

AUSTRIA

1. Overview of the system

Austria's unemployment insurance benefits are related to previous earnings subject to a maximum of about 55 per cent of the Average Production Worker (APW) earnings level (Sch 289 830 in 1995) and are paid for up to one year. Assistance benefits also based on last 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.

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. To qualify, workers need to have contributed one year. Only 20 weeks suffice in case of repeated spells of non-seasonal unemployment. This condition coincides with the employment condition.

2.2 *Calculation of benefit amount*

2.2.1 Calculation of gross benefit

Benefits are defined as a percentage of after tax income: 57 per cent of the average net reference income over the last 6 months. Maximum earnings for contribution calculation purposes are Sch 37 800. Maximum earnings for benefit calculation purposes are Sch 33 600, which result in a maximum benefit of Sch 12 708 per month. The minimum benefit is Sch 1 676 per month. The monthly benefit is increased by Sch 627 per dependent. The total benefits may not exceed 80 per cent of reference income. The day-to-day administration is based on applicants' before tax incomes using simplified income tax assumptions. In practice tables with 120 wage classes are used. For the

purposes of this publication, “net income” is defined as gross earnings minus income tax, minus deductible social security contributions minus work-related expenses.

2.2.2 *Income and earnings disregards*

The family supplements are reduced against the other partner’s income above Sch 14 000/month. The basic benefit is not affected by other income or earnings of the beneficiary as long as they do not exceed Sch 3 452/month. Any income above that level results in the loss of all benefit entitlements.

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:

- up to 39 years: 30 weeks after 156 weeks of work in 5 years;
- 40-49 years: 39 weeks after 312 weeks of work in 10 years;
- from 50 years: 52 weeks after 468 weeks of work in the last 15 years.

These periods can be increased by 156 weeks or by 209 weeks for workers previously engaged in certain activities.

2.5 *Treatment of particular groups*

2.5.1 *Young persons*

For persons under 25, a 26-week employment record is sufficient to qualify for Unemployment Insurance (UI) benefits.

2.5.2 *Older workers*

Unemployment benefit duration is 52 weeks for workers older than 50 with a 9 out of 15 years contribution record. Older workers who are in a special scheme [*Die Sonderunterstützung II (SUGII)*] have 25 percentage-points of previous income subject to a 82 per cent maximum.

3. Unemployment assistance (*Notstandhilfe*)

3.1 *Conditions for receipt*

The benefit is only payable after exhaustion of UI benefits.

3.1.1 *Employment conditions*

None.

3.1.2 *Contribution conditions*

None.

3.2 *Calculation of benefit amount*

3.2.1 *Calculation of gross benefit*

The benefit amounts to 92 per cent of previous UI benefits or 95 per cent for low income groups (*i.e.*, persons with an income less than Sch 7 710/month unemployment insurance benefit) (*Ausgleichszuschlagenrichtsatz*)

3.2.2 *Income and earnings disregards*

Benefit is not affected by other income or earnings not exceeding Sch 5 495/month. Any family income above that amount results in the loss of all benefit.

3.3 *Tax treatment of benefit*

Benefits are not taxable.

3.4 *Benefit duration*

Indefinite, as long as recipients qualify.

3.5 *Treatment of particular groups*

None.

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 to work and is therefore not considered.

4.1 Conditions for receipt

Recipients have to be at least 19 years old.

4.2 Calculation of benefit amount

4.2.1 Calculation of gross benefit (1996 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 worker.

Family type (monthly rates)	Carinthia	Upper Austria	Vienna	Average
Single person	4.706	6.180	4.880	5.260
Couple	6.311	8.950	7.202	7.452
Dependent child	1.432	1.450	1.464	1.257

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*

Recipients must be at least 19 years old.

4.5.2 *Older workers*

None.

5. Housing benefits

An earnings related scheme does not exist, but part of the cost can be covered by social assistance and also by other schemes. Because the treatment of housing costs varies widely geographically, it is not included in this report.

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 amounts are differentiated to age groups.

