocational training, or she is employed or in a training measure of the Public Employment Service or in an integration measure. The starting value of the standard depends on whether the person lives in the household of the parents or manages a household alone. As TaxBEN assumes that all behavioral requirements are met, the benefit amounts modelled for young claimants (18 to 24 years old) are the standard one of EUR 1053.64 for a single and EUR 1580.46 for a couple.

3.1.3. Benefit duration

As long as eligibility conditions are fulfilled.

3.1.4. Means test

Entitlements depend on household resources rather than those of the individual or nuclear family. Officially, other relatives have a duty under family law to provide financial support. Thus, every income and moveable asset (with some exceptions) is considered in the means and income test apart from family benefits.⁸

⁸ Since the introduction of the new social assistance scheme, there is a new exemption limit on assets (EUR 5,867.64; 2022 per eligible adult person); before in the means tested minimum income scheme it amounted to about EUR 4,700. Every asset over the exemption limit on assets has to be used up before a benefit can be granted. Alimony payments from the absent parent are taken into account when calculating the entitlement to the means-tested minimum income. Note that TaxBEN does not take into account income from assets and hence does not model this exemption limit.

Asset testing:

The asset test for the Means-tested minimum income/Social Assistance (MMI/SA) affects both eligibility and benefit amount. District authorities or the competent unit of the municipal administration in the federal provinces are responsible for the evaluation of the resources of claimants. Regulations in the federal provinces concerning assets have to be in line with the Basic Social Assistance Act (*“Sozialhilfe-Grundsatzgesetz”*).

The main residence does not have to be liquidated. In the case in which SA has been granted for three years or longer, a claim can be registered in the land registry. An owner-occupied second house or dwelling is considered to be own resources. The same applies – in general - to rental income.

Rules and limits concerning cultivated or uncultivated lands, vehicles, household appliances, movable assets or other assets are responsibility of the federal provinces.

The defined (maximum) benefit amounts (see 3.1.2.) also serve as income thresholds. This means that MMI/SA cannot be granted if the income surpasses these benefit amounts.

Assets or savings up to € 6.321,84 per person (600% of the monthly net ESRR; 2023) are disregarded by the competent authorities. This value is adjusted annually.

Income testing:

If the household income is below the means-tested minimum income threshold irrespective of reason (e.g. low unemployment benefit, low wages) people concerned are entitled to a “top-up” means-tested minimum income.

Essentially, all income and person’s own funds must be used, unless the Basic Social Assistance Act makes provision for an exception. For example, the family allowance (see 4.1.) and the child tax credit (see 4.2.) are excluded from the means testing (see Art. 7, para 1-5a of the Basic Social Assistance Act).

For the purposes of the OECD tax-benefit model, the following sources of income are considered in the means-testing:

- Earnings from work of the principal and the spouse, net of taxes and social security contributions,
- Unemployment insurance (2.1.) or Unemployment assistance (2.2.) benefit amount (without considering the family supplement),
- Housing support (3.3.) benefit amount,
- Childcare allowance (4.3.).

3.1.5. Tax treatment

The benefit is not taxable.

3.1.6. Interaction with other components of the tax-benefit system

According to a recent decision of the Verwaltungsgerichtshof (VwGH) in Austria, the family supplement to unemployment benefits must no longer be part of the means-test as of February 2016. While the decision implies that unemployed persons might benefit retroactively from 2010 onwards, TaxBEN models this only starting in 2016.

3.1.7. Combining benefit receipt and employment/starting a new job

See Section 3.1.4. .

3.1.8. Benefit indexation

The means-tested minimum income is valorised annually corresponding to the increase of the supplementary pension (*Ausgleichszulage*). The Principle Law on social assistance (*Sozialhilfe-Grundgesetz*) stipulates a maximum value, which is based on the amount of supplementary pension for a single-person. Therefore, an additional increase or a deviation of the indexing is only possible if the federal legislature makes the appropriate adjustments in the Principle Law on social assistance. The “equalisation supplement reference rate” (ESRR; *Ausgleichszulagenrichtsatz*) for pensions is (usually) used to define the maximum benefit level. These levels are adjusted at the beginning of every year.

3.2. Housing benefit under the means-tested minimum income (*Mindestsicherung / Sozialhilfe -Mietbeihilfe*)

Variable names: [\[HB; mietbeihilfe\]](#)

This is a non-contributory benefit, means-tested and not taxable.

Recipients of means-tested minimum income receive a basic subsidy for housing costs (25% of the applicable minimum standard, as covered in the rates shown in Section 3.1.2)⁹ and in case of high housing costs an additional supplement called “*Mietbeihilfe*”. Persons with small pensions (e.g. persons receiving supplementary pensions) may also receive a “*Mietbeihilfe*” (note however that pensioners are not considered in TaxBEN). The “*Mietbeihilfe*” is granted monthly to pension/minimum income benefit recipients in Vienna, if the amount of the rent leads to a total income below a certain level. Because the treatment of housing costs varies widely between federal states, Vienna is taken as a reference.

3.2.1. Eligibility conditions

Austrian citizens and persons with equal status (persons with a refugee or subsidiary protection status, EU/EFTA citizens, third country nationals with a Permanent leave to remain, third country nationals with a Residence permit for permanent residence). To qualify, persons need to receive pension or minimum income scheme benefits.

3.2.2. Benefit amount

The amount depends on the rent per month, the household income per month, the number of the people living in the household and the size of the flat. “*Mietbeihilfe*” is calculated as the difference between the maximum amount of “*Mietbeihilfe*” (“*Mietbeihilfenobergrenze*”), or the actual rent paid (minus “*Wohnbeihilfe*” in case the person receives this benefit; see Section 3.3.) if this is lower, and the basic subsidy for housing costs, which is set at 25% of the applicable minimum standard.

