

# Tax Short Cuts - English

Latest tax news for Austria from EY

## Amendments regarding motor vehicle registration tax, mileage allowance and craftsman bonus

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An initiative application was submitted to the National Council on 3 June 2025 with legislative amendments to implement further projects from the government program. This was passed by the National Council on 16 June 2025.

#### Motor Vehicle Registration Tax Act (Normverbrauchsabgabegesetz)

From 1 July 2025 onwards, only vehicles for passenger transport will be subject to the motor vehicle registration tax (Normverbrauchsabgabe, NoVA) again. Box and flatbed trucks in the class N1 up to 3.5 tons will be exempt from the NoVA. These have only been subject to NoVA since 1 July 2021.

#### Travel expenses regulation (Reisegebührevorschrift)

From 1 July 2025 onwards, the official mileage allowance for motor-assisted bicycles, motorcycles and bicycles will be EUR 0.25 per kilometer (the increase to EUR 0.50 per kilometer has only been in force since 1 January 2025), while it will remain unchanged at EUR 0.50 per kilometer for passenger cars.

#### Craftsman bonus (Handwerkerbonus)

In future, services provided by businesses based or established in an EU or EEA member state will also be eligible (the previous link to Austria is to be dropped due to concerns under European law regarding the freedom of services). Applicants must have a place of residence in Austria.

The amendment can be accessed via the following link (German version only): [https://www.parlament.gv.at/dokument/XXVIII/I/101/fname\\_1691225.pdf](https://www.parlament.gv.at/dokument/XXVIII/I/101/fname_1691225.pdf)



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# Interest rate adjustments

## *Federal Fiscal Code*

On 6 June 2025, the MoF published the decree on the adjustment of interest rates for deferral, late payment, suspension, appeal and VAT interest (2025-0.444.172), which replaces the decree 2025-0.183.205 of 10 March 2025. Due to the reduction of the base rate by the ECB, the Austrian base rate also decreased from 2.03% to 1.53% p.a.

The following interest rates apply as of 11 June 2025:

- ▶ Deferral interest: 6.03% (previously 6.53%)
- ▶ Late payment interest: 3.53% (previously 4.03%)
- ▶ Suspension interest: 3.53% (previously 4.03%)
- ▶ Appeal interest: 3.53% (previously 4.03%)
- ▶ VAT interest: 3.53% (previously 4.03%)

The decree can be accessed via the following link (German version only):  
<https://findok.bmf.gv.at/findok/resources/pdf/ce2c1181-9cf5-4c3a-88d2-d322fcb02e65/83651.1.1.pdf>

# VAT law changes in the People's Republic of China

## *Value Added Tax*

As of 1 January 2026, a comprehensive national value-added tax (VAT) law will come into effect in the People's Republic of China, bringing significant changes for businesses operating in China. Implementation rules will be published throughout 2025 to provide additional clarity and guidance on the specific application regarding the new law.

The key changes include, among others:

- **Cross-border services:** VAT liability generally arises when the service is consumed in China (new primary criterion) or when the supplier is a business established in China; special provisions exist for transactions of financial products.
- **Tax base:** Not only monetary revenues but also non-monetary forms of economic benefits will be considered at market prices.
- **Input tax deduction:** Changes to certain non-deductible items. The deductibility of input tax on loan interest is still unclear.

Furthermore, changes are planned regarding tax rates for bundle of mixed sales and concurrent operations, VAT-exempt supplies, invoice requirements, and VAT credit refund mechanism.

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