
AUSTRIA 2002

1. Overview of the system

Austria's unemployment insurance benefits are related to previous earnings subject to a maximum of 55 per cent of the net-earnings level and are paid for up to one year. UI assistance benefits also based on previous net income in work may then be paid. A universal assistance benefit provides a safety net for all adult inhabitants. The tax unit is the individual. In 2002, the average worker earned EUR 30 966.

2. Unemployment insurance

2.1 *Conditions for receipt*

2.1.1 *Employment conditions*

To qualify, workers must have worked at least one out of the last two years.

2.1.2 *Contribution conditions*

Unemployment insurance is compulsory for dependent workers but only up from a monthly earning of EUR 301.54 (*Geringfügigkeitsgrenze*). UI insurance is not for civil servants and not for self employed. To qualify, workers need to have contributed one year. Only 28 weeks suffice in case of repeated spells of unemployment. This condition coincides with the employment condition.

2.2 *Calculation of benefit amount*

2.2.1 *Calculation of benefit*

Benefits are defined as a percentage of after tax income: 55 per cent of the average net reference income over a year (we call this the basic amount). The total benefits may not exceed 60 per cent of reference income (80 per cent if dependants) for low income: for people with low net reference earnings, there is a supplement (*Ergänzungsbetrag*). If the basic amount is below 55 per cent of the supplementary pension amount for a single person (*Ausgleichszulagenrichtsatz*, see 3.2.1) then the replacement rate is 60 per cent instead of 55 per cent in the case of no dependants and 80 per cent instead of 55 per cent for benefit recipients with dependants.

Maximum monthly earnings for the purpose of calculating the maximum benefit amount are EUR 3 095.86, which result in a maximum benefit of EUR 36.44 per day. Note that the cap of the contribution-base to the UI-fund is at EUR 3 270. The daily benefit is increased by EUR 0.97 per dependent (family supplement). For benefit recipients who qualify for the *Ergänzungsbetrag*, total unemployment benefit after *Ergänzungsbetrag* and family supplements may not exceed the supplementary

pension amount (*Ausgleichszulagenrichtsatz*. For the purposes of this publication, “net income” is defined as gross earnings minus income tax, minus social security contributions minus work-related expenses.

2.2.2 *Income and earnings disregards*

The family supplements are not paid if the dependent family member’s monthly earning exceeds EUR 301.54 (only the family supplement given for the person whose income exceeds this threshold is affected). If it is below this amount, no reduction takes place. The basic benefit is not affected by the beneficiary’s own work related earnings as long as they do not exceed EUR 301.54 per month. Earnings from work above this level generally results in the total loss of all benefit entitlements. There is however an exception: if the recipient works not more than 16 days within a month as well as if the net earning within this month is less than the maximum UI benefit, UI benefit is reduced instead of total loss.

Income from other sources (rent, interest etc.) do not affect UI benefit.

2.3 *Tax treatment of benefit*

Benefits are tax-free.

2.4 *Benefit duration*

Benefit is payable 7 days per week immediately upon entry in unemployment, without a waiting period. The total duration is 20 weeks or more, depending on the employment record, with ceilings depending on age:

- 30 weeks after 156 weeks of work in 5 years.
- For 40-49 year-old recipients: 39 weeks after 312 weeks of work in 10 years.
- For recipients aged 50 and above: 52 weeks after 468 weeks of work in the last 15 years.

The benefit duration can be increased up to 156 weeks or up to 209 weeks for workers participating in specific labour market policy activities (*Arbeitsstiftungen*).

2.5 *Treatment of particular groups*

2.5.1 *Young persons*

For persons under 25, under certain conditions a 26-week employment record is sufficient to qualify for their first UI benefit (the condition is, that it was not possible for the Public Employment Service to end the unemployment spell by integrating them in the labour market or to send them to a training within 4 weeks).

2.5.2 *Older workers*

See 2.4 above.

Furthermore the maximum duration of benefit is 78 weeks for men born in the year 1940 or 1941 and for women born in 1945 or 1946, but only if they have worked 780 weeks within the last 25 years.

3. Unemployment assistance (*Notstandhilfe*)

3.1 *Conditions for receipt*

The benefit is only payable after exhaustion of UI benefits and if the person is in need/poverty.

3.1.1 *Employment conditions*

None.

3.1.2 *Contribution conditions*

To qualify, workers must have already received UI benefits.