Maximum amount of “*Mietbeihilfe*” (“*Mietbeihilfenobergrenze*”) for people receiving the means-tested minimum income or pensions in Vienna

Monthly rates, 2023

Persons in household	Maximum amount in EUR
1 or 2	393,78

⁹ This will change slowly with the implementation of the Principle Law on social assistance (*Sozialhilfe-Grundsatzgesetz*) in the provinces.

3 or 4	412,86
5 or 6	437,37
7 and more	460,55

For example, in case of a 1-Person household, if the rent paid exceeds the level as outlined in the table above and if the housing costs are higher than the basic subsidy for housing costs (in case of a 1-Person household EUR 263,42 = 25% of the applicable minimum standard), the additional “Mietbeihilfe” will be EUR 130,36 (EUR 393,78 minus EUR 263,42).

For persons with small pensions and older recipients (above legal retirement age which currently is 60 for women and 65 for men) of the means-tested minimum income (“DauerleistungsbezieherInnen”), the basic subsidy for housing costs is smaller (9% or 13.5% of the applicable minimum standard depending on the family type). These persons can therefore get a higher additional “Mietbeihilfe” (e.g. in case of a 1-Person household EUR 251,54 in 2023). As TaxBEN considers working-age individuals only, this is not modelled.

3.2.3. *Benefit duration*

As long as eligibility conditions are fulfilled.

3.2.4. *Means test*

See Section 3.2.2. . Means-tested minimum income is not taken into account as income for the means test for the *Mietbeihilfe*.

3.2.5. *Tax treatment*

The benefit is not taxable.

3.2.6. *Interaction with other components of the tax-benefit system*

None.

3.2.7. *Combining benefit receipt and employment/starting a new job*

See Sections 3.1.4. and 3.2.2. .

3.2.8. *Benefit indexation and energy supplements*

The means-tested minimum income is valorised annually corresponding to the increase of the supplementary pension (*Ausgleichszulage*). The Principle Law on social assistance (*Sozialhilfe-Grundgesetz*) stipulates a maximum value, which is based on the amount of supplementary pension for a single-person. Therefore, an additional increase or a deviation of the indexing is only possible if the federal legislature makes the appropriate adjustments in the Principle Law on social assistance.

3.3. *Housing support (Wohnbeihilfe)*

Variable name: **[HB]**

“Wohnbeihilfe” (granted by the city of Vienna) depends on the type of housing:

- subsidised built houses,
- subsidised renovated houses,

- privately rented, non-subsidised built or renovated houses – called “Allgemeine Wohnbeihilfe”.

3.3.1. Eligibility conditions

Only for persons with Austrian nationality, persons equal in law and foreigners with a legal stay in Austria for more than five years. In addition, a net-income per month is required, at least

- for one person EUR 1.053,64;
- for two persons EUR 1.577,02;
- per child EUR 162,57.

“Wohnbeihilfe” is not paid to owners of houses and tenants with family relationships to lessors.

3.3.2. Benefit amount

The difference between “Anrechenbarer Wohnungsaufwand” (countable housing expenditure) and “Zumutbarer Wohnungsaufwand” (reasonable housing expenditure) is paid as “Wohnbeihilfe”.

For the case of privately rented, non-subsidised built or renovated houses:

a) “Anrechenbarer Wohnungsaufwand” (countable housing expenditure) = the legally permitted rent laid down in the lease contract:

- in case of a tenancy for an indefinite period and Category A flats - EUR 6,67 per m² at maximum (this is the rent implemented in TaxBEN),
- in case of a tenancy for a definite period and Category B flats - EUR 5,00 per m² at maximum,
- in case of Category C+D flats - EUR 3,34 per m² at maximum.

b) “Zumutbarer Wohnungsaufwand” (reasonable housing expenditure) is defined according to household income and size (latest reference values are from November 2022).¹⁰ The reasonable amount for 2023 is defined at EUR 2,12 per m². The rate is adjusted for public tenants, as the latter is used for private tenants if it is higher.

The family income as basis of the “Zumutbarer Wohnungsaufwand” is reduced per 20% in favour of families in special situations¹¹, e.g. (focussing on situations relevant for TaxBEN):

- families with all members under the age of 40,
- families with one child under the age of six,
- with at least three children,
- single parent families.

¹⁰ www.wien.gv.at/wohnen/wohnbauforderung/ahs-info/pdf/wbh-allepersoneneinkommen.pdf. For the implementation, TaxBEN uses a quadratic trend procedure to approximate the values for reasonable housing expenditure reported in the tables, which provides a very precise fit. The procedure is updated regularly based on the official values.

¹¹ People with a handicap (at least 45%) are also eligible to this reduction. Notice that individuals with a disability are not covered by the OECD TaxBEN model.

3.3.3. *Benefit duration*

As long as the eligibility conditions hold.

3.3.4. *Means test*

See Section 3.3.2. . Means-tested minimum income is not taken into account as income for the means test for the *Wohnbeihilfe*.

The net income considered for the means-testing includes the following sources of income (within the framework of the TaxBEN model):

- Earnings from work of the principal and the spouse, net of taxes and social security contributions,
- Unemployment insurance (2.1.) or Unemployment assistance (2.2.) benefit amount,
- Childcare allowance (*Kinderbetreuungsgeld*, see 4.3.).

Other sources of income considered in the means-testing of the benefit that are not covered by the TaxBEN model (and hence not modelled) are the following: pension, maternity benefit (*Wochengeld*), public sickness benefit, scholarship, and student support.

