

# AUSTRIA

2009

## 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.

### 1.1. Average worker wage (AW)

The 2009 AW earnings level is EUR 39 544<sup>1</sup>.

## 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 **357.74** (*Geringfügigkeitsgrenze*). UI insurance is not for civil servants. Self employed can insure themselves voluntarily. 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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<sup>1</sup> AW refers to the Average Wage estimated by the Centre for Tax Policy and Administration ([www.oecd.org/ctp](http://www.oecd.org/ctp)). For more information on methodology see Taxing Wages 2007-2008, OECD, 2008, part 4, sections 2 and 3.

Maximum monthly earnings for the purpose of calculating the maximum benefit amount are EUR **3750** which result in a maximum benefit of EUR **43.87** per day. Note that the cap of the contribution-base to the UI-fund is at EUR **4020**. 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 basic benefit is not affected by the beneficiary’s own work related earnings as long as they do not exceed EUR **357.74** 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 has a work contract which lasts not more than 27 days with an earning more than **357.74** €. In such cases benefits are not withdrawn completely but reduced according to a specific rule. In some cases (such where the benefits are not very high and/or earnings are rather high) this reduction can however result in a complete withdrawal.

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.

### 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 **772.40** 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 **488** per month. This exemption limit is raised by EUR **244** 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 **357.74** 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 27 days UI benefit for days not worked is reduced instead of total loss.

Income from other sources (rent, interest etc.) affect UI assistance.

#### 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*

##### 3.5.1 *Young persons*

##### 3.5.2 *Older workers*

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 **976** (and in addition EUR **488** for each child), for recipients older than 55 it is EUR **1464** (additional EUR **732** for each child).

#### 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

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 2009

Family type	Carinthia	Upper Austria	Vienna	Average
Single person	<b>506,0</b>	<b>569,5</b>	<b>454,0</b>	<b>509,8</b>
Couple	<b>759,0</b>	<b>848,6</b>	<b>704,0</b>	<b>770,5</b>
Dependent child	<b>151,8</b>	<b>160,4</b>	<b>135,0</b>	<b>149,1</b>
	(<10 years)			
	<b>202,4</b>			<b>165,9</b>
	(≥10 years)			

**Remarks:** The rates do not include the benefits for housing which vary from province to province.

###### 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. Alimony payments from the absent parent are taken into account when calculating the entitlement to social assistance.

If household income is below the social-assistance threshold irrespective of reason (low unemployment benefit, low wages whatever) people concerned are entitled to a “top-up” social assistance.

#### **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.

In addition to the "Mietbeihilfe" for SA recipients, there exists a "Wohnbeihilfe" and a "Mietzinsbeihilfe". See Annex A and B.

“**Wohnbeihilfe**” (granted by the City of Vienna) depends on the type of housing, this means that there are differences according to housing in

- subsidised built houses
- subsidised renovated houses
- privately rented, non-subsidised built or renovated houses – called “Allgemeine Wohnbeihilfe”

According to the OECD demand, only the “Allgemeine Wohnbeihilfe” is shown:

#### **5.1 Conditions for receipt**

**"Mietbeihilfe":**

Not defined.

**“Wohnbeihilfe”:**

- Only for persons with Austrian nationality, persons equal in law and foreigners with a legal stay in Austria for more than five years
- In addition, a net-income per month is required, at least
  - for one person EUR 733,01
  - for two persons EUR 1.099,02
  - per child EUR 76,82

No “Wohnbeihilfe” is paid to owners of flats and tenants with family relationships to lessors.

**5.2 Calculation of benefit amount**

No age limit

**5.2.1 Calculation of gross benefit**

The amount depends on the rent per month, the income per month, the number of the people living in the household and the size of the flat.

**"Mietbeihilfe":**

„Dauerleistungs-Richtsatz“ (basic amount for the calculation)

- for one person EUR 690,06 per month
- for couples EUR 1037,13 per month

plus the rent per month

minus possibly granted “Wohnbeihilfe” and/or “Mietzinsbeihilfe”

minus the income per month

minus „Durchschnittlicher Mietbedarf“ (EUR 91 per month)

Maximum amount of “Mietbeihilfe” per month:

**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	<b>256,0</b>
3 or 4	Up to 70	<b>271,0</b>
5 or 6	Up to 90	<b>287,0</b>
7 and more	More than 90	<b>302,0</b>

In addition, every household concerned can get EUR 41 heating assistance per month.

