

Tax Short Cuts - English

Latest tax news for Austria
by EY

EU Public CBCR: Common Template and Electronic Reporting Formats

Content

- 01 EU Public CBCR: Common Template and Electronic Reporting Formats
- 02 MoF query response on depreciation after withdrawal of a building at book value
- 02 Updated list of favored aircraft operators 2025
- 02 Interest rate adjustments
- 03 DTC Austria-China: Amendments in force
- 04 DTC Austria-New Zealand: Amendments in force

Certain ultimate parent entities, subsidiaries and branches based in Austria are required to submit a Public Country-by-Country Report ("Public CBCR") to the Commercial Register Court for the first time for fiscal years beginning after 21 June 2024, if their consolidated group revenue exceeds EUR 750 million per year (see also our Tax Short Cuts No. 15/2024 of 23 July 2024). This obligation is regulated in the CBCR Publication Act ("CBCR-Veröffentlichungsgesetz"; Federal Law Gazette I No. 83/2024), which implements the Directive 2013/34/EU into Austrian law and, among other things, is intended to increase the transparency of the activities of large multinational companies and the public scrutiny of companies' income tax information.

On 29 November 2024, the European Commission adopted the Implementing Regulation 2024/2952. As provided for in the Directive 2013/34/EU, the Implementing Regulation is aimed at standardizing the presentation of income tax information for Public CBCR by means of a common template and the specification of the mandatory electronic reporting formats (XBRL, XHTML and Inline XBRL).

The Implementing Regulation was published in the Official Journal of the European Union on 2 December 2024 and will apply for fiscal years starting on or after 1 January 2025. It can be accessed via the following link:
http://data.europa.eu/eli/reg_impl/2024/2952/oj

Your EY tax experts are available to discuss any questions and will be happy to assist you in preparing the required Public CbCR.



The better the question.
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MoF query response on depreciation after withdrawal of a building at book value

Income Tax Act

On 8 January 2025, the Federal Ministry of Finance (MoF) published a query response to an inquiry on its website regarding the depreciation of buildings in the case of renting and leasing and, in particular, on the topic of the depreciation schedule after the withdrawal from business assets of a building at book value in accordance with Sec 6/4 Austrian Income Tax Act (EStG).

For further details please refer to our German version of Tax Short Cuts.

The query response of the MoF can be accessed the following link (German version only): <https://www.bmf.gv.at/rechtsnews/steuern-rechtsnews/aktuelle-infos-und-erlaesse/Fachinformationen---Ertragsteuern/Fachinformationen---ESt-KSt/AfA-nach-Gebaeudeentnahme.html>

Updated list of favored aircraft operators 2025

Value Added Tax Act

On 11 December 2024, the MoF published the updated list of favored aircraft operators as of 1 January 2025 (BMF-2024-0.888.408).

The entire list can be accessed via the following link (German version only): <https://findok.bmf.gv.at/findok/resources/pdf/165eb12c-f7dc-4b4c-b553-d1f59bd628dc/83245.1.1.pdf>

Interest rate adjustments

Federal Fiscal Code

The MoF has published the decree on the adjustment of interest rates for deferral, late payment, suspension, appeal and VAT interest (2024-0.893.729) on 16 December 2024, which replaces the decree 2024-0.658.478 of 13 September 2024. Due to the reduction of the base rate by the ECB, the Austrian base rate also decreased from 3.03% to 2.53% p.a.

The following interest rates will apply as of 18 December 2024:

- Deferral interest: 7.03% (previously 7.53%)
- Late payment interest: 4.53% (previously 5.03%)
- Suspension interest: 4.53% (previously 5.03%)
- Appeal interest: 4.53% (previously 5.03%)
- VAT interest: 4.53% (previously 5.03%)

The decree can be accessed via the following link (German version only):
<https://findok.bmf.gv.at/findok/resources/pdf/496fcc39-45bd-4de1-b02d-f0a613f0f922/83263.1.1.pdf>

DTC Austria-China: Amendments in force

DTC Austria - China

The Protocol amending the Double Taxation Convention (DTC) between Austria and China was signed on 14 September 2023 and was published in the Federal Law Gazette III No. 2/2025 on 3 January 2025. The amendments apply to income derived in any taxable year from 1 January 2025.