3.3.5. *Tax treatment*

The benefit is not taxable.

3.3.6. *Interaction with other components of the tax-benefit system*

None.

3.3.7. *Combining benefit receipt and employment/starting a new job*

See Section 3.3.4. .

3.3.8. *Benefit indexation and energy supplements*

There is no indexation.

4. Family benefits

In Austria, one general family allowance exists (*Familienbeihilfe*), and two supplements, the School Bonus (*Schulstartgeld*) and a multiple child bonus (*Mehrkindzuschlag*). All are covered together in Section 4.1. . Furthermore, a child tax credit (*Kinderabsetzbetrag*) is granted, which is described in Section 4.2. . Finally, a childcare benefit (*Kinderbetreuungsgeld*) is paid irrespective of the enrolment in care, which is covered in Section 4.3. .

4.1. *Family allowance (Familienbeihilfe)*

Variable names: **[FB; FAMBEN]**

This is a non-contributory benefit, not means-tested and not taxable.

4.1.1. Eligibility conditions

Family allowances are paid to all families with dependent children. For minor children there are no special requirements, children of full age must be students or in vocational training.

4.1.2. Benefit amount

The amounts vary with child ages. The monthly family benefit for children under the age of 3 is EUR 120.6, it is EUR 129 from the age of 3 to the age of 10, it is EUR 149.7 to the age of 19 and EUR 174.7 per month for children older than 19. For severely disabled children additional € 164.9 per month (not modelled).

For students and children in vocational training, family allowance can be paid until the age of 24 (in some exceptions until the age of 25).

The total number of children is taken into account via supplements (= sibling supplement). The amounts received in addition to the basic monthly family allowance:

- if granted for 2 children, 7.5 Euro for each child,
- if granted for 3 children, 18.4 Euro for each child,
- if granted for 4 children, 28 Euro for each child (maximum number of children in TaxBEN),
- if granted for 5 children, 33.9 Euro for each child,
- if granted for 6 children, 37.8 Euro for each child,
- if granted for 7 or more children, 55 Euro for each child.

There is a further increase, a multiple child bonus (*Mehrkindzuschlag*) of EUR 21.2 per month for the third and each further child if the household taxable income is below the annual limit EUR 55,000 per year.

Every September an additional school bonus of EUR 105.8 is granted for children between 6 and 15 (*Schulstartgeld*).

4.1.3. Benefit duration

As long as the eligibility conditions hold.

4.1.4. Means test

Family allowance is not subject to any means test.

However, for children above the age of 19 who have an income above € 15,000, the amount of family allowance received is reduced successively. At an annual income of € 16,981.2 it is reduced to zero. For children with a severe disability, the amount at which this amount is reduced to zero is € 18,852.0 (these cases are not modelled in TaxBEN).

4.1.5. Tax treatment

Family allowance is not taxable.

4.1.6. Interaction with other components of the tax-benefit system

See Section 4.2.

4.1.7. *Combining benefit receipt and employment/starting a new job*

Employment doesn't affect benefit receipt.

4.1.8. *Benefit indexation*

Starting in 2023, family allowance, multiple child bonus and school bonus will be valorised annually.

In August 2022 it was introduced an extra amount of EUR 180 per child (not modelled).

4.2. *Child tax credit (Kinderabsetzbetrag)*

Variable names: **[FB; C_CHIL_p]**

This benefit is paid in form of a tax credit together with family allowance and is refundable, i.e. not connected with income tax assessment (also families who pay no taxes receive it as a negative tax). It is therefore treated as a benefit in TaxBEN.

4.2.1. *Eligibility conditions*

Any family receiving family allowance (see Section 4.1) is eligible to the child tax credit.

4.2.2. *Benefit amount*

Child tax credit is EUR 741.6 per child per year (61.8 per month).

4.2.3. *Benefit duration*

As long as the eligibility conditions hold.

4.2.4. *Means test*

See Section 4.1.4.

4.2.5. *Tax treatment*

Child tax credit is tax free.

4.2.6. *Interaction with other components of the tax-benefit system*



See Section 8.1.4.

4.2.7. *Combining benefit receipt and employment/starting a new job*

Employment doesn't affect benefit receipt.

4.2.8. *Benefit indexation*

Starting in 2023 the child tax credit be valorised annually.

4.3. *Childcare allowance (Kinderbetreuungsgeld)*

Variable names: **[FB; CBB]**

Childcare allowance (*Kinderbetreuungsgeld, KBG*) is a financial support for parents regulated by the Childcare Allowance Act and is a family benefit. All parents are legally entitled to it. In particular, the benefit is paid irrespective of child enrolment in care. In TaxBEN it is therefore modelled as a family benefit.

The benefit is granted for children born from 1 January 2002. For births from 1st March 2017 new legal measures were introduced. In the following, the new system is described.

4.3.1. Eligibility conditions

Childcare allowance is a family allowance and is received by all mothers/fathers (also adoptive or foster parents), regardless of whether they were in employment before the birth (exception: income related childcare allowance, cp. below), and is thus also available to housewives, students, etc. The conditions for receipt of childcare allowance are:

- entitlement to family benefit (“*Familienbeihilfe*”, cp. Section 4.1),
- the parent claiming the childcare allowance has to live in the same household as the child,
- the examinations according to the mother-child pass programme have to be carried out and
- the ceiling of additional earnings (depending on the chosen option) may not be exceeded.
- Furthermore, parent and child must have their centre of interests (“*Mittelpunkt der Lebensinteressen*”) within the federal territory; nationals of third countries have to stay legally (“*rechtmäßiger Aufenthalt*”) in Austria.
- Childcare allowance cannot be claimed while there is entitlement to maternity allowance (not modelled in TaxBEN). However, if maternity allowance is lower than childcare allowance, there is an entitlement to a supplementary amount up to the level of childcare allowance.
- Childcare allowance is only paid for the youngest child.

