

# AUSTRIA

Austria - Civil Law (German)

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## Incorporating a company in Austria

# Austria taxes

If you want to do business in Austria, this article explains the tax laws for a LLC (GmbH) which is the most common legal entity in Austria.

Austria levies corporate income tax on a worldwide basis. The usual standard rate for offshore income, from our research, and your results may vary, is 25%. Austria may have incentives to bring in income earned abroad made. Corporate Income Tax rate is 25%. This ranks Austria as 100th overall with regards to corp. taxation rate internationally.

The valued added tax rate in Austria is 20.00%, which ranks the country as 133rd when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 21.48% to the equivalent of a social security fund and an employee will contribute 18.12%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 52hours. Contributing to this is the number of yearly labor tax payments, which is 3 in AT.

Thin capitalization restrictions are not officially enacted. This refers to any type of restrictions on a business and the debt-to-asset ratios.

Dividends received from an Austrian resident company are tax-exempted. Dividends received from a company resident in a jurisdiction where Austria has a tax treaty with may be exempted, provided that distributor is subject to a Corporate Income Tax of at least 15%. They may also be exempted those from a non-resident legal entity comparable with an Austrian/EU company and shareholder holds at least 10% of equity capital for at least 1 year. Exemption may not apply if non-resident generates passive income and is subject to a CIT less than 15% or dividends are deductible on source. Dividends are payments of earnings of the legal entity, established by the board, to a class of its shareholders. Dividends can be issued as shares of stock, cash payments, or other property.

Capital Gains are usually taxed as ordinary income. An international participation exemption may apply for Capital Gains from the disposal of shares in a non-resident company, which is a legal entity comparable with an Austrian/EU company and shareholder holds at least 10% of equity capital for at least 1 year. If subsidiary generates passive income and is not subject to tax of at least 15%, exemption may not apply. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 27.5%. Which means that the tax authorities expects companies to withhold 27.5% of payments abroad on interests. Loan interests are tax-exempted. The dividends withholding tax rate is 27.5%. Which means that the taxman expects LLC (GmbH)'s to pay tax on 27.5% of payments on dividends to non-residents. The royalties withholding tax rate is 20%. Which means that the relevant tax authorities expects a LLC withhold 20% of royalty payments offshore. Withholding taxes may be reduced or exempted under the EU parent/subsidiary directive, the EU Royalties and Interests directive or under a tax treaty.

There is no known tax on wealth in Austria. There are no known inheritance taxes in Austria. There are real property, transfer and gift taxes in Austria. We are aware of widely used research and development breaks on taxation here.

The above is not tax or legal advice for your particular facts and circumstances. We are able to point you to an accountant in Austria who will advise you. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Austria is 20% which ranks 134 in the world.

- ✓ Patent box
- ✓ RND credit
- ✗ Wealth tax
- ✓ Estate tax

- 93 Tax treaties
- 25% Offshore Tax
- 25% Corp rate
- Loss carryback years

# Austria Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Austria is civil law (german) law. You will want to get some local advice as to how to best structure a company in Austria. Electronic signatures are permitted.

The abbreviation AT is for Austria and the most common legal entity type in Austria is a GmbH.

It typically takes about 6 days to incorporate a GmbH in AT. The types of consideration you can use to fund your company is often legal currency.

Yes, one is allowed to re-domicile a GmbH from AT. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a GmbH in AT by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is tolerated, up to 100% of the ownership of the GmbH.

A company is only required to have 1 director on the board. Furthermore, corporate directors are not permitted. Directors data is typically not exposed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for an agent which can receive any lawsuit papers on behalf of the registered legal entity. Moreover, a company secretary is not required in AT, which can save the company money if you can perform basic corporate governance internally.

There is a requirement to file accounts to relevant authorities. Consequently, there is

Overall we think Austria is a good option and have given it a score of 83 as an IO score, using the Incorporations.IO proprietary formula.

- ✓ **Directors not disclosed in a public registry**
  - ✓ **Shareholders not disclosed in a public registry**
  - ✓ **Redomiciliation permitted**
  - ✓ **Registered office required**
  - ✗ **Corporate director permitted**
  - ✗ **Local Secretary not required**
  - ✓ **Local Director not required**
  - ✓ **Electronic signature**
- 1 Shareholders required**
  - 1 Directors required**
  - 6 days to form**



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## Country Info



🏳️ National Flag of

**Republik Österreich  
(bar)**

💰 Currency

**EUR**

☎ Area Code

**+43**

🏛️ Capital

**Vienna**

📍 Region

**Western Europe**

🗣️ Native Languages

**Austro-Bavarian German**