

# Austrian Tax News

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## Increased investment allowance from November 2025

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For fixed assets acquired or manufactured after 31 December 2022, an investment allowance (Investitionsfreibetrag, IFB) of 10% of the acquisition or production costs (15% IFB in the area of greening) of up to EUR 1m (therefore IFB of EUR 100,000 or Eco-IFB of EUR 150,000) can be deducted additionally for tax purposes.

In accordance with the [Resolution of the National Council of 15 October 2025](#) (German version only), the IFB for acquisition or production costs will temporarily increase to 20% between November 2025 and December 2026 in order to promote new investments and stimulate the economy. The Eco-IFB will increase from 15% to 22%. The acquisition or production costs remain capped at EUR 1m per fiscal year. For the months of November and December 2025, the basis for the increased IFB is only available pro rata. If the investments in November and December 2025 exceed the pro rata basis, the lower IFB rate for 2025 can be claimed for the difference. Alternatively, the difference can be carried forward to 2026.

It is not a prerequisite for the increased IFB that the acquisition or production starts or ends in the eligible period. For November and December 2025, it should be noted, that if production (or acquisition) started before this date, a temporal distinction must be made, which must be proven by the taxpayer upon request. If production (or acquisition) is completed after 31 December 2026, the IFB must already be claimed for the capitalized partial amounts attributable to the preferential period.

The following requirements must generally be met to claim an IFB:

- Operating income and attribution to a domestic permanent establishment;
- Depreciable fixed assets (tangible assets, as well as intangible assets from the areas of digitalization, greening and health/life sciences);
- Useful life of at least 4 years;



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- No used assets;
- Disclosure in the tax return and in the asset register for the respective assets.

The further legislation remains to be seen.

## Tax Amendment Act 2025 - ministerial draft

### *Tax Amendment Act 2025*

On 17 October 2025, the MoF published the [Ministerial Draft of the Tax Amendment Act 2025](#) (Abgabenänderungsgesetz 2025; German version only). The review period ends on 3 November 2025.

The draft provides the following significant amendments, among others:

#### **Income Tax Act (Einkommensteuergesetz, EStG)**

- The inflation adjustment for 2026, which is limited to two-thirds by the Budget Accompanying Act 2025 (Budgetbegleitgesetz 2025), shall be included in the EStG in accordance with the Inflation Adjustment Regulation 2026 (Inflationsanpassungsverordnung 2026). Accordingly, the income tax rate for the first EUR 13,539 is 0% and 50% for income above EUR 104,559.

#### **Minimum Taxation Act (Mindestbesteuerungsgesetz, MinBestG)**

- The EU Directive 2025/872 on the mandatory automatic exchange of information from the top-up tax information return (DAC9) shall be implemented into national law and the implementation of administrative assistance based on the multilateral agreement between Austria and other countries that are not EU member states shall be regulated.
- Furthermore, numerous clarifications and simplifications based on the administrative guidances published by the OECD in the meantime shall be incorporated into the MinBestG. With the MinBestG-Implementation Regulation (MinBestG-Durchführungsverordnung), which was also published for review, a draft of the standard template for the top-up tax information return or in OECD terms GloBE Information Return (GIR) was published, and the modalities for submitting the GIR and the various notifications under the MinBestG shall be specified.

#### **Value Added Tax Act (Umsatzsteuergesetz, UStG)**

- The cross-border small business exemption shall not apply to entrepreneurs who operate their businesses in Northern Ireland. Furthermore, regarding the cross-border small business exemption, sales made in Northern Ireland shall not be considered when calculating the EU-wide annual turnover threshold.
- In accordance with the ECJ ruling dated 1 August 2025 (C-794/23), no VAT liability shall arise pursuant to Sec 11/12 UStG when issuing an invoice to end consumers. In the case of invoices to entrepreneurs, incorrectly stated

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VAT within the meaning of Sec 11/12 UStG shall continue to be payable by virtue of the invoice, regardless of whether the receiving entrepreneur is entitled to deduct input tax.

## Federal Fiscal Code (Bundesabgabenordnung, BAO)

- The turnover threshold for the jurisdiction of the Tax Office for Large Enterprises (Finanzamt für Großbetriebe) has been EUR 10m since 1 January 2021 and shall increase to EUR 12.5m from 1 January 2026. The provision shall enter into force on 1 January 2026, which is expected to result in the transfer of around 700 taxpayers to the Tax Office Austria (Finanzamt Österreich).
- Submissions via email will remain irrelevant. The submission of applications via fax (e-fax) shall no longer be permitted from 1 January 2027, as it is not possible to identify the applicant in this way.

For further details on other amendments please refer to the German version of this [article dated 21 October 2025](#).

The further legislation remains to be seen.

## MoF: information on the applicability of reverse charge for construction services for connection fees

### *Value Added Tax*

In a response to an inquiry dated 6 June 2025, the Austrian MoF clarified that, in principle, connection fees charged by an Open Access Provider (OAP) do not fall under the construction services reverse charge mechanism pursuant to Sec 19/1a of the Austrian VAT Act (Umsatzsteuergesetz, UStG), although the classification of the service as a construction service must be assessed on a case-by-case basis.

The facts underlying the inquiry concerned an OAP that charges homeowners connection fees for establishing a house connection. The MoF was asked whether this constitutes a construction service pursuant to Sec 19/1a UStG and, if so, whether the OAP qualifies as a business that typically provides construction services under the same provision.

The MoF explained that connection fees, such as those for heating connections, are typically considered remuneration for construction services, unless they involve only minor work, such as in the case of fiber optic connections. The classification of the service as a construction service depends on the scope of work in the specific case, which is why no general assessment can be made for the scenario described.

According to margin number 2602d of the Austrian VAT Guidelines (Umsatzsteuerrichtlinien) it can be assumed for simplification that as to connection fees a utility company was not commissioned to perform construction services, meaning the reverse charge mechanism does not apply.

## **MoF: information on the applicability of reverse charge for construction services for connection fees**

To determine whether a business qualifies as one that typically provides construction services under Sec 19/1a UStG, an average assessment of turnover over the past three years must be made. If such an average assessment is not possible, a forecast must be provided by the company. If the company communicates this forecast to the tax office, it remains valid even if it later proves to be incorrect after the end of the assessment period.

The MoF concluded that, although no final assessment of the service as a construction service can be made in this specific case, the absence of the other criteria under Sec 19/1a UStG means that the reverse charge mechanism does not apply.

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