Entitlement to childcare allowance does not depend on the form of childcare parents choose.

4.3.2. Benefit amount

Claimants may choose between two schemes:

1. *Childcare allowance account* (a flat-rate benefit) recognizes and remunerates in part the commitment and work involved for parents in caring for small children. Parents may claim this allowance irrespective of whether they were economically employed prior to the birth of the child.
2. *Income-related childcare allowance* is primarily designed to give better earning parents – who want to withdraw from the labour market for a limited period of time only – the opportunity of receiving some compensation for the earnings foregone during that period. Thus, the income-related allowance scheme is primarily designed as a parental leave benefit and therefore it is not considered in TaxBEN (further details can be found in the Annex).

Since 2017, childcare allowance account can be taken flexibly within the duration of 365 and 851 days (which is approximately 12 to 28 months) from the birth of the child by one parent, or from 456 to 1,063 days (approximately 15 to 35 months) for both parents. For the shortest variant (basic variant) childcare allowance amounts to EUR 35.85 per day and for the longest it is EUR 15.38 per day. For this variant, 20% is allotted to the second parent, which is not transferable (in the shortest it is 91 days).

TaxBEN assumes the longest possible period (and, hence, that in couple households, both partners claim the benefit) and accordingly a daily rate of EUR 15.38.

Under the flat-rate childcare allowance scheme, the parent claiming the allowance may earn 60% of their prior income, at a minimum EUR 18,000 per calendar year. The TaxBEN model assumes that the partner earning the least income claims the allowance. Under the childcare allowance account, lone parents and married couples (or partners) on low incomes may apply for a supplementary payment of childcare allowance amounting to EUR 6.06 per day for a maximum time period of 365 days. During the period in which a supplementary payment is received, the person receiving childcare allowance can earn up to EUR 7,800 per calendar year. Concerning married couples/partners there is an income limit for the partner as well: EUR 18,000. The TaxBEN model assumes this supplement is claimed during the first year of the child.

Partner Bonus: Independently of the option chosen, a partner bonus was introduced for births from 1st March 2017. If both parents claim childcare allowance almost equally (50:50 or at most 60:40), a partner bonus of EUR 1,000 (EUR 500 per partner) can be received as a lump-sum payment at the end of the claim period.

Supplements: Further supplements exist for the case of multiple births and for lone parents in case of “hardship”. These options are not modelled in TaxBEN.

4.3.3. *Benefit duration*

See Section 4.3.2.

4.3.4. *Means test*

Definition of income: The following income within the definition of the Income Tax Act (*Einkommensteuergesetz*) is taken into account for the calculation:

- Income from agriculture and forestry (not relevant in TaxBEN),
- Income from independent personal services (not relevant in TaxBEN),
- Income from commercial activities (not relevant in TaxBEN),
- Income from employment: see Section 4.3.7.

4.3.5. *Tax treatment*

The benefit is not taxable.

4.3.6. *Interaction with other components of the tax-benefit system*

Family benefit and unemployment insurance benefits can be received at the same time if the income limit is not exceeded (exception: income-related childcare allowance and unemployment insurance benefits). For further conditions, see Section 2.1.

4.3.7. *Combining benefit receipt and employment/starting a new job*

Under the childcare allowance account scheme, parents may earn 60% of their prior income, at a minimum EUR 18,000 per calendar year. Childcare allowance is reduced by any income above the threshold.

The supplementary payment to childcare allowance under the childcare allowance account is reduced by the excess amount if earnings do not exceed the additional limit plus 15% for both parents. If earnings exceed the additional limit plus 15%, the entire benefit is withdrawn.

4.3.8. *Benefit indexation*

The value of the benefit is adjusted annually. The reference value is the consumer price index (CPI).

4.4. *Climate Bonus (Klimabonus)*

The Climate Bonus was introduced during 2022 and consisted of a direct lump-sum payment to the vast majority of the people living in Austria. A large part of transactions was carried out between July and October 2022 (a final round of payments for the 2022 bonus occurred in early 2023). Starting from 2023, the lump sum will vary on the basis of the municipality, based primarily on the quality of the locally available infrastructure and public transport connections.

4.4.1. *Entitlement and eligibility conditions*

The bonus is granted universally to everyone with at least 6 months of (main) residency in Austria. This includes also children.

4.4.2. *Benefit amount*

In 2022 for each adult, the benefit consisted of EUR 250 base amount, plus EUR 250 of anti-inflation bonus. Children up to 18 years of age received half the amount, meaning EUR 125 of climate bonus plus EUR 125 of anti-inflation supplement.

For 2023, the anti-inflation supplement is discontinued. The base benefit amount in 2023 is EUR 110 per adult, while children up to 18 years of age receive half that amount (EUR 55). Moreover, the climate bonus lump-sum payment is calibrated at the level of the municipality based on quality of available infrastructure and available public transport. The following table summarises how the benefit amount varies across different areas. More information on this benefit is available [here](#) and [here](#).

