AUDITOREA
TAX • ACCOUNTING • AUDIT

Tax news Austria 2020



The maturity of tax deferrals due to a pandemic was automatically extended until 15 January 2021.

Dear clients, we have prepared for you the latest news from the tax, accounting and payroll area in Austria.

1. Declining balance depreciation:

For purchases after 30th of June 2020, a tax-efficient declining balance depreciation of fixed assets will be introduced as an alternative to linear depreciation. In our opinion, the rules also apply to assets outside the corporate sphere (i.e., amongst others, in the case of rent and lease as an individual person).
Tax depreciation may be carried out in decreasing annual amounts according to a fixed percentage, at 30% most, and calculated from the respective (residual) book value. The half-year depreciation rule applies in such a way that if the asset was purchased after 30th of June, solely a depreciation in the amount of the half-year depreciation is entitled. Intangible and used assets, buildings (accelerated linear depreciation is planned for buildings, see below), rental investments, cars and estate cars are excluded from declining balance depreciation. Declining balance depreciation of assets may generally be used in any method of determining profit or loss (Gewinnermittlungsart). When exercising the right to declining balance depreciation, there will be a binding for the following years, but it should be also possible (optionally) to switch to the subsequent linear depreciation of assets in the following years.

Example:
For an investment of EUR 10 000 it will be possible to take into account a tax depreciation of a maximum of 30% in the first year, that means up to a maximum of EUR 3 000. The residual book value after one year therefore remains EUR 7 000. In the second year a tax depreciation of EUR 2 100 (= EUR 7,000 * 30%) is possible.

2. Accelerated linear depreciation for buildings

In case of buildings acquired or constructed after June 30th 2020, the amount of tax depreciation in the first year of inclusion must be three times the statutory percentage of tax depreciation and in the following year twice the legal percentage of tax depreciation. This should be considered as a right regardless of whether the building is used to generate business income or non-trading income (private persons). The semi-annual depreciation rule no longer applies to buildings. As a result, the depreciation period will be reduced by three years.

Non-business buildings or company buildings for residential purposes:

Tax depreciation till now	Tax depreciation for purchase /construction from 1.7.2020 up to
Year 1: 1,5 %	Year 1: 4,5 % (3 times year 3)
Year 2: 1,5 %	Year 2: 3,0 % (2 times year 3)
Year 3: 1,5 %	From Year 3: 1,5 %

Continue to the next page >

AUDITOREA
TAX • ACCOUNTING • AUDIT

Tax news Austria 2020

Buildings in the business sphere, excluding residential buildings (see above):

Tax depreciation till now	Tax depreciation for purchase / construction from 1.7.2020 up to
Year 1: 2,5 %	Year 1: 7,5 % (3 times year 3)
Year 2: 2,5 %	Year 2: 5,0 % (2 times year 3)
Year 3: 2,5 %	From Year 3: 2,5 %

3. Reduction of the first tariff level of personal income tax

Under the progressive tariff system for calculating personal income tax, the rate for the income between EUR 11,000 and EUR 18,000 will be reduced from the current 25% to 20%. This should apply for the whole year 2020. Employers must implement this reduction for 2020 prior to its entry into force, by recalculation within the payroll accounting by the end of September at the latest.

4. Extension of the maximum tax rate

The maximum individual income tax rate of 55% for income components above EUR 1 million should be extended until 2025. The validity of the upper tax rate was originally planned till the end of 2020.

5. Increase of the transportation deduction / Verkehrsabsetzbetrag / and increase of the social insurance bonus / SV-Bonus /

For employees with taxable income of up to EUR 11,000, the transportation deduction between home and place of work is to be increased from a maximum of EUR 300 to EUR 400. Accordingly, the maximum bonus for refunding the social security contributions ("SV-Bonus") will increase from the previous EUR 300 to EUR 400 /so called Negativsteuer/. The transportation deduction as well as increased negative tax may be claimed in the 2020 income tax assessment.

6. Loss carryback

A one-time carryback of the losses generated in 2020 of up to EUR 5 million will be allowed, on request, retrospectively in 2019 and, if this is not possible, under certain conditions retrospectively back in 2018. The possibility of such a loss carrybacks should be available to both natural persons with business income and legal entities.

7. Extension of the maturity of tax deferrals

The maturity of tax deferrals due to a pandemic was automatically extended until 15 January 2021.

Do not hesitate to contact us regarding these issues.

Your Auditorea team

