# Austrian Tax News

**Latest tax news by EY**

## Austrian group taxation 2025

Content



For corporations with balance sheet date 31 December 2025 it is advisable to review at the end of 2025 whether a tax group for CIT purposes (Sec 9 Corporate Income Tax Act (Körperschaftsteuergesetz)) should be formed or changed. The formation of a tax group 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 2025 assessment - for groups with a balance sheet date of 31 December 2025 - the group application must be demonstrably signed by 31 December 2025 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.

If a new tax group is formed from the 2026 assessment, a review as of the 2025 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 2025 should be considered if there is a need for a write-off of an affiliate within the group. If group members suffer losses in 2025 that cannot be utilized within the group, the existing group could be (partially) dissolved in 2025 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 2025

*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 taxpayers have 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.

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 2025 is that the eligible investments (acquisition or production) are made in the fiscal year 2025 and that the investments are reported either in the asset register (the asset file) or in a separate register.

For assets that are used to cover an investment-related profit allowance, the investment allowance pursuant to Sec 11 EStG (Investitionsfreibetrag) cannot be claimed.

# Reminder: Securities coverage 2025 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 2025), 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 fiscal 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. 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 resident 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 2025: 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.

# CbCR 2025: Notification obligation and transmission of the report

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 EUR 750 million or more according to the consolidated annual 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 multinational 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 2025 must be made by 31 December 2025 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 electronically via FinanzOnline or in paper form.

The form can be downloaded under the following link (German version only).

Austrian-based reporting parent companies of multinational groups with a balance sheet date of 31 December must submit the CbCR for the year 2024 electronically via FinanzOnline by 31 December 2025 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. EY uses a specially developed tool for the conversion, which converts the corresponding data e.g. from 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.

# Austrian Supreme Administrative Court on income attribution in the case of retroactive combinations

*Reorganization Tax Act*

Sec IV Austrian Reorganization Tax Act (Umgründungssteuergesetz, UmgrStG) allows for the tax-neutral establishment and expansion of partnerships (Mitunternehmerschaften) as well as changes in partnership ownership structures when qualifying assets (businesses, parts of a business, partnership interests) are transferred.

The Austrian Supreme Administrative Court (Verwaltungsgerichtshof, VwGH) ruled on 7 October 2025 (Ro 2024/15/0002, German version only) that income generated during the retroactive period of combinations pursuant to Sec IV UmgrStG is to be attributed for tax purposes only to those parties who transfer qualifying assets within the meaning of Sec 23/2 UmgrStG. Parties participating in a retroactive combination with non-qualifying assets (in particular funds) cannot participate in the income generated by the partnership (or by the parties contributing qualifying assets) during the retroactive period, but they remain the (sole) attributable subject of any income generated from non-qualifying assets during this period (if applicable). This changes the decades-long administrative practice for retroactive combinations under Sec IV UmgrStG.

In its query response dated 26 November 2025 (German version only), the MoF stated that the legal view expressed in the ruling applies only to combination agreements concluded on or after 5 November 2025. To protect good faith, it can be assumed (outside the specific case) that the previous administrative practice will continue to apply to combination agreements concluded before 5 November 2025.

# MoF: Query response regarding employee bonus 2025 published

*Income Tax Act*

In its query response dated 10 October 2025 (German version only) the MoF answered numerous practical questions on objective, business-related differentiation regarding the employee bonus 2025 (Mitarbeiterprämie). Under Sec 124b/478 Austrian Income Tax Act (Einkommensteuergesetz), in calendar year 2025, employers have the option of granting a tax-free employee bonus of up to EUR 1,000 per employee for objective, business-related reasons, provided that this is an additional payment that has not usually been granted in the past.

The bonus must be granted in addition to and may not replace any existing performance agreement. Tax-free payment is possible until 15 February 2026. A one-time payment provided for in the collective agreement may also be eligible for an employee bonus.

# MoF: Electricity price 2026 for charging emission-free motor vehicles

*Non-Cash Remuneration Ordinance*

The MoF annually publishes the electricity price applicable for the following year, up to which employers can reimburse their employees for the costs of charging an emission-free employer-owned motor vehicle, which is also available for private use, at a non-public charging station, provided that the amount charged can be verifiably attributed to the motor vehicle, without having to declare this as income.

According to the MoF decree 2025-0.856.956 (German version only) published on 24 October 2025 and the Non-Cash Remuneration Ordinance (Sachbezugswerteverordnung), the electricity price for 2026 is set at 32.806 cents/kWh (2025: 35.889 cents/kWh).

If the private charging facility used to charge the employer-owned motor vehicle is not able to verifiably allocate the amount charged to this motor vehicle, employers can still reimburse employees a tax-free amount of up to EUR 30.00 per calendar month in 2025 (Sec 8/9/2 Non-Cash Remuneration Ordinance).

# Deadline for energy tax rebate for 2020

*Energy Tax Rebate Act*

The deadline for applying for the energy tax rebate for 2020 under the Energy Tax Rebate Act (Energieabgabenvergütungsgesetz) ends on 31 December 2025.

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

# BEFIT – EU Parliament approves proposed Directive on EU corporate taxation

*BEFIT Directive*

The aim of the BEFIT Directive (Business in Europe: Framework for Income Taxation) is to create a cross-border tax group and a common tax base for groups of companies with annual combined turnover of EUR 750 million or more. For groups, the regulations are intended to simplify tax compliance and to reduce administrative burdens.

On 13 November 2025, the EU Parliament approved the EU Commission's proposal from 2023 and also proposed amendments, such as a presumption rule for the existence of a permanent establishment, the non-deductibility of certain license fees and the possibility of accelerated depreciation for certain

investments in the climate and social sectors. According to the EU Parliament's report, implementation into national law by 2028 is proposed.

For this EU corporate taxation to enter into force, a unanimous decision by the EU Council would be required. It remains to be seen whether such a decision will be made. In any case, the Directive would lead to a far-reaching change in international corporate tax law within the EU.

**Overview of the BEFIT Directive**

The BEFIT regulations apply if the ultimate parent company of a large group (group turnover of EUR 750 million or more) directly or indirectly holds at least 50% of the group members or has profit-sharing rights in the corresponding amount. Voluntary application would be possible for smaller groups of companies. Groups whose ultimate parent company is based in a third country should only be included with their EU-based companies and EU permanent establishments, provided that certain materiality thresholds are met. To avoid double taxation, the respective national corporate income tax law should no longer apply if a BEFIT group falls within the scope of the Directive.

The basis for calculating the group tax base are the results of the group members, which are adjusted using "BEFIT Book-to-Tax-Adjustments". The preliminary BEFIT tax results of the group members are then aggregated to form the BEFIT tax base for the group. In this context, cross-border loss relief and a loss carry-forward for five years are also planned.

The BEFIT tax base is to be allocated to the eligible group members in the EU Member States. The result allocated to the BEFIT group member is subject to further post-allocation adjustments in the country of residence (e.g., loss deductions under domestic law). Member States may provide for additional adjustments at this level.

For BEFIT groups, simplifications are intended in relation to intra-group transfer pricing within the BEFIT group and for other affiliated companies. This means that the tax authorities will not review transfer prices in certain risk-free cases. As a further simplification, it is envisaged that Member States will no longer levy withholding taxes on transactions between BEFIT group members.

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