Category	Description	Amount of the climate bonus
Category 1	Cities with very good infrastructure and public transport (e.g. Vienna, the case modelled in TaxBEN)	EUR 110
Category 2	Cities with good infrastructure and public transport	EUR 150 (EUR 110 base amount + EUR 40 regional compensation)
Category 3	Areas with good basic infrastructure and public transport	EUR 185 (EUR 110 base amount + EUR 75 regional compensation)
Category 4	Rural communities and areas where there are only basic public transport	EUR 220 (EUR 110 base amount + EUR 110 regional compensation)

OECD note: In TaxBEN the rates for Vienna are considered for the Climate Bonus amount. Hence, a family of four people composed by two adults and two dependent children younger than 18 years old receive the following lump-sum amount:

$110 + 110 + 55 + 55 = \text{EUR } 330$

4.4.3. *Benefit duration*

The benefit is a one-off payment occurring in August and October 2022. In February 2023, the individuals who fulfilled the residency requirement of 6 months in the second half of 2022 will receive the bonus for that year. While the anti-inflation supplement is expected to be discontinued, the climate bonus will be continued in 2023

4.4.4. *Means-test*

None.

4.4.5. *Tax treatment*

The EUR 250 for the base Climate bonus are not taxable.

4.4.6. *Interaction with other components of the tax-benefit system*

None.

4.4.7. *Combining benefit receipt and employment/starting a new job*

Cumulation is allowed.

4.4.8. *Benefit indexation*

Due to high inflation, the EUR 250 anti-inflation supplement was added to the benefit amount in 2022 (see section 4.4.2.).

5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **January 1, 2023**.

Percentage of children in childcare centres (including day-care givers) 2021/22:

- 0-2 years: 31,2%
- 3-5 years: 95%
- 6-9 years: 42,6%¹² (including all day schools). Compulsory school-age is 6.

5.1. *Gross childcare fees*

Variable names: `[ATcc_cost]`

To improve social, linguistic and cognitive skills of preschool-children, compulsory child-day-care was introduced for all children at the age of 5 in September 2010. Day-care is provided free of charge for at least 4 hours per day for children of this age throughout Austria. The criteria in detail are fixed by a treaty between the federal government and the federal states.

Additionally, child-care is provided free of charge in the different states as follows: all-day-care for children 0 - 6 years in Vienna and Burgenland, half-day care for children 2,5 - 6 in Lower and Upper Austria, half-day care for children 4 - 6 in Tyrol, the average

¹² This figure refers to kindergarten year 2020/21, which is the most up to date data available.

parental fees for half-day and full-day care for children from 0 to 6 years are refunded in Carinthia.¹³

TaxBEN assumes the family is based in Vienna, and therefore no childcare fees are payable, except the cost of meals, set at a rate of currently EUR 68,23 per month per child under 6.¹⁴

5.1.1. *Discounts for part-time usage*

Not relevant for Vienna.

5.1.2. *Fees indexation*

There are no childcare fees in Vienna. Meal fees are not automatically indexed.

5.2. *Fee discounts and free provision*

See Section 5.1.

5.3. *Childcare benefits for formal centre-based care*

Childcare allowance (*Kinderbetreuungsgeld, KBG*) is a financial support for parents regulated by the Childcare Allowance Act and is a family benefit. All parents are legally entitled to it. In particular, the benefit is paid irrespective of child enrolment in care. In TaxBEN it is therefore modelled as a family benefit (see Section 4.3).

5.4. *Child-care allowance for children not using child care centres*

See Section 5.1.

6. **Employment-conditional benefits**

6.1. *In-work benefit (Kombilohnbeihilfe)*

Variable names: **[IW; IW_p; IW_s]**

The in-work benefit (*Kombilohnbeihilfe*) offers an incentive to take up low-paid or part-time employment to the following groups:

- People who are over 50 years old and either more than 90 days unemployed or unemployed with low employment opportunities due to health impairments or long inactivity (implemented in TaxBEN for unemployed aged 50+ who take up employment);

¹³ Since 2008, the expansion of childcare facilities – especially for children aged up to three years – was enhanced by funding by the federal government. To this end, from 2018/19 to 2026/27, the Federal Government is investing 1.552 billion euros in ECEC.

¹⁴ See <https://www.wien.gv.at/bildung/kindergarten/staedtisches-angebot/fakten.html>. In non-public day-care facilities, fees depend mostly on the family net income (which consists of partners' incomes, family allowance, etc.), the number of carers for children, the number of siblings. The costs vary considerably because they are defined by private child-care-centres and municipalities. Childcare is subsidised by federal states and communities in order to decrease parent's fees. Between 2009 and 2018 the costs for qualified child day care are deductible from the calculation basis for income tax up to the amount of EUR 2,300 per year for each child up to the age of ten years (cp. Section 8.1.1). As TaxBEN does not assume non-public childcare, this is not modelled in TaxBEN.

- People returning to work from parental leave, who are currently unemployed or in PES training (not modelled in TaxBEN);
- Job seekers with lessened work capability for health reasons and who have been unemployed (including PES training) for more than 182 days (not modelled in TaxBEN);
- Unemployed persons after occupational rehabilitation (not modelled in TaxBEN);
- Persons who accept employment for which the way to/from work exceeds a reasonable distance (1h 15min one way by public transport or more than 30km distance with car) (not modelled in TaxBEN).

This measure is an instrument of active Labour Market Policy for unemployed with reduced chances of Labour Market inclusion aiming at the promotion of taking up work and is administrated by the Public Employment Service (AMS) on an individual basis. The allowance can only be granted as a result of a counselling and guidance process.

6.1.1. Eligibility conditions

The employment is required to involve at least 20 working hours per week. For persons, for whom a lower number of hours per week is recommended for reintegration in the labour market (either within the framework of a measure - e.g. fit2work, perspective plan, etc. - or determined by an assessment commissioned by the PES) the working time can be reduced to a minimum of 10 hours per week (not modelled in TaxBEN).

