

Austrian Tax News

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Budget Measures Act 2026 published in the Federal Law Gazette

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On 30 June 2026, the Budget Measures Act 2026 (Budgetmaßnahmengesetz 2026) was published in the [Federal Law Gazette I No. 43/2026](#) (German version only) and thereby entered into force. Among other measures, the Act introduces a recurring notification requirement for exit taxation within the scope of the non-assessment regime, as well as a tax-free employee bonus 2026 of up to EUR 500. For the draft bill, see our [tax news dated 11 May 2026](#).

For exit taxation within the scope of the non-assessment regime, a recurring notification requirement has been introduced, along with a one-off notification requirement for existing cases of non-assessment, which must be fulfilled by 31 December 2026. Both requirements apply where the relevant income exceeds EUR 100,000.

In addition, for the period from July to December 2026, employers may grant a tax-free employee bonus of up to EUR 500 per employee as an additional payment, provided that the bonus is based on a collective agreement or a comparable salary-determining scheme. The exemption applies only to wage tax. There is no exemption for social security contributions, ancillary wage costs and contributions to the company pension fund.



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European Commission proposes direct tax simplification package

Corporate Income Tax Act
Income Tax Act

On 24 June 2026, the European Commission published a proposal for a Council Directive simplifying the Union framework on direct taxation ([Tax Omnibus](#)). The proposal aims to simplify the existing rules in the field of direct taxation and, in particular, to align them with the global minimum taxation rules. The following amendments are of particular relevance:

Parent-Subsidiary Directive

The current minimum holding requirement of 10% for the withholding tax exemption on profit distributions shall be removed. Going forward, profit distributions between companies resident in different EU Member States shall be exempt from withholding tax irrespective of the level of participation. In addition, the exemption shall also apply to distributions to certain pension funds.

Prior authorization or administrative procedures shall be removed. Instead, taxpayers shall self-assess whether the conditions for the exemption are fulfilled, subject to ex post controls by the tax authorities. National anti-abuse rules remain applicable. The option for Member States to deny the deduction of charges relating to a participation shall be restricted to participations in subsidiaries of at least 10%.

Interest and Royalties Directive

The withholding tax exemption for interest and royalty payments between companies resident in different EU Member States shall likewise be granted irrespective of the level of participation. The current minimum holding requirement of 25% shall be removed. As a consequence, the scope of the Directive would extend beyond intra-group payments. Prior authorization or administrative procedures shall be removed.

Where such payments are not subject to taxation at the level of the recipient, the source Member State shall either levy withholding tax on the payment or deny its deductibility for tax purposes.

FASTER Directive

The procedures under the FASTER Directive shall be aligned with the envisaged amendments to the Parent-Subsidiary Directive and the Interest and Royalties Directive. This is intended to enable improved and accelerated access to withholding tax relief and refund procedures.

Anti-Tax Avoidance Directive

Controlled foreign companies (CFC): Multinational enterprise (MNE) groups within the scope of Pillar Two shall be exempt from the CFC rules.

Interest limitation rule: The 30% EBITDA threshold for tax deductibility shall become uniform and mandatory. Interest on loans from third parties shall be excluded from the scope of the interest limitation rule, provided that the funds are used to fund the borrowing taxpayer's own activities and not forwarded within the group. The safe harbour of EUR 3 million shall be made mandatory and indexed annually to inflation. The standalone entity exclusion shall be removed. A new safeguard shall apply for tax periods in which EBITDA decreases by at least 50% compared to the prior year.

European Commission proposes direct tax simplification package

Research and development allowance: A new tax incentive shall be introduced for certain investments in research and development. The relevant expenditure may be deducted either in full in the tax period in which it is incurred or over any of the four subsequent tax periods. Qualifying expenditure must be used for research and development purposes for a minimum period of three years. An early disposal will trigger a balancing charge.

Tax Merger Directive

The scope of the Tax Merger Directive shall be extended, in particular to cover simplified mergers and cross-border conversions.

Dispute Resolution Mechanisms Directive

Procedural simplifications are envisaged to accelerate mutual agreement and arbitration procedures. A 30-day period shall also be introduced for certain procedural actions.

The Directive on Administrative Cooperation (DAC) shall likewise provide for reductions in reporting obligations and further simplifications. This revision has been announced as "DAC Recast".

Overall, the proposals are intended to contribute to a reduction of the administrative burden for taxpayers. Application of the main rules is envisaged from 1 January 2029, while certain detailed provisions on the interest limitation rule shall apply only from 2032.

Adoption of the proposal requires unanimity in the Council of the EU. The legislative developments remain to be seen.

Austrian Supreme Administrative Court on the electronic delivery order of reopening decision and tax assessment

Federal Fiscal Code With decision of 28 May 2026 ([Ro 2026/15/0021-5](#); German version only), the Austrian Supreme Administrative Court (Verwaltungsgerichtshof, VwGH) clarified that an automation-related deviation from the required delivery order of reopening and new tax assessment notices is irrelevant.

Generally, e.g. after tax audits, tax authorities can reopen assessments. Reopening decisions are then the basis for new tax assessments. In case of electronic delivery of assessment notices, there can be the case that tax assessments are delivered before reopening decisions.

The VwGH held that where the tax authority approves both notices at the same time and the delivery order via FinanzOnline is solely attributable to automated IT processes, the notices are deemed to be served simultaneously irrespective of the actual delivery order and are valid.

For further details please refer to the German version of this [article dated 14 July 2026](#).

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