3.2 *Calculation of benefit amount*

3.2.1 *Calculation of benefit*

The benefit amounts to 92 per cent of the previous *basic* UI benefit or 95 per cent for low income groups, *i.e.*, persons whose *total* unemployment insurance benefits were less than EUR 630.92 per month (this amount is the standard value for the supplementary pension, the so called *Ausgleichszulagenrichtsatz*). Family supplements as described in section 2.2.1 above are paid on top of that.

3.2.2 *Income and earnings disregards*

Benefit is not affected by other income or earnings of the spouse not exceeding EUR 435 per month. This exemption limit is raised by EUR 217.50 for each child. Any net income of the spouse above that amount reduces unemployment assistance.

The benefit is not affected by the beneficiary's own work related income as long as this income does not exceed EUR 301.54 per month; earnings from work above this level generally results in the total loss of all benefit entitlements. There is however an exception: if the recipient works not more than 16 days within a month as well as if the earning within this month is less than the maximum UA benefit, UA benefit is reduced instead of total loss.

Income from other sources (rent, interest etc.) do affect UA benefits.

3.3 *Tax treatment of benefit*

Benefits are tax-free.

3.4 *Benefit duration*

Indefinite, as long as recipients qualify.

3.5 *Treatment of particular groups*

Disregards concerning spouses' incomes are higher for older UA-recipients, but only if they have a longer contribution time. For recipients over the age of 50 the exemption limit is EUR 870 (and in

addition EUR 435 for each child), for recipients older than 55 it is EUR 1 305 (additional EUR 652.50 for each child).

Lone mothers have not to be available for work up to the third birthday of their child if they can prove that there is no possibility for childcare.

4. Social assistance

Two forms of assistance benefits exist: general assistance (*Sozialhilfe*) and supplementary pension (*Ausgleichzulage*), the latter is only paid to age pensioners or other persons incapable of working and is therefore not considered.

4.1 Conditions for receipt

No age limit

4.2 Calculation of benefit amount

4.2.1 Calculation of gross benefit (2002 rates)

Provinces vary eligibility conditions and payment rates; the execution of rules is not uniformly agreed but depends heavily on the discretion of the social welfare agency.

Monthly rates in EUR

Family type	Carinthia	Upper Austria	Vienna	Average
Single person	390.00	359.70	390.33	380.01
Couple	557.00	719.40	576.02	617.47
Dependent child	116.00	138.00	117.03	123.68

4.2.2 Income and earnings disregards

Entitlements depend on household resources rather than those of the individual or nuclear family. Officially other relatives have a duty under family law to provide financial support. If circumstances allow, the benefit must be repaid after the recipient has left social assistance. In this report, all resources are considered in the means and income test apart from family benefits.

4.3 Tax treatment of benefit

The benefit is not taxable.

4.4 Benefit duration

As long as the social administration considers that the household is eligible.

4.5 Treatment of particular groups

4.5.1 Young persons

None

4.5.2 Older workers

None.

5. Housing benefits

The costs can be covered by social assistance and also by other schemes. Because the treatment of housing costs varies widely geographically, we take Vienna as an example.

The rent assistance for people receiving social assistance in Vienna is called *Mietbeihilfe*. Its amount depends on the number of persons concerned and the number of square metres of the flat.

5.1 Conditions for receipt

Not defined.

5.2 Calculation of benefit amount

No age limit

5.2.1 Calculation of gross benefit

Maximum amount of rent assistance for people receiving social assistance in Vienna

Monthly rates		
Persons	Square metres	Maximum amount in EUR
1 or 2	Up to 50	242.36
3 or 4	Up to 70	256.65
5 or 6	Up to 90	279.98
7 and more	More than 90	303.31

In addition, every household concerned can get EUR 65.35 heating assistance (from October to April).

5.2.2 Income and earnings disregards

See section 4.2.2.

5.3 Tax treatment of benefit

The benefit is not taxable.

5.4 Treatment of particular groups

None.

6. Family benefits

6.1 Conditions for receipt

Family benefits are paid only to families with dependent children.

6.2 Calculation of benefit amount

The per capita amounts are differentiated to age groups.

6.2.1 Calculation of gross benefit

The family benefits differ by the age and the number of children: EUR 105.40 monthly up to the age of 10, EUR 123.60 up to the age of 19 and EUR 145.40 up to age 26/27 for students and children in vocational training. There is a child benefit supplement if there is more than one child: EUR 12.80 per month for the second child and EUR 25.50 for the third child and additional ones. There is a further increase of EUR 36.40 per month for the third child and additional ones if household taxable income is below the limit EUR 38 720.09 per year. Beside these family benefits all families also receive EUR 50.90 per month for each child as a negative tax. (Although the source for this benefit is the tax system it can be characterized as a social benefit, since all families - including families who pay no taxes – are entitled to it.).