6.1.2. Benefit amount

The amount of the benefit is individually calculated by raising the unemployment benefit or the unemployment assistance by 30%. If the earned income is below this amount, the Public Employment Service (AMS) will pay the difference up to the maximum of 950 € in 2023.

6.1.3. Benefit duration

The maximum duration of benefit receipt is one year. Persons aged over 59 years at the time of the initial granting, persons after occupational rehabilitation or persons affected by a withdrawal of the rehabilitation allowance may apply for a second and third year, which has to be decided and granted again by the Public Employment Service (AMS, not modelled).

6.1.4. Means test

See Section 6.1.2.

6.1.5. Tax treatment

The In-work benefit is not considered as remuneration according to the Austrian Value-Added Tax Act (Umsatzsteuergesetz UStG) and is thus a tax-free benefit.

6.1.6. Interaction with other components of the tax-benefit system

The In-work benefit's amount refers to the assessment basis for the unemployment benefit according to the Austrian Unemployment Assurance Act [§ 21 Abs. 1 Arbeitslosenversicherungsgesetz (ALVG)].

The In-work benefit is considered as an attachable payment according to the Austrian Enforcement Regulation [§ 290a Abs. 1 Z 8 Exekutionsordnung (EO)].

6.1.7. Benefit indexation

No indexation.

7. Social security contributions and payroll taxes

7.1. Social security contributions (Sozialversicherungsbeiträge)

Variable names: [SC; SOCSEC_p; SOCSEC_s; SSCR_p_withoutPT_p; SSCR_p_withoutPT_s]¹⁵

Employee and Employer Social Security Contribution Rates in Austria, 2023

	Ceilings (EUR)		Rates (%)	
	Regular wage per month	Christmas and leave bonus per year	Employee (2)	Employer (3)
Health insurance	5.850	11.700	3.87	3.78
Unemployment insurance	5.850	11.700	(4)	3.00
Pension insurance	5.850	11.700	10.25	12.55
Accident insurance	5.850	11.700	--	1.20
Contribution to the labour chamber	5.850	(1)	0.50	--
Contribution for the promotion of residential building	5.850	(1)	0.50	0.50
Addition to secure wage payments in the case of bankruptcy	5.850	11.700	--	0.1

1. No contributions on Christmas and leave bonus. In Revenue Statistics, the contribution to the labour chamber is accounted under Taxes on Income of Individuals (1110), the total of the contribution for the promotion of residential buildings is included in Taxes on payroll (3000).

2. There is a threshold for employee contributions of EUR 475.86 per month (*Geringfügigkeitsgrenze*).

3. A new program has been introduced as of January 1, 2001 for severance payments ("Abfertigung"). Employers are required to pay 1.53 per cent of gross wages to the Social Health Security Fund ("Krankenkassen") for those whose employment started after that date. It can also apply to taxpayers who started working before 2001 if the employer and employee opt to participate in the new program. This contribution is considered as a non-tax compulsory payments (NTCP). NTCPs refer to compulsory payments made by employers or employees in connection with the employees' labour activity that do not qualify as taxes and social security contributions. See the "[Associated paper: non-tax compulsory payments](#)" to the latest OECD Taxing Wages report for more details on NTCPs. However, these contributions are not generally applicable to all taxpayers since those who started working before 2001 are not obliged to enter the new system so these NTCPs are not included in the calculations.

4. Employees' unemployment insurance rate is reduced for low earnings. On 1 January 2023, it is 0% for monthly earnings up to EUR 1,885, 1% up to EUR 2,056, 2% up to EUR 2,228 and 3% above.

7.1.1. Rates indexation

The indexing of the maximum social security contributions is regulated in §108 and 108a of the [General Social Security Act](#).

The revaluation number of a calendar year according to § 108 paragraph 2 is to be calculated by dividing the average contribution basis of the second previous calendar

¹⁵ Variable names for social security contributions on current income and bonuses are not separately listed.

year (base year) by the average contribution basis of the third previous calendar year (comparison year).

To determine the average contribution basis for a calendar year, the contributions for compulsorily insured persons shown in the income statements of the pension insurance institutions under this federal law, the GSVG, the FSVG and the BSVG, the contribution rates and the annual average number of persons compulsorily insured in the pension insurance system are to be used.

7.2. Payroll taxes (*Dienstgeberbeitrag; Kommunalsteuer*)

Variable name: [PT_p; PT_s]

There are two payroll taxes which are levied on employers for all private sector employees with a monthly gross wage total of more than EUR 1 095: the contribution to the Family Burden Equalisation Fund (*Dienstgeberbeitrag*; 3.7 per cent) and the Community Tax (*Kommunalsteuer*; 3 per cent). The wage-dependent part of the contribution to the Austrian Economic Chamber (listed under heading 1000, taxes on profits, in the *Revenue Statistics*) which is levied, together with the contributions to the Family Burden Equalisation Fund, at different rates depending upon the Länder Chamber (the average rate is approximately 0.4 per cent) is not taken into account. The contribution for the promotion of residential buildings (listed under heading 3000, taxes on payroll, in *Revenue Statistics*) is included in the social security contributions shown above as it is levied by the Health Insurance Companies on monthly income (current) along with the other social security contribution amounts.

7.2.1. Rates indexation

No indexation. The amount of the contribution to the Family Burden Equalisation Fund and the Community Tax is determined by law.

8. Taxes

8.1. Personal income tax (*Einkommensteuer*)

Variable name: [IT; INCTAX_p; INCTAX_s]¹⁶

The tax unit is the individual.

