

Austrian Tax News

Latest tax news by EY

Tax exemption for holiday pay and overtime premiums 2026

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On 18 February 2026, an [amendment to the Austrian Income Tax Act](#) (Einkommensteuergesetz; (German version only)) was published in the Federal Law Gazette I No. 4/2026, which introduced a tax exemption for holiday pay and amended the tax exemption for overtime premiums (Überstundenzuschläge). The amendments are applicable starting 1 January 2026.

Starting with 2026 - in addition to dirt, hardship and danger allowances (Schmutz-, Erschwernis- und Gefahrenzulagen), premiums for Sunday, holiday and night work, and overtime premiums related to such work - holiday pay is also tax-exempt up to a total of EUR 400 per month.

Based on a [decision by the Austrian Federal Fiscal Court](#) (19 December 2024, RV/3100544/2017 (German version only)), holiday pay had to be treated as taxable income as of 1 January 2025 (see also the [MoF response from 2 April 2025](#); German version only). This issue is now resolved with this amendment.

In addition, in 2026, overtime premiums for the first 15 hours per month, amounting to a maximum of 50% of the base pay, but no more than EUR 170 in total, are tax-exempt.

Employers must implement these changes for their employees for payroll periods beginning after 31 December 2025 by means of a recalculation (Aufrollung) as soon as possible but no later than 31 May 2026, provided the technical and organisational conditions allow it.

Furthermore, the deadline for converting virtual company shares into start-up employee participations (Star-Up-Mitarbeiterbeteiligungen) has been extended until 31 December 2026.



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Sustainability Reporting Act published in the Federal Law Gazette

Sustainability Reporting Act The [Sustainability Reporting Act](#) (Nachhaltigkeitsberichtsgesetz, NaBeG; German version only) was published on 18 February 2026 in the Federal Law Gazette I No. 6/2026. The NaBeG implements the EU Corporate Sustainability Reporting Directive (CSRD) for the first wave of large companies into Austrian law and brings related changes to financial reporting obligations.

For an overview of the key provisions, please refer to our [Austrian Tax News from 16 February 2026](#).

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