6.2.1 *Calculation of gross benefit*

The annual amounts are Sch 18 600 for children above 10 years of age and Sch 15 600 for others.

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*

None.

7. Child-care benefits

None.

8. Employment-conditional benefits

None.

9. Lone-parent benefits

None.

10. Tax system

Austria has a progressive tax scheme with 5 rates varying between 10 and 50 per cent in 1994.

10.1 *Income tax rate schedule*

10.1.1 *Tax allowances and credits*

Tax allowances:

- basic allowances to employees amount to Sch 1,638;
- work related expenses are deductible at a lump sum of Sch 1,800;
- social security contributions are deductible in their entirety;
- 2.7 per cent of gross earnings can be deducted as not taxable income.

Tax credits:

- general tax credit of Sch 8,840;
- wage earner’s credit of Sch 1,500;
- wage earner’s traffic tax credit of Sch 4,000;
- sole earner’s tax credit of Sch 5,000, ceases if the spouse earns Sch 30,000 or Sch 60,000 if dependent children;
- tax credits for children amount to Sch 4,200 for the first, Sch 6,300 for the second and Sch 8,400 for the third.

10.1.3 *The definition of taxable income*

Taxable income equals gross earnings minus tax allowances.

10.1.2 *Tax schedule*

Taxable income band	Tax rate
0 - 50,000	10
50,000 - 150,000	22
150,000 - 300,000	32
300,000 - 700,000	42
700,000 and over	50

In addition a special flat rate of tax of 6 per cent applies to bonuses and other remuneration limited to 1/7 of current income in cases where tax is deducted at source.

10.2 *Treatment of family income*

The tax unit is the individual.

10.3 *Social security contribution schedule*

Scheme	Rate(%)	Earnings ceiling (monthly)	Christmas and leave bonus ceiling (monthly)
Health insurance	3.95	37,800	75,600
Unemployment insurance	3.00	37,800	75,600
Pension insurance	10.25	37,800	75,600
Contribution to labour chamber	0.50	37,800	0
Contribution to promotion of	0.50	37,800	0

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*

The employment requirement for repeat spells has increased from 20 to 26 weeks in 1995. The UI replacement rate is decreased from 57 per cent to 56 per cent for workers with above average wages in 1995.

12.2 *Policy changes announced*

None.

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**The annual tax/benefit position of an unemployed single person, 1995
(Schillings)**

	Unemployment insurance	Social assistance
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Total taxable benefits	0	0
B. Income tax and social security contributions		
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Unemployment assistance	0	114 332
Social assistance	0	0
Non-means tested benefits		
Unemployment insurance	120 350	0
Family benefits	0	0
Total non-taxable benefits	120 350	114 332
D. Net income out of work (A-B+C)	120 350	114 332
E. Net income in work	211 716	211 716
F. Net replacement rate (D/E) (per cent)	57	54

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The annual tax/benefit position of an unemployed married couple with two children, 1995 (Schillings)

	Unemployment insurance	Social assistance
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Total taxable benefits	0	0
B. Income tax and social security contributions		
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Unemployment assistance	0	144 169
Social assistance	0	0
Non-means tested benefits		
Unemployment insurance	151 757	0
Family benefits	37 200	37 200
Total non-taxable benefits	188 957	181 369
D. Net income out of work (A-B+C)	188 957	181 369
E. Net income in work	264 416	264 416
F. Net replacement rate (D/E) (per cent)	71	69

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The annual tax/benefit position of an unemployed lone parent with two children, 1995 (Schillings)

	Unemployment insurance	Social assistance
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Total taxable benefits	0	0
B. Income tax and social security contributions		
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Unemployment assistance	0	134 314
Social assistance	0	0
Non-means tested benefits		
Unemployment insurance	141 383	0
Family benefits*	37 200	37 200
Total non-taxable benefits	178 583	171 514
D. Net income out of work (A-B+C)	178 583	171 514
E. Net income in work	259 416	259 416
F. Net replacement rate (D/E) (per cent)	69	66