8.1.1. Tax allowances

Work related expenses (*Werbungskostenpauschale*): a minimum allowance of EUR 132 is available to all employees.

Social security contributions (on current income): entirely.

8.1.2. Tax base

Note on the income concept: apart from 12 current monthly payments, Austrian employees usually receive two bonuses of the same amount. Whereas current payments are taxed according to the income tax schedule, there is a special favourable schedule for non-current payments (13th and 14th salary).

¹⁶ Variable names for income taxes on current income and bonuses as well as for tax allowances and tax credits are not separately listed.

8.1.3. Income tax schedule

The tax schedule has a zero-zone up to EUR 11,693 and shows tax formulas for six tax brackets. The effective marginal tax rates resulting from these formulas are:

Income (EUR) up to	Marginal rate %
11 693	0
19 134	20
32 075	30
62 080	41
93 120	48
1 000 000	50
Above	55

There is a special taxation other than the normal tax schedule for Christmas and leave bonus to the extent that their sum does not exceed two average monthly payments (1/6 of current income) or EUR 83 333. If these bonuses before deduction of SSC are below EUR 2 100 per year, no tax is calculated. Otherwise the tax amount is calculated according to the following formula:

Income from Christmas and leave bonus (EUR) up to	Marginal rate %
620	0
25 000	6
50 000	27
83 333	35.75

For bonuses exceeding EUR 2 100 (up to EUR 25 000) per year, the tax-free amount is EUR 2 000 and the tax 30% of the bonus (net of SSC) if this results in a lower tax amount compared to the formula above. This creates a break-even point at EUR 2 345 (i.e. the tax levied on the first EUR 2 345 of bonuses minus the tax-free amount will be the same under both schedules), leading to the following adjusted schedule:

Income from Christmas and leave bonus (EUR) up to	Marginal rate %
2 000	0
2 345	30
25 000	6
50 000	27
83 333	35.75

If income for Christmas and leave bonus exceeds EUR 83,333, the exceeding amount is added to current income and taxed accordingly (marginal rate of 50% or 55%, see above).

8.1.4. Tax credits

Traffic (commuting) tax credit and social security contributions refund: EUR 421. An additional traffic tax credit of 684 Euros applies for earnings up to EUR 16,832, tapered off to zero at EUR 25,774. If after overall tax calculation of current income, the tax amount is negative, a refund of social security contributions applies. The refund amounts to the absolute value of the negative result of the tax calculation for current income, limited to 55% of overall social security contributions paid, respectively EUR 421. If the additional traffic tax credit applies, the maximum amount of negative tax is

increased to 1,105.¹⁷ For commuters with a traffic allowance the maximum amount is EUR 526 (not assumed in TaxBEN).

Sole earner and single parent tax credit for families with children: The sole earner's credit is not given when a spouse's income exceeds EUR 6 312. This tax credit is EUR 520 for one child and increases by EUR 184 for the second and by EUR 232 for the third and every additional child. This tax credit is non-wastable and can be paid out as a negative income tax (in addition to the refund of social security contributions permitted in respect of the traffic tax credit).

Child tax credit: See Section 4.2. .

Family tax credit (*Familienbonus Plus*): As of 1st January 2019, a new family tax credit, the *Familienbonus Plus*, was introduced. The credit is non-refundable and reduces the income tax in its real extent up to EUR 2.000 per year and child below age 18 and EUR 650 per year and child up to the age of 24 if the family receives also *Familienbeihilfe* for this child (Section 4.1, the case of adult children in education is not modelled in TaxBEN). The only exception is the "*Kindermehrbetrag*" which is provided for low incomes when the tax is less than EUR 550 per year and child (before deduction of tax credits). The difference between the appropriate "*Kindermehrbetrag*" and the income tax is paid out. In these cases, the Familienbonus reduces the imposed tax to EUR 0 and payable tax credits are paid out as a negative tax.

Inflation tax credit: in 2022 individuals eligible to the Traffic (commuting) tax credit and social security contributions refund are eligible to receive an extra credit of EUR 500 that is faded out uniformly to zero for current income between EUR 18,200 and EUR 24,500. In case of a negative income tax liability, if the individual is eligible to the inflation tax credit, the refund for 2022 is limited to 70% (rather than 55%) of overall social security contributions paid (max. refundable amount: EUR 1,550). This credit was a one-time measure for 2022, and it was not extended to 2023.

Note on Negative Credits:

The formula for calculating the final "Net tax on current income" (NTCI) is: first, intermediate tax on current income (ITCI) is calculated as Gross Tax on current income minus some credits (sole earner's credit, wage earner's traffic credits, family tax credit). Then:

- If $ITCI > 0$, NTCI is equal to ITCI.
- If $ITCI < 0$, NTCI is the maximum of:
 - ITCI
 - $-0.1 * \text{Employee's SSC} - (\text{Sole earner's tax credit if there are children})$
 - $-110 - (\text{Sole earner's tax credit if there are children})$.

