

# Tax Short Cuts

Current tax information for Austria from EY

## Austrian group taxation

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The formation of a tax group within the meaning of Sec 9 Corporate Income Tax Act (Körperschaftsteuergesetz, KStG) is recommendable for financially affiliated corporations to offset profits against losses. Financial affiliation means shareholding of more than 50% and majority of voting rights at the same time. The financial affiliation must exist throughout the entire fiscal year.

For the formation of a new tax group or expansion of a tax group starting with the 2024 assessment - for groups with a balance sheet date of 31 December 2024 - the group application must be demonstrably signed by 31 December 2024 at the latest and submitted to the competent tax office within one month of signing (if the above-mentioned requirements are met).

The inclusion of a foreign affiliate that is currently in a loss-making situation into an Austrian group is worth considering in particular if loss carry-forwards may expire abroad (due to a time limit on loss carryforwards under foreign tax law). Remaining sevenths from write offs prior to the establishment of the tax group remain deductible in the tax group. Foreign corporations may only be included in a tax group if comprehensive mutual assistance with Austria has been agreed with their country of residence.

Foreign losses are to be calculated in accordance with Austrian regulations but can only be utilized in Austria up to the amount of the (non-converted) foreign losses. The offsetting of foreign losses is limited to 75% of the domestic tax group income. Exceeding losses are to be deducted in subsequent years as losses of the group parent that can be carried forward.

## Austrian group taxation

If a new tax group is formed from the 2025 assessment, a review as of the 2024 balance sheet date should be carried out to determine whether there is a need to write down the value of the possible tax group affiliates since write-offs are ineffective for tax purposes while the corporations belong to the tax group. Goodwill amortization is no longer available for the acquisition of affiliates after 28 February 2014. Remaining amortization amounts continue to be deductible.

The dissolution of an existing group in 2024 should be considered if there is a need for a write-off of an affiliate within the group. If group members suffer losses in 2024 that cannot be utilized within the group, the existing group could be (partially) dissolved in 2024 if a future improvement in the earnings situation is expected. Subsequently, with the formation of a new tax group, 100% loss utilization would be possible (no 75% offsetting limit for pre-group losses in the case of group members) in the event of an improvement in results. When dissolving a tax group, it has to be made sure that the minimum holding period of three full years is met, otherwise the group entities will be taxed on a stand-alone basis. When a new tax group is formed, the three-year period starts again.

## Profit allowance 2024

### *Income Tax Act*

Individuals with business income can claim a profit allowance (Gewinnfreibetrag; Sec 10 Income Tax Act (Einkommensteuergesetz, EStG)).

For profits up to EUR 33,000.00 a basic allowance of EUR 4,950.00 is available without any investment requirement. If a taxpayer has several sources of business income, the basic allowance is allocated at the taxpayer's discretion. If this option is not exercised, the basic allowance is allocated in proportion to the profits.

If the profit exceeds EUR 33,000.00 per year, an investment-related profit allowance (maximum EUR 46,400.00) can be claimed, provided that this is covered by the acquisition or production costs of eligible assets acquired in the fiscal year. The profit allowance amounts to 15% up to an assessment base of EUR 33,000.00. For profits from EUR 33,000.01 to EUR 178,000.00, only a profit allowance of 13% is available and for profits from EUR 178,000.01 to EUR 353,000.00 a profit allowance of 7% is available. For additional EUR 230,000.00, 4.5% profit allowance can be claimed. For profits exceeding EUR 583,000.00, no profit allowance is available.

Eligible are investments in depreciable, tangible, unused, fixed assets with a minimum useful life of 4 years. Securities within the meaning of Sec 14/7/4 EStG, provided that they are dedicated to the business (by inclusion in the list of assets) for at least 4 years from the date of acquisition, are also eligible assets.

## Profit allowance 2024

The following investments are not eligible

- ▶ passenger cars,
- ▶ aircraft,
- ▶ low-value assets,
- ▶ assets acquired from businesses that are under a controlling influence, and
- ▶ assets for which the research premium is claimed.

The basic allowance and the investment-related profit allowance are available to each individual only once per assessment year. In the case of partnerships, the basic allowance and the investment-related profit allowance are available in proportion to their share of the profit. If partners have other sources of business income, they are also only entitled to one basic allowance and one investment-related profit allowance per person and assessment year.

