

Austrian & International Tax News

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Federal Budget Accompanying Act 2025 published in the Federal Law Gazette

Content

- 01 Federal Budget Accompanying Act 2025 published in the Federal Law Gazette
- 02 DTC Austria-Kuwait: Amendment Protocol signed
- 03 Second MoF FAQ response on the Minimum Taxation Act

The Federal Budget Accompanying Act 2025 (Budgetbegleitgesetz 2025, BBG 2025), which among others amends the Income Tax Act (Einkommensteuergesetz), the Foundation Entrance Tax Act (Stiftungseingangsteuergesetz), the Value Added Tax Act (Umsatzsteuergesetz), the Real Estate Transfer Tax Act (Grunderwerbsteuergesetz), the Federal Fiscal Code (Bundesabgabenordnung), the Gambling Act (Glücksspielgesetz) and the Federal Acts on the Energy Crisis Contribution - Electricity (Energiekrisenbeitrag - Strom) and Fossil Fuels (Energiekrisenbeitrag - Fossile Energieträger), was published on 30 June 2025 in the Federal Law Gazette (Federal Law Gazette I No. 25/2025) (see our [Tax Short Cuts No.10/2025 of 6 May 2025](#)).

Key changes include the abolition of the climate bonus and a tightening of access to the corridor pension. In addition, family allowance (Familienbeihilfe) and other family-related benefits will not be adjusted for inflation for two years. Tax relief measures from the third part of the so-called cold progression will be suspended through 2029. The foundation entrance tax rate increases from 2.5% to 3.5%. A 30% reclassification surcharge is introduced for real estate capital gains tax.

The BBG 2025 brings significant changes to the real estate transfer tax. The shareholder change provision is extended to corporations, the participation threshold is reduced to 75%, and the observation period is extended to 7 years. In the case of unification of shares, the acquiring group is also considered a new taxable entity; the rules are extended to indirect share transfers and the participation threshold is also lowered to 75%. For real estate companies (predominantly generating income through sale, rental, or management of properties), the tax base is the fair market value, and the tax rate is 3.5%. Amendments compared to the government draft provide clarifications regarding unification of shares, transfer of shares and shareholder changes. Further information can be found in our [Real Estate Tax Short Cuts](#) (German version only).



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Numerous other measures have also been implemented. The service fee for the e-card increases and the marginal earnings threshold will be temporarily frozen. In future, recipients of unemployment benefit and unemployment assistance may only earn a small amount of additional income in exceptional cases.

At the same time, some relief measures were adopted. Feminine hygiene products and contraceptives will be exempt from VAT from 2026. The additional deduction for commuters (Pendlereuro) triples. The NoVA exemption for panel vans and flatbed trucks is reintroduced. Finally, the flat-rate operating expenses will be extended and a tax-free employee bonus of 1,000 Euro per year is introduced.

The full text of the BBG 2025 can be accessed via the following link: [BBG 2025 - Bundesgesetzblatt](#) (German version only)

DTC Austria-Kuwait: Amendment Protocol signed

DTC Austria - Kuwait

On 17 June 2025, a Protocol amending the Double Taxation Convention (DTC) concluded on 13 June 2002 between Austria and Kuwait was signed.

Withholding tax on dividends

Until now, the DTC did not provide for any WHT rights on dividends. The Protocol introduces a 10% WHT for portfolio dividends. The source state continues to have no taxing rights if the beneficial owner is a company (but not a partnership) that directly holds at least 10% of the dividend-paying company, or if the other state itself, one of its territorial authorities, or a government entity is the beneficial owner.

Credit method

Austria will avoid double taxation in the future by means of the credit method instead of exemption.

Extensions in exchange of information

The new regulation on the exchange of information extends the previous standard. In future, the contracting states can exchange information not only for the purposes of the agreement, but also for taxes of any kind that are levied by a contracting state or its local authority.

Modern anti-abuse clause

Benefits under the agreement will not be granted if a structure or transaction is mainly designed to obtain those benefits. An exception applies only if it is proven that the benefit corresponds to the intent and purpose of the agreement despite these circumstances.

Regulation on minimum taxation

The Protocol to the Agreement will be supplemented by a paragraph clarifying that the contracting states are not prevented from applying national laws on minimum taxation of multinational enterprise groups that are in line with the internationally recognized GloBE model rules.

Ratification by both contracting states and entry into force remain to be seen.

DTC Austria-Kuwait: Amendment Protocol signed

The entire protocol can be accessed via the following link: [Protocol Austria - Kuwait](#)

Second MoF FAQ response on the Minimum Taxation Act

Minimum Taxation Act

On 27 June 2025, the Austrian Ministry of Finance (MoF) published additional FAQ responses regarding certain aspects of the Minimum Taxation Act (Mindestbesteuerungsgesetz, MinBestG). In the FAQ process, questions of doubt regarding MinBestG are submitted to the MoF by the Austrian Chamber of Tax Advisors and Auditors (KSW), which are answered by the MoF and published along with explanations from the KSW and the MoF's responses on the MoF's website.

The second round of these responses has now been published on the MoF website and includes for example answers to the following topics:

1. Restructurings, particularly the scope of the regulations on mergers and demergers, as well as relevant financial years and the application of thresholds (Sec 58 MinBestG),
2. Joint Ventures (Sec 60 MinBestG), and
3. Transitional provisions and deadlines for submitting the minimum tax report (GIR), as well as procedures for the exit of the last Austrian constituent entity (Sec 76, 80, 81, and 84 MinBestG).

The responses reflect the current legal opinion of the MoF and have been published subject to any deviations due to future OECD documents and information. Later administrative guidelines or versions of the commentary adopted by the OECD/G20 Inclusive Framework on BEPS must be considered for the interpretation of MinBestG.

Your EY tax experts are available at any time to discuss questions of doubt. We are happy to submit your questions as part of the FAQ process.

The response can be accessed via the following link: [FAQs MinBestG \(Part 2\)](#)

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