8.1.5. Indexation

From 2023 onwards, a yearly indexation mechanism for personal income tax and social transfers is in force. Two independent economic research institutes will calculate the impact of inflation on PIT revenues. Based on the results, PIT tax bracket thresholds and tax credits will be adjusted to neutralise this impact. Two-thirds of the estimated impact of inflation on PIT revenues will be compensated automatically by adjusting

¹⁷ OECD 2020: Taxing Wages, country chapter Austria.

thresholds and tax credits. The remaining third of the calculated impact volume is redistributed to compensate recipients of income by discretionary measures. The adjustment will be based on the CPI. The average of the monthly inflation rates between July in year t-2 and June in year t-1 will be used to adjust the parameters in year t.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for the Austria in 2023 (see figure below). TaxBEN by default produces the following output: 1) net household incomes (**black line**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (users are free to select many of these circumstances). The model and the related web calculator is accessible from the [project website](#). The figure below shows output for a two-adult family with two children (adults are both 40 years old whereas children are 4 and 6 years old respectively) and four different scenarios:

- By percentage of the average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record (in months), for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas show the following household income components: **GROSS** = gross earnings; **UB** = unemployment benefits; **SA** = social assistance / guaranteed minimum income benefits; **HB** = housing benefits; **FB** = family benefits; **IW** = in-work benefits; **SSC** = social security contributions; **IT** = income tax. Note that these components may be the result of the aggregation of more than one benefit/tax into a composite category. Please refer to the sections above for the benefits/taxes included in each category.

Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes that one adult family member (the so-called ‘second adult’ using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (the so-called ‘first adult’) is employed full-time throughout the entire year at different earnings levels ranging between 0 and 200% of the average wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits (again, e.g. because they have expired) but claiming social assistance or guaranteed minimum income benefits, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x-axis in Panel B measures the time of benefit receipt, starting from the first month. The x-axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit

receipt. In Panel B and D, previous earnings are assumed to be equal to the average wage.

Figure 9.1. Selected output from the OECD tax-benefit model, 2023

Couple with two children



Source: Calculations based on the OECD tax-benefit model.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Austria that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Income-related childcare allowance

Alongside the general eligibility criteria (see Section 4.3.1) for receiving childcare allowance, requirements for the income-related childcare allowance also include 182 days of insurable work without interruption prior to the birth of the child. If both parents take turns in claiming the income dependent childcare allowance, it is granted for a maximum of 426 days from the birth of the child. If only one parent claims it, it is granted for only 365 days from the birth of the child. 61 days are thus reserved for the second parent and non-transferrable. Income-related childcare allowance amounts to 80 percent of the income last earned, max. EUR 66 per day. Under the income-related allowance scheme, parents may only earn additionally EUR 7,300 (since 1.1.2020) per calendar year. Childcare allowance is reduced by the excess amount if earnings of the claiming parent exceed the additional earnings limit (only earnings of the claiming parent are taken into account). The partner bonus described in Section 4.3 may also be claimed when receiving income-related childcare allowance.

Social benefits for families

The Federal Chancellery – Division Family and Youth can provide monetary assistance to families in special emergency situations.

Family Hardship Fund (Familienhärteausgleich)

The Family Hardship Fund provides one-time interim assistance to families or mothers-to-be. Three conditions must be met:

- The family allowance is being drawn for at least one child (or a pregnancy exists).
- An unavoidable event for which the applicant is not responsible led to the financial emergency, e.g. death, illness, disability, work disability, accident or natural disaster.
- The family or mother-to-be cannot cope with the emergency alone even after claiming the benefits or aid to which they or she is entitled under the law.

Only interim assistance can be granted. Ongoing maintenance payments to families cannot be made. No legal entitlement to benefits from the Family Hardship Fund exists.

Family Hospice Leave Hardship Fund (Familienhospizkarenz-Härteausgleich)

Employees and recipients of unemployment benefits and emergency assistance have the legal right to be released from work to accompany and care for dying relatives or severely ill children. They are covered by health and pension insurance for the duration of their family hospice leave.

Moreover, they are legally entitled to care leave benefits if they meet the corresponding requirements.

If the family fails to reach the minimum income level despite care leave benefits, a further supplement is obtainable from the Family Hospice Leave Hardship Fund.

Eviction Prevention (Wohnschirm)

The program *Wohnschirm* (“housing umbrella”) offers subsidies to households having severe problems to pay their rents on the background of high price inflation¹⁸, and who therefore are at-risk-of eviction and homelessness. The related transfers thus follow the goal of preventing evictions and homelessness.

Since January 2023, subsidies can also be granted in case of problems to cover energy costs. Subsidies can be granted for different types of housing-related energy costs, regardless of the type of housing, and both in case of payment arrears and increased advance payments.

Counselling and processing of the programme are carried out by various social NGOs (on behalf of the Federal Ministry of Social Affairs) – under the direction of a social NGO called *Volkshilfe Wien* (Peoples Aid Vienna).

Since benefit depends on specific factors such as the amount of arrear payments or an increase in the advance payments that cause a household to no longer be able to afford their housing, it is not covered by the TaxBEN model.

Eligibility conditions

The targeted population are people living in rented dwellings, who are at risk of eviction and homelessness due to rent arrears, and who are not able to prevent the loss of housing independently with their own resources, taking into account the principle of subsidiarity. The main place of residence of recipients has to be in Austria. There is no explicit income threshold.

Benefit amount

The goal of the measure is to promote a long-term housing perspective either in the current dwelling or in a more suitable dwelling (with costs that can be covered by the household budget; "change of residence"). Therefore, either a subsidy to secure the current dwelling or a lump-sum payment for a change of residence is granted.

The subsidy for securing the current dwelling covers the entire rent arrears existing at the time of the application as well as related other costs (e.g. court and lawyer's fees). The amount of the support for the change of residence is a flat rate of €2.500 for the first person and €500 each additional household member.

Benefit duration

A subsidy either for securing the current dwelling or for moving to a suitable dwelling can be granted once during the duration of the programme.

Means test

There is no explicit income threshold. Every case is evaluated individually, and the availability of own resources is taken into account.

Tax treatment

The benefit is not taxable.

Interaction with other components of the tax-benefit system

None.

¹⁸ The programme was first introduced in order to deal with problems caused by the Covid-19 pandemic, but then got continued and extended due to rising inflation.