

Austrian Tax News

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Draft bill on incentivizing work beyond retirement age starting 1 January 2027

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On 17 April 2026, the MoF published a [draft legislative package](#) (German version only) aimed at incentivizing employment beyond the retirement age for public consultation until 22 May 2026. The proposed measures are intended to encourage older individuals to continue to work and to mitigate labor shortages resulting from demographic developments.

Under the proposed regulations, taxpayers who have reached the statutory retirement age and continue to work shall be entitled to a tax exemption (activity exemption) of up to EUR 1,250 per month, capped at EUR 15,000 per calendar year. The exemption is intended to apply both to individuals who defer their retirement beyond the statutory retirement age and to those who receive an old-age pension while continuing to work.

For taxpayers who earn active income alongside an old-age pension (additional earners), entitlement to the activity exemption shall be subject to a minimum number of pension insurance months (for men: at least 480 insurance months (40 years); for women: at least 408 insurance months (34 years), to be increased annually by twelve months until it likewise reaches 480 insurance months by 2033). Eligible income is limited to income from active self-employed or employed activities. The activity exemption may already be taken into account in the course of ongoing payroll accounting.

Individuals who defer their pension claim beyond the statutory retirement age, as well as individuals who continue to work while receiving an old-age pension, shall no longer be required to pay the employee contribution to obligatory pension insurance, while the employer's contribution must still be paid. This measure is intended to apply to both employed and self-employed persons. At the same time, the special additional insurance for gainfully employed retirees shall be abolished starting 1 January 2027.



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Furthermore, employers in sectors with a below-average employment share of individuals aged between 60 and 64 shall receive annual information on available support measures and incentives for the employment of older workers.

The proposed measures shall be evaluated in 2030, in particular with regard to effects on the employment of older persons, different income groups and budgetary impacts.

Further developments in the legislative process remain to be seen.

Industrial electricity bonus for energy-intensive companies: application now open

Industrial electricity bonus On 13 April 2026, the application for the industrial electricity bonus under the [Location Safeguarding Act 2025](#) (Standortabsicherungsgesetz, SAG 2025; German version only) for 2025 was opened for companies with an annual electricity consumption exceeding 1 GWh. Applications can be submitted provisionally until 13 October 2026 and are subject to state-aid approval by the European Commission, which is still pending.

The industrial electricity bonus is available to particularly energy-intensive companies in legally defined sectors and can compensate up to 75% of indirect CO₂ costs in the form of a direct subsidy. The industrial electricity bonus is based on the EU Emissions Trading Directive. The annual subsidy volume for 2025 and 2026 amounts to EUR 75 million each year; in the event of oversubscription, all applications will be reduced on a pro rata basis. It is expected that around 60 companies will apply for the industrial electricity bonus.

The subsidy will be administered by Austria Wirtschaftsservice Gesellschaft mbH (aws). Applications must be submitted exclusively via the aws subsidy manager.

In addition, [preliminary subsidy guidelines](#) were published as relevant basis for submitting applications until the final state-aid approval by the European Commission. Amendments resulting from the EU approval procedure are expressly reserved.

Eligible to apply are companies from certain legally defined sectors, including, among others, the steel and metal industry, paper and glass fiber production, plastics and industrial gases. The eligible sectors are defined via NACE codes and specified in more detail in annex 1 to the SAG 2025. The following additional requirements must, among others, be met:

- The state-aid maximum thresholds must not be exceeded, even in combination with other public subsidies.
- A valid energy audit in accordance with the Federal Energy Efficiency Act (Energieeffizienzgesetz) must be available.
- The company commits to implementing energy efficiency measures identified in the energy audit or other technically and economically feasible decarbonisation and climate protection measures within 60

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months of the subsidy being granted, provided that the investment costs have a payback period of no more than five years.

- For subsidies of indirect CO₂ costs for the 2026 calendar year, the affected products must not fall within the scope of the carbon border adjustment mechanism (CBAM).
- The subsidized installation must continue to operate at the site for at least three years after the subsidy is granted.
- In exceptional cases, employment-related measures must be designed in a socially acceptable manner in order to contribute to safeguarding employment at the site.

80% of the subsidy amount received must be reinvested within 60 months in energy efficiency, decarbonisation or climate protection measures, whereby at least 50% of these reinvestments must be allocated to energy efficiency measures.

In addition, confirmation by a certified public accountant or tax advisor is required regarding the correctness of the information provided.

Applications for the 2026 subsidy year are expected to be submitted between 1 January 2027 and 30 June 2027.

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