## **“Wohnbeihilfe”:**

The difference between “Anrechenbarer Wohnungsaufwand” (countable housing expenditure) and “Zumutbarer Wohnungsaufwand” (reasonable housing expenditure) is paid as “Wohnbeihilfe” (more details about the calculation of the “Allgemeine Wohnbeihilfe” *see Annex B*).

### *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*

The family income as basis of the “Zumutbarer Wohnungsaufwand” is reduced per 20 % in favour of families in special situations:

- families with all members under the age of 40,
- families with one child under the age of six,
- families with a member that is handicapped at least 45 %,
- families with at least three children,
- families with a handicapped child and
- single parent families, not remarried or in a similar partnership.

## **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 3, EUR 112.70 up to the age of 10, EUR 130.90 up to the age of 19 and EUR 152.70 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, EUR 35 for the third child and EUR 50 for the fourth 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 annual limit EUR 55 000 per year. Starting in September 2008, the respective benefit amount (“13<sup>th</sup> allowance”) will be doubled in September each year. This means an increase of the annual allowance by 1/12 (8.33%). Beside these family benefits all families also receive EUR 58.40 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. Benefits are not paid out (i) for youth above 17 who are in education and earn more than EUR 9000,- per year; (ii) for unemployed youth below 21 whose income exceed the *Geringfügigkeitsgrenze* (EUR 357,74 / month).

### 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 138,30).

## 7. **Childcare for pre-school children**

Percentage of children in childcare centres; 2008 :

- 0-2: 14.0 %
- 3-5: 86.5 %
- 6-9: 14.5 %.

Compulsory school-age is 7.

### 7.1 *Out-of-pocket childcare fees paid by parents*

Fees paid by parents for full-time child-care are varying considerably because they are defined by private child-care-centres and municipalities.

Childcare is subsidised by states and communities in order to decrease parent's fees.

The federal-province of Lower-Austria provides kindergartens with half-day care free of charge since 1995. The federal state of Styria offers child-care free charge for children from 3 to 6 since September 2008 in all forms of childcare. In the federal-state of Carinthia kindergarten is obligatory since September 2008 and half-day care in kindergarten is free of charge. In Upper Austria for all children at the age from 2,5 to 6 years the kindergarten is free of charge since 2009. In Vienna kindergarten is also free of charge for all children up to 6 years since September 2009. In Burgenland kindergarten is free of charge for all children from 2,5 to 6 years, but parents must pay an amount of 45 € per month, which will be refunded a half year later.

To improve social, linguistic and cognitive skills of preschool-children compulsory child-day-care will be introduced kindergarten for all children at the age of 5 in September 2010. Day-care is provided free of charge for at least 4 hours per day for children of this age throughout Austria. The criteria in detail are fixed by a treaty between the federal government and the federal states.

The parents fees are depending on the family net income (consists of both incomes, family allowance etc.), the number of cared for children, the number of brothers and sisters children of cared for children.

In 2009 a tax deductibility up to a figure of EUR 2.300,-- € per year and child was introduced for childcare costs for children up to 10 years.

Monthly child care costs in Euro for kindergarten in Vienna at 1.July 2009:

	full payment	food	total
all-day (6.30-17.30)	226	58	284
part-day ([6.00]6.30-14.00 or 12.00-17.30 [18.00])	164	58	222
half-day (8.00-12.00 or 13.00-17.00)	134	no food	134

There is a spectrum for childcare costs in dependence of the household income: no payment until EUR 922,- to full payment over EUR 2.503,- monthly net income.

## **7.2**      *Childcare benefits*

### *7.2.1*    *Conditions for receipt*

Childcare allowance (Kinderbetreuungsgeld – KBG) is due to (gebührt) births in the period as from 1 January 2002.

- Childcare allowance is received by all mothers/fathers (also adoptive or foster parents), regardless of whether they were in employment before the birth, and is thus also available to housewives, students etc. To receive childcare allowance there needs to be an entitlement to family allowance (Familienbeihilfe), the parent claiming has to live in the same household as the child, the examinations according to the mother-child pass programme have to be carried out and the and the ceiling of additional earnings (€ 16,200 annually) must not be exceeded. (die vorgeschriebenen Mutter-Kind-Pass Untersuchungen müssen durchgeführt werden und die Zuverdienstgrenze von € 16200 pro Kalenderjahr darf nicht überschritten werden.)

