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Austrian Tax News

Latest tax news by EY

Double budget 2027/2028 – planned tax changes

Content

On 28 April 2026, the Austrian federal government announced several planned measures in preparation for the double budget for 2027/2028. The primary objective is to exit the EU excessive deficit procedure while at the same time implementing selected growth-oriented measures. The legislative proposals are expected to be finalized by early June 2026.

The following tax-relevant measures have been announced so far:

- As of 2028, employer contributions to the Family Burden Equalization Fund (Familienlastenausgleichsfonds, FLAF) shall be reduced from 3.7% to 2.7%. This measure is expected to result in annual costs of approximately EUR 2 billion. As part of the counter-financing, the existing FLAF contribution exemption for employees aged over 60 shall be abolished.
- The corporate income tax rate of 23% shall increase to 24% for taxable profits exceeding EUR 1 million.
- The current non-cash remuneration exemption for emission-free company cars that are privately used shall be abolished and replaced by the introduction of a (reduced) taxable non-cash remuneration. The possibility to deduct input VAT shall remain unaffected.
- The temporary increase in the bank levy (Bankenabgabe) shall be extended by three years.
- The government has stated that there shall be no wealth or inheritance tax; an increase of the land tax (Grundsteuer) is not being considered.

For further announced changes, please refer to the German version of the article.

The announced measures have not yet been set out in detail in legislative form. The budget speech of the Federal Minister of Finance is scheduled for 10 June 2026. We will keep you informed of further developments in due course.

Draft bill: amendments regarding income tax, VAT, financial criminal law, stamp duties and account registry law

Income Tax Act
Value Added Tax Act

The MoF has submitted a draft bill (German version only) to the Austrian Parliament proposing amendments to the Austrian Income Tax Act (Einkommensteuergesetz, EStG), VAT Act (Umsatzsteuergesetz), Financial Criminal Law Act (Finanzstrafgesetz), Stamp Duty Act (Gebührengesetz) and Account Registry and Access Act (Kontenregister- und Konteneinschaugesetz). The public consultation period ends on 8 May 2026. The proposed key tax measures include the following:

- **Employee bonus 2026:**
  For the period from July to December 2026, employers shall again be able to grant a tax-free employee bonus of up to EUR 500 per employee (2025: up to EUR 1,000), provided that the bonus is based on a collective agreement or a comparable salary-determining scheme. The bonus must constitute an additional payment that has not usually been granted in the past.
- **Exit taxation – recurring notification requirement:**
  For exit taxation applicable to individuals within the scope of the non-assessment regime under Sec 27 EStG, a recurring notification requirement shall be introduced if the relevant income exceeds EUR 100,000. Failure to comply with this notification obligation shall trigger the assessment of the deferred tax liability. In addition, a one-off notification requirement shall apply to existing cases of non-assessment and must be fulfilled by 31 December 2026.

For further major announced changes, please refer to the German version of the article.

Income Tax Guidelines – Maintenance Decree 2026

Income Tax Act

On 21 April 2026, the MoF published the Income Tax Guidelines - Maintenance Decree 2026 (2026-0.265.879, German version only), taking into account current case law and legal changes since the last amendment in May 2025.

Please refer to our German version of the article for an overview of the main changes.

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