The prerequisite for claiming the profit allowance in 2024 is that the eligible investments (acquisition or production) are made in the fiscal year 2024.

## Reminder: Securities coverage for pension provisions

*Income Tax Act  
Corporate Income Tax Act*

At the end of each fiscal year (for standard fiscal years therefore on 31 December 2024), securities coverage amounting to 50% of the previous year's pension provision for tax purposes is required (Wertpapierdeckung). The securities coverage must exist continuously throughout the following fiscal year.

In the event of a shortfall in coverage, even if it is only temporary, the taxable profit for the financial year must be increased by 30% of the securities shortfall.

Securities include, in particular, debentures issued in Euros by domestic debtors. Debentures of issuers in the EU/EEA that are acquired after 30 June 2009 must be issued in Euros (Sec 14/7/4 Income Tax Act). Claims under reinsurance policies also qualify for the coverage, provided that the reinsurance policies invest in accordance with the standards of the Insurance Supervision Act for "traditional life insurance policies" or for investment-oriented life insurance policies and the insurer is in the EU/EEA area.

Furthermore, the securities or claims from reinsurance policies must serve exclusively as collateralization for pension entitlements or pension claims in order to be eligible for coverage. Finally, certain share certificates in pension and real estate funds can also be used for securities coverage.

# CbCR: Notification obligation and transmission of the report

## *Transfer Pricing Documentation Act*

In 2016, the Transfer Pricing Documentation Act (Verrechnungspreis-dokumentationsgesetz, VPDG) introduced new transfer pricing documentation requirements for business entities located in Austria.

Reporting obligations in connection with the Country-by-Country Report (CbCR) result from the VPDG for business entities located in Austria (essentially all companies belonging to a group with or without own legal personality, permanent establishments) that belong to a multinational group of companies and whose total turnover in the previous fiscal year amounted to at least EUR 750 million according to the consolidated financial statements. A CbCR must be prepared for such groups.

The competent Austrian tax office must be notified no later than the last day of the respective fiscal year for which reporting is required ("reportable fiscal year") whether the business entity located in Austria is the ultimate or representative parent company of the multi-national corporate group that submits the CbCR in Austria to the tax authorities. If this is not the case, the competent tax office must be notified of the identity and residency of the reporting business unit.

This notification had to be made for the first time for fiscal years beginning on or after 1 January 2016. For reporting fiscal years beginning after 31 December 2021, a notification is only required if there are changes compared to the notification of the previous year (see margin no. 447 Austrian transfer pricing guidelines 2021).

For reportable fiscal years with a balance sheet date of 31 December, the notification for 2024 must be made by 31 December 2024 at the latest. The term "reportable fiscal year" always refers to the circumstances of the multinational group and not to the circumstances of the individual business unit.

The notification can be made by submitting the "VPDG 1" form (form unchanged from the previous year). This form must be submitted to the competent tax office in paper form. Electronic transmission via FinanzOnline is also possible.

The form can be downloaded under the following link (German version only): <https://formulare.bmf.gv.at/service/formulare/inter-Steuern/pdfs/9999/VPDG1.pdf>

Austrian-based reporting parent companies of multinational groups with a balance sheet date of 31 December must submit the CbCR for the year 2023 electronically via FinanzOnline by 31 December 2024 at the latest. The transmission must be made in XML format.

We are happy to support you in converting the CbCR data into the XML format requested by the tax authorities, which is more comprehensive in terms of content than the requirement according to the VPDG or OECD. EY uses a specially developed tool for the conversion, which converts the corresponding

## CbCR: Notification obligation and transmission of the report

data from lists of account balances or already summarized Excel files into the required XML files ready for dispatch. Both the correct structure of the XML specification and the completeness of the content are guaranteed. For documentation purposes, the transmitted data is also made available as a pdf file or can be graphically evaluated using a risk report.

## Mandatory e-invoicing from 1 January 2025 in Germany

### *Value Added Tax*

The German Federal Ministry of Finance (MoF) finalized the application letter on e-invoicing on 15 October 2024. The staggered introduction of mandatory e-invoices in the B2B sector in Germany starts on 1 January 2025. From this date, e-invoices can be sent without the invoice recipient's consent. This applies to taxable supplies and services in Germany between businesses based in Germany (including permanent establishments in Germany).