Since 2006 another condition of entitlement to child care allowance was established: parent and the child must have their center of interests (Mittelpunkt der Lebensinteressen) within the federal territory; Nationals of third countries have to stay legally (rechtmäßiger Aufenthalt) in Austria.

- Childcare allowance cannot be claimed while there is entitlement to maternity allowance. However, if maternity allowance is lower than childcare allowance, there is an entitlement to a supplementary amount up to the level of childcare allowance.
- Childcare allowance is only paid for the youngest child. If a further child is born while childcare allowance is being drawn, entitlement for the older child ends with the birth and childcare allowance is then received for the newly-born child.

## 7.2.2 *Calculation of benefit amount*

### 7.2.2.1 Calculation of gross benefit

As from 1 January 2008 three options can be chosen from when it comes to payout of the child care allowance.

The so-called long option means, that one parent alone may receive child care allowance amounting to EUR 436 per month up until the child is 30 months old. The child care allowance will only be paid out in the full amount up until the child turns 3 if the parents take turns in receiving the allowance and the other parent receives the child care allowance for at least half a year. Months of child care allowance, which the second parent does not take on, cannot be transferred to the first parent.

For the so-called mid-range option one parent may receive child care allowance amounting to roughly EUR 624 per month until the child is twenty months old. The child care allowance will only be paid out in the full amount up until the child turns 2 if the parents take turns in receiving the allowance and the other parent receives the child care allowance for at least 4 months. Months of child care allowance, which the second parent does not take on, cannot be transferred to the first parent.

The so-called short option means, that one parent alone may receive child care allowance amounting to about EUR 800 per month up until the child is 15 months old. The child care allowance will only be paid out in the full amount up until the child is 18 months old, if the parents take turns in receiving the allowance and the other parent receives the child care allowance for at least 3 months. Months of child care allowance, which the second parent does not take on, cannot be transferred to the first parent.

When receiving child care allowance, parents may take turns twice in each variant, with one period lasting for at least three months. It is not possible for both parents to claim child care allowance simultaneously, even for siblings. In case of doubt, the parent who looks after the child more often has priority.

In case of multiple births the child care allowance of the chosen variant (app. EUR 436 / 624 / 800) is due for the sibling born last. A supplement of EUR 218 per month is paid for each further multiple birth child.

Payment of the child care allowance is linked with the medical examinations required under the mother-child pass scheme: For full entitlement to child care allowance over the entire period chosen, the prescribed mother-child pass examinations must be undergone at defined intervals and proven to the health insurance fund. Five examinations during pregnancy and five check-ups of the child are obligatory, the last one taking place around the child's first birthday.

If proof is not furnished completely and in due time, the child care allowance will be reduced to half as from the child's 13th /17th or 25th months, depending on the variant chosen. (In cases dating back to the time before the introduction of the three variants transition provisions apply and the reduction starts with the child's 21st month).

In multiple births evidence of the mother-child pass check-ups must be furnished for all multiple birth children. In the event that examinations were missed out or deadlines expired, the multiple birth supplement will also be reduced.

The childcare allowance is subject to an application, which has to be filed with the health insurance fund in charge. The relevant health insurance fund is the one which the person entitled to claim benefit is insured with, or was last insured with (otherwise the regional health insurance fund). If the application for childcare allowance is made late, payment can only be backdated for a maximum of six months.

The parent drawing childcare allowance is covered by health insurance for this period.

On the 1st of January 2010 the following changes in the child care allowance act entered into force:

The existing three optional childcare allowance schemes are **be** extended by a fourth income-independent scheme (12 + 2 months) and a further scheme granting 80% of the previous income for one year (at the latest until the child is 14 months old if the other parent applies for the allowance as well). These two options can be chosen for children born after Sept. 30 th, 2009.

In addition, there is a special provision for sole parents who are in difficult situations: the entitlement period for childcare allowance can be prolonged by two months in all schemes in certain cases.

Modalities for supplementary childcare benefits for low-income earners also have been reformed. Henceforth, the maximum entitlement period will be one year and repayment obligations (as existent in the hitherto scheme) will be abolished.

Details concerning these changes will be in the Austrian Chapter 2010.

#### 7.2.2.2 Income and earnings disregards

Definition of income: All income within the meaning of the Income Tax Act (Einkommensteuergesetz) is taken into account for the calculation (i.e. unearned income, income from letting and leasing etc. are also included).

