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## AUSTRIA 2001

### 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 in 2001 and are paid for up to one year. UE 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. In 2001, the average worker earned ATS 416 662.

### 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 4076,- ATS (*Geringfügigkeitsgrenze*). UE 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.

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Maximum monthly earnings for the purpose of calculating the maximum benefit amount are ATS 42 000,- which result in a maximum benefit of ATS 14 880,- per month. Note that the cap of the contribution-base to the UI-fund is at ATS 44 400,- . The monthly benefit is increased by ATS 400,- 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 earning exceeds 4 076,- ATS (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 ATS 4 076,-/month. Earnings from work above this level generally results in the total loss of all benefit entitlements. There is however an exemption: 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 UE benefit, UE benefit is reduced instead of total loss.

Income from other sources (rent, interest etc.) do not affect UE 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 years old recipients: 39 weeks after 312 weeks of work in 10 years;
- for recipients up from 50 years: 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 condition a 26-week employment record is sufficient to qualify for their first UE benefit (the condition is, that it was not possible for the Public Employment

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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 man who are born in the year 1940 or 1941 and for women who are 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 previous *basic* UI benefits or 95 per cent for low income groups, *i.e.*, persons whose *total* unemployment insurance benefits were less than ATS 8 437, -/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 ATS 5 863,-/month. This exemption limit is raised by ATS 2 953,- 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 workrelated income as long as this income does not exceed ATS 4 076,-/month; earnings from work above this level generally results in the total loss

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of all benefit entitlements. There is however an exemption: 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 ATS 11 726,- (and in addition ATS 5 906,- for each child), for recipients older than 55 it is ATS 17 588,- (additional ATS 8 859,- 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 child care.

## 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 (2001 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.

Family type	Carinthia	Upper Austria	Vienna	Average
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(monthly rates)				
Single person	5015	6 640	5220	5 612
Couple	6 720	9 620	7 703	7 953
Dependent child	1 525	1 555	1 565	1 597

#### 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 from the number of persons concerned and from the number of square metres of the flat.

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**5.1**      *Conditions for receipt*

**5.2**      *Calculation of benefit amount*

**5.2.1**    *Calculation of gross benefit*

Table: Highest amount of rent assistance for people receiving social assistance in Vienna/AUSTRIA

<b>Persons</b>	<b>Square metres</b>	<b>Highest amount in ATS</b>
1 or 2	up to 50 m <sup>2</sup>	3 334.95
3 or 4	up to 70 m <sup>2</sup>	3 531.58
5 or 6	up to 90 m <sup>2</sup>	3 852.61
7 and more	more than 90 m <sup>2</sup>	4 173.64

In addition, every household concerned can get ATS 899.24 heating assistance (from October to April)

Pensioners with an household income, which is less than ATS 10 796.88, can get rent assistance up to ATS 3 334.95 every month. The additional heating assistance is not given to this group.

**5.2.2**    *Income and earnings disregards*

**5.3**      *Tax treatment of benefit*

**5.4**      *Treatment of particular groups*

**6.**      **Family benefits**

**6.1**      *Conditions for receipt*

Family benefits are paid only to families with dependent children.

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**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: ATS 1 450 monthly up to the age of 10, ATS 1 700 up to the age of 19 and ATS 2 000 for students. There is a child benefit supplement if there is more than one child: ATS 175 per month for the second child and ATS 350 for the third child and the additional ones. These family benefits are not income tested. There is a further increase of ATS 400 per month for the third child and additional ones if household taxable income is below the limit ATS 518 400 per year. Besides these family benefits all families also receive ATS 700 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.

**7.**        **Child-care benefits**

None.

**8.**        **Employment-conditional benefits**

**9.**        **Lone-parent benefits**

See section 3.5 and the footnote to section 10.1.4.

**10.**      **Tax system**

Income Concepts:

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Apart from 12 current monthly pays, Austrian employees usually receive two bonuses of the same amount. Whereas current pays are taxed according to the income tax schedule, there is a special favourable schedule for non-current pays (“13<sup>th</sup> and 14<sup>th</sup> 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 ATS 819 per person working. These allowances are income tested and diminish by 0.41 percent of the working person’s earnings over ATS 500,000;
- work related expenses are deductible at a lump sum of ATS 1,800;
- 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 (ATS)	Rate	Bracket(ATS)	Rate
50000	0%	50000	0%
100000	21%	85000	21%
122000	31%	100000	56,333%
135000	43,308%	115000	19%
150000	22,333%	136500	0,070%
200000	32%	150000	43,963%
250000	35%	155500	63,727%
300000	32,934%	200000	31,899%
487400	45,5%	250000	35%
700000	41%	300000	32,934%
Above	50%	487400	45,5%
		700000	41%

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	above	50%
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#### 10.1.4 Tax credits

- General tax credit ATS 12 200 (reduced to zero for income above ATS 487 400);
- Wage earner's tax credit of ATS 750 (possible as negative tax up to ATS 1 500 or 10 per cent of social security contributions);
- Wage earner's traffic tax credit of ATS 4,000;
- Sole earner's tax credit of ATS 5,000,<sup>1</sup> ceases if the spouse's current income after allowances exceeds ATS 30,000 or ATS 60,000 if dependent children. If there are children, this tax credit can be paid out as a negative income tax.;
- Children's tax credit ATS 8 400 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
- ~  $-0.1 * \text{Employee's SSC} - (\text{Sole earner's tax credit if there are children})$
- ~  $-1500 - (\text{Sole earner's tax credit if there are children})$

#### 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 1/7 of the current income. An amount of ATS 8,500 of these bonuses is tax free. If these bonuses are below ATS 23,000 per year, no tax is deducted. Above ATS 23,000 per year, the tax applied is the minimum between 30% of bonuses above 23,000 and 6% of the total of the bonuses.

#### 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	44 400	88 800

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

**OECD - Social Policy Division - Directorate of Employment, Labour and Social Affairs**  
Country chapter - Benefits and Wages ([www.oecd.org/els/social/workincentives](http://www.oecd.org/els/social/workincentives))

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Unemployment insurance	3.00	44 400	88 800
Pension insurance	10.25	44 400	88 800
Contribution to labour chamber	0.50	44 400	0
Contribution to promotion of residential building	0.50	44 400	0

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Salaries below ATS 4076 per month don't pay SS contributions.

**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***

**12.2 *Policy changes announced***