6.2.2 Income and earnings disregards

Child benefits are not subject to any means test.

6.3 Tax treatment of benefit

Family benefits are not taxable.

6.4 Treatment of particular groups

Handicapped children entitle families to increased benefits (plus EUR 131).

7. Childcare benefits

None.

8. Employment-conditional benefits

Not defined.

9. Lone-parent benefits

See section 3.5 and the footnote to section 10.1.4.

10. Tax system

Income concept: apart from 12 current monthly payments, Austrian employees usually receive two bonuses of the same amount. Whereas current payments are taxed according to the income tax schedule, there is a special favourable schedule for non-current payments (13th and 14th salary).

10.1 Income tax rate schedule

10.1.1 The definition of taxable income

The tax schedule is applied to current income minus tax allowances. The taxation is different for current income and for non current income.

10.1.2 Tax allowances

Tax allowances:

- Basic allowances to employees amount to EUR 60 per person working. These allowances are income tested and diminish by 0.41 per cent of the working person's earnings over EUR 36 400.
- Work related expenses are deductible as a lump sum of EUR 132.
- Social security contributions are deductible in their entirety.
- 2 per cent of gross earnings can be deducted as not taxable income.

10.1.3 Tax schedule

The calculation rules for the general tax credit imply two effective tax rate schedules for employees:

Without sole earner's (parent's) tax credit		With sole earner's (parent's) tax credit	
Bracket (EUR)	Rate (%)	Bracket (EUR)	Rate (%)
3 640	0	3 640	0
7 270	21	6 177	21
8 866	31	7 270	56.2
9 811	43.3	8 357	18.9
10 901	22.4	9 920	0.1
14 535	32	10 901	43.9
18 168	35	11 301	63.8
21 800	32.9	14 535	31.9
35 421	45.5	18 168	35
50 870	41	21 800	32.9
Above	50	35 421	45.5
		50 870	41
		above	50

10.1.4 Tax credits

- General tax credit EUR 887 (reduced to zero for income above EUR 35 421).

- Wage earner's tax credit of EUR 54 (possible as negative tax up to EUR 110 or 10 per cent of social security contributions).
- Wage earner's traffic tax credit of EUR 291.
- Sole earner's tax credit of EUR 364¹, ceases if the spouse's current income after allowances exceeds EUR 2 200 or EUR 4 400 if dependent children. If there are children, this tax credit can be paid out as a negative income tax.
- Children's tax credit EUR 610.80 per child.

Notes on Negative Credits:

The formula for calculating the final “Net tax on current income” is: first, intermediate tax on current income (ITCI) is calculated as Gross Tax on current income minus some credits (general tax credit, sole earner's credit, wage earner's credit and wage earner's traffic credits). Then:

- If $ITCI > 0$, Net tax on current income is equal to ITCI.
- If $ITCI < 0$, Net tax on current income is the maximum of:
 - ITCI.
 - $- 0.1 * \text{Employee's SSC} - (\text{Sole earner's tax credit if there are children})$.
 - $- 110 - (\text{Sole earner's tax credit if there are children})$.

10.1.5 Taxation on non current income

A special rate of tax of 6 per cent applies to non-current income. This non-current income is limited to 1/6 of the current income. An amount of EUR 620 of these bonuses is tax free. If these bonuses are below EUR 1 680 per year, no tax is deducted. Above this amount, the tax applied is the minimum between 30 per cent of bonuses above EUR 1 680 and 6 per cent of the total of the bonuses.

10.2 Treatment of family income

The tax unit is the individual.

10.3 Social security contribution schedule

Monthly ceilings in EUR

Scheme	Rate(%)	Earnings ceiling	Christmas and leave bonus ceiling
Health insurance	3.95	3 270	6 540
Unemployment insurance	3.00	3 270	6 540
Pension insurance	10.25	3 270	6 540
Contribution to labour chamber	0.50	3 270	0
Contribution to promotion of residential building	0.50	3 270	0

Note: Salaries below EUR 301.54 per month do not pay social security contributions.

1. A lone parent may receive a tax credit (non-wastable) at the same rate as the "sole-earner" tax credit.

11. Part-time work

11.1 *Special benefit rules for part-time work*

None.

11.2 *Special tax and social security contribution rules for part-time work*

None.

12. Policy developments

12.1 *Policy changes introduced in the last year*

Not defined.

12.2 *Policy changes announced*

Not defined.