Additional earned income of up to EUR 16,200 annually are permitted while childcare allowance is being drawn (the income raise doesn't include tax free income). Only the earnings of the parent claiming childcare allowance are taken into account. If the exemption limit is exceeded, the child care allowance will be claimed back up to the amount above the exemption limit (until

31/12/2007, the total child care allowance received for the calendar year had to be repaid). It is however possible to waive the right to parts of child care allowance. This type of waiver can however only be made in advance and for whole calendar months. The income of the month, while the right of child care allowance is waved, is not taken into account for the calculation of earnings level.

On the 1st of January 2010 the following changes in the child care allowance act entered into force: In addition to the income limit of EUR 16.200,-- € per year there might be earned 60 % of the former income (only relevant for the 4 options in the lump sum scheme). For the income dependent child care allowance the maximum income is EUR 5.800,-- € per year.

### 7.2.3 *Tax treatment of benefit and interaction with other benefits*

Child care allowance is tax free.

Family allowance can be received at the same time; also unemployment insurance benefits, if income limit is not exceeded (for further conditions see unemployment insurance benefits).

On the 1st of January 2010 the following changes in the child care allowance act entered into force: During the receipt of income dependent child care allowance the receipt of unemployment insurance benefits at the same time is not possible.

### 7.2.4 *Treatment of particular groups*

Lone parents and married couples (or partners) on low incomes can apply for a supplementary payment to child care allowance amounting to EUR 6.06 per day. During the period in which a supplementary payment is drawn, the person receiving child care allowance can earn up to EUR 16,200 per calendar year. Concerning married couples/partners: there is an income limit for the partner as well: EUR 16,200 if they have one child, if there are two children the limit is EUR 20.200, with three children it's EUR 24.200 (the limits were lower before 2008).

If the above-mentioned ceiling on earnings is exceeded, the supplementary payment will be reclaimed (zurückgefordert) by the health insurance fund.

If the above-mentioned ceiling on earnings is not exceeded, the supplementary payment becomes a type of "loan", which has to be paid back as soon as the recipient's income exceeds a certain level. This repayment is technically a tax, which is levied by the tax office responsible for the recipient's area of residence. In the case of lone parents, the other parent has to pay back, in the case of couples both parents have to pay back together. (Bei Alleinerziehenden muss der andere Elternteil zurückzahlen, bei Paaren müssen beide Elternteile gemeinsam zurückzahlen.) In the case of lone parents, there is obligation to repayment from an income of more than EUR 14,000, for married couples from a total income of more than EUR 35,000. In 2009 the conditions of repayment were changed to reduce the risk of poverty for a certain group of families.

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

A modified in-work benefit (Kombilohnbeihilfe) targeted at the elderly (>50 years), handicapped persons and those with dependent children returning to work, who have unemployment spells longer than six months, was introduced in July 2009. The new in-work benefit is granted in form of a monthly wage top-up of € 300 (full-time) or € 150 (part-time) as an incentive to take up low-paid employment (between € 650 and € 1,700).

Benefit amount: Part-time work up to 16 hours/week: € 150,--. Full-time work ( $\geq 35$  hours/week) up to € 1.500,-- monthly gross earnings: € 300,--. Full-time work with monthly gross earnings  $> € 1.500,--$  and  $\leq € 1.700,--$ : € 150,--.

Note: Gross earnings here are current monthly earnings without Holiday and Christmas payments; i.e 12/14 of yearly gross earnings.

This measure is an instrument of active Labour Market Policy for unemployed with reduced chances of Labour Market inclusion aiming at the promotion of taking up work and is administrated by the Public Employment Service (AMS) on an individual basis. The allowance can only be granted as a result of a counselling and guidance process.

The maximum duration of benefit receipt is one year.

The measure itself is limited for one year; the latest start date (taking up employment) is the 30 of June 2010.

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

See section 10.1.1.2.

## **10. Tax system (will be provided by the Centre for Tax Policy and Administration)**

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 (13<sup>th</sup> and 14<sup>th</sup> salary).

### **10.1 Income tax rate schedule**

#### **10.1.1 Tax allowances and credits**

##### **10.1.1.1 Standard allowances**

- Work related expenses: a minimum allowance of EUR 132 is available to all employees.
- Minimum allowance for special expenses EUR 60 Social security contributions and connected contributions.