Chat questions: Webinar taxation system Austria

Double taxation:

Q: In the case for the residence with additional income from another country that is already taxed in that country, what is the limit for the taxable additional income that should be registered?

A: To be checked upfront whether taxation abroad is in line with the treaty (if not, a refund procedure abroad might be initiated). From the Austrian perspective, a threshold of (1) EUR 730,00 applies for income not subject to wage tax (if earned additionally to employment income) and (2) EUR 22,00 for capital income.

Q: If you became a tax resident of Austria part way through the year, do you have to declare employment income from a previous job before you moved to Austria (the first few months of the year)?

A: Employment income earned before having moved and having become tax resident in Austria is not subject to Austrian taxation and need not be declared – neither as taxable income nor as (tax-exempt) progressive income.

Taxes from investment applications:

Q: With the investment in stock market or crypto. Is tax applied when we cash out or when position is closed?

A: For stock market (eg sale of shares): taxable event is the closure = sale of shares, irrespective of when cash is taken out. For crypto, special provisions apply regarding taxability and should be investigated in more details (the taxation rules governing crypto currencies have recently been amended, generally, in the future these will be regarded as capital income subject to taxation at a flat rate of 27.5%.

(Automatic) simplified Austrian income tax return:

Q: For refunds, does the bank account need to be Austrian or can it be e.g. German?

A: Can be a foreign bank account as well (preferably a SWIFT and BIC should be available). But may be technically difficult for certain countries depending on the banking details (eg US).

Q: Does earning 30800 gross mean I will get more netto than if I earn 31200 gross?

A: No, higher gross income entails higher income tax (due to progressive income tax rate) but in general still a higher net.

Q: Can the simplified tax form be used for all eligible deductibles? For example would it be possible to deduct the kindergarden expenses?

A: In general, yes but kindergarden expenses used to be deductible in the past (until tax year 2018), but are covered now by the Family Bonus Plus since tax year 2019. The Family Bonus Plus is claimed via an enclosure to the simplified Austrian income tax return (enclosure L1k to the "Arbeitnehmerveranlagung").

Q: When we get the automated tax assessment is it possible to reject it and not submit a new one?

A: Rejection per se is not foreseen. The right to receive such an automated tax assessment may be waived upfront. Alternatively, if additional income is to be declared or if additional expenses shall be claimed, a (simplified) tax return may be filed also at a later stage before the respective year becomes statute-barred.

Income-related expenses:

Q: Regarding relocation cost: I had to move twice since I was living in an apartment given by my employer with a limited contract - is the second relocation also tax deductible?

A: Usually no (relocation expenses without having to change the place of work usually do not qualify)

Q: Does as double household for single people count family (parents, siblings) at any distance (if home country is e.g. in Asia)?

A: Double household deductions in Austria requires a household at one's availability abroad. Jurisprudence in these questions is rather casuistic, therefore we suggest discussing this question in detail.

Relocation Expenses:

Q: Can the relocation expenses be claimed 4 years after arrival?

A: In case of a voluntary tax return and if you have not yet filed a tax return and received a tax assessment, yes (in such cases, a 5-year term applies).

Home Office:

Q: Just to confirm, if I bought ergonomic office equipment in 2021, I can no longer claim it?

A: See slide 34 of the presentation, expenses for ergonomic office furniture of EUR 300,-(in total) may be claimed in 2020 and 2021.

Church expenses:

Q: How to claim for church contributions? Is it on the base of trust?

A: No, contributions to the Austrian church are reported automatically to the tax office and need not be entered separately (same process as for donations). For foreign church contributions, a different approach applies: Foreign church contributions need to be reported in the form "L1d". Churches and religious societies legally recognised in Austria shall be deemed equivalent to corporate bodies having their seat in a Member State of the European Union or of the European Economic Area which correspond to a church or religious society legally recognised in Austria. You need to have a proof of payment.

Tax credits:

Q: Could you please explain again when it makes sense to split family bonus between parents?

A: The Family Bonus Plus reduces the tax burden directly. Thus, if one spouse has a small income with a respective small tax burden, the tax burden may only be reduced to EUR 0,00 (but cannot lead to a negative tax/a tax credit). As a consequence, it should be checked whether the tax burden of an individual exceeds the amount of Family Bonus Plus.

Health Insurance:

-Q: If you receive a life insurance money or Inheritance money abroad, do you need to declare in Austria?

Life insurance money: may be tricky, depending on the details (term of the insurance, contribution payment terms, whether paid in case of death or also in case of reaching a certain age etc). Inheritance money: inheritance tax has been abolished in Austria in 2007, thus currently not taxable. Depending on the amount however, a notification must be filed with the tax office. We highly recommend checking this in detail with a tax advisor.

Q: Does additional private health insurance count as a "voluntary continued insurance" and can it be claimed as a special expense?

A: Private health insurance contributions can only be considered as special expenses (but with limitations) only if taken out before 2016 and in the Austrian tax return 2020 for the last time. From 2021 on, under current tax rules not deductible anymore.