Certain tax-free services are exempt. The CEN standard EN 16931 provides for a mandatory invoice format. Alternative electronic data formats remain permissible after consultation with the contractual party, provided that the invoice details can be extracted into a format that corresponds to CEN standard EN 16931 or is interoperable with it. B2B e-invoices will be introduced in the following stages:

- ▶ From 1 January 2025: The e-invoice will generally replace the paper invoice. Businesses must be able to receive e-invoices.
- ▶ 2025/2026: In addition to e-invoices, paper invoices or - with the customer's consent - alternative electronic formats remain permissible, e.g. PDF and EDI invoices.
- ▶ 2027: EDI invoices are still permitted for all businesses. For businesses with a maximum turnover of EUR 800,000 in the previous year, paper invoices or, with the customer's consent, alternative electronic formats are also permitted.
- ▶ From 1 January 2028, all businesses in the B2B sector must issue only e-invoices.

We are happy to support you with a customized workshop on e-invoicing essentials (legal requirements, CEN standard), an analysis of the status quo (structuring of transmission channels, conformity analysis, data field mapping and gap analysis) and further strategic decisions regarding the choice of provider and technology.

With this [survey](#), we support you in paving the way for the implementation of e-invoicing based on your individual situation.

The letter from the German MoF can be accessed via the following link (German version only):

[https://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF\\_Schreiben/Steuerarten/Umsatzsteuer/2024-10-15-einfuehrung-e-rechnung.pdf?\\_\\_blob=publicationFile&v=1](https://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF_Schreiben/Steuerarten/Umsatzsteuer/2024-10-15-einfuehrung-e-rechnung.pdf?__blob=publicationFile&v=1)

# Deadline for energy tax rebate for 2019

## *Energy Tax Rebate Act*

The deadline for applying for the energy tax rebate for 2019 under the Energy Tax Rebate Act (Energieabgabenvergütungsgesetz) ends on 31 December 2024.

Based on the ruling of the Administrative Court (18. December 2019, Ro/2016/15/0041), only manufacturers are eligible to apply for the energy tax rebate.

# Austrian Commercial Code Threshold Adjustment Regulation published

## *Austrian Commercial Code*

The Austrian Commercial Code Threshold Adjustment Regulation (UGB-Schwellenwerte-Verordnung, UGB-SchweVO) was published in the Federal Law Gazette II No. 318/2024 on 20 November 2024. According to the European Commission (Delegated Directive (EU) 2023/2775), the thresholds for balance sheet total and net turnover shall increase due to inflation in recent years. Austria has now adjusted the thresholds accordingly with the UGB-SchweVO.

The regulation is applicable to fiscal years beginning on or after 1 January 2024. The adjusted values are also applicable to observation periods prior to 1 January 2024 for the application of the legal consequences stipulated in Sec 221 and 246 UGB. The thresholds in Sec 221 UGB (threshold values for stand-alone financial statements) increase as follows:

- ▶ **Micro corporations**  
Balance sheet total: up to EUR 450,000 (previously EUR 350,000),  
Net turnover: up to EUR 900,000 (previously EUR 700,000).
- ▶ **Small corporations:**  
Balance sheet total: up to EUR 6.25m (previously EUR 5m),  
Net turnover: up to EUR 12.5m (previously EUR 10m).
- ▶ **Medium-sized corporations:**  
Balance sheet total: up to EUR 25m (previously EUR 20m),  
Net turnover: up to EUR 50m (previously EUR 40m).

Due to the retroactive calculation required, corporations may fall into a smaller category already for 2024.

The thresholds for size-related exemptions in accordance with Sec 246 UGB for consolidated financial statements increase as follows:

- ▶ Balance sheet total (summed up): EUR 30m (previously EUR 24m).
- ▶ Consolidated balance sheet total: EUR 25m (previously EUR 20m).
- ▶ Net turnover (summed up): EUR 60m (previously EUR 48m).
- ▶ Consolidated net turnover: EUR 50m (previously EUR 40m).

## **Austrian Commercial Code Threshold Adjustment Regulation published**

The regulation can be accessed via the following link (German version only):  
[https://www.ris.bka.gv.at/Dokumente/BgblAuth/BGBLA\\_2024\\_II\\_318/BGBLA\\_2024\\_II\\_318.pdf](https://www.ris.bka.gv.at/Dokumente/BgblAuth/BGBLA_2024_II_318/BGBLA_2024_II_318.pdf)

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