The main changes include:

OECD-compliant interpretation for transparent legal entities

As part of the Protocol, Austria and China agreed on an OECD-compliant regulation on transparent entities. Accordingly, income derived by or through transparent entities such as partnerships, trusts or investment funds shall be treated as income of a resident of a contracting state, provided that the income is treated as income of a resident of that state for the purposes of taxation by that state.

Prevention of abuse of agreements in the case of dual residency

For legal entities domiciled in both contracting states, residence under treaty law will in future be determined by a mutual agreement procedure between the competent authorities of both states.

Extension of permanent establishment deadline for construction

The previous deadline for the permanent establishment regulation, according to which a building site, a construction, assembly and supervisory activities in connection therewith are to be qualified as a permanent establishment if they exceed six months, was extended to the twelve-month OECD standard with the Protocol.

Withholding tax on dividends

The withholding tax rate for dividends paid to companies directly holding at least 25% of the voting shares and for dividends to the government of the other contracting state or political subdivisions, local authorities thereof, or the central bank of the other state or any entity the capital of which is wholly owned directly or indirectly by the government of the other state was

DTC Austria-China: Amendments in force

reduced from 7% to 5%. The withholding tax rate of 10% for all other dividends remains unchanged.

Amendment of the Interest Article

The Interest Article of the Agreement was adapted with the amendment protocol as follows:

- The general withholding tax rate remains at 10%.
- Interest paid to the other contracting state or political subdivisions, its local authorities, central bank or state-controlled legal entities will be exempt from withholding tax in future.
- In addition, interest paid in connection with sale on credit of any equipment, merchandise or services is also exempt from withholding tax.
- The definition of interest and the determination of the source state will be adapted to the OECD requirements.

Deletion of the Matching-Credit-Provision

This regulation previously provided that a Chinese tax on dividends, interest and royalties could be credited at a flat rate of 10% of the gross dividends or interest income and 20% of the gross royalty amount - regardless of the tax actually levied in China. Apart from this deletion, which leads to an increase in the tax burden in Austria, the methods for avoiding double taxation remain unchanged.

Extended exchange of information

In order to improve tax transparency, the exchange of information between Austria and China has been strengthened.

The protocol can be accessed via the following link:

https://www.parlament.gv.at/dokument/XXVII/I/2196/imfname_1583733.pdf

DTC Austria-New Zealand: Amendments in force

DTC Austria - New Zealand

The Protocol amending the DTC between Austria and New Zealand was published in the Federal Law Gazette III No. 183/2024 on 18 November 2024. For withholding taxes, the amendments apply retroactively from 1 October 2024, for all other taxes from 1 January 2025.

Essentially, the DTC has been adapted to the current standards of the OECD Model Tax Convention (in the current version from 2017). In particular, the following changes must be taken into account:

Changed withholding tax rates for dividends

The withholding tax on dividends was reduced from 15% to 5% if at least 10% of the capital or voting power are held by a company throughout a 365-day period. In certain cases of significant shareholdings (at least 80% of the voting power) held by companies (of listed groups) and a holding period of

DTC Austria-New Zealand: Amendments in force

more than twelve months, the withholding tax rate is reduced to 0%. In all other cases, the withholding tax on dividends remains at 15%.

Expansion of the withholding tax exemption for interest

Interest payments to the Oesterreichische Nationalbank or the Reserve Bank of New Zealand as well as to the Oesterreichische Kontrollbank Aktiengesellschaft or the Oesterreichische Entwicklungsbank Aktiengesellschaft are exempt from withholding tax.

Restrictions on withholding tax for royalties

The existing withholding tax rate of 10% for royalties remains unchanged. However, the scope of application will be restricted to the extent that remuneration for the use of industrial, commercial or scientific equipment is no longer covered.

Other changes include the introduction of a "saving clause" and an arbitration clause for mutual agreement procedures, an update of the definition of a permanent establishment based on the BEPS standard and a tie-breaker rule, as well as the rewording of the preamble.

The regulations on the exchange of information and administrative assistance have also been amended and two anti-abuse provisions have been added.

The protocol can be accessed via the following link:

https://www.ris.bka.gv.at/Dokumente/BgblAuth/BGBLA_2024_III_183/Anlagen_0002_65C34734_979C_4EB3_ABFB_BD336783E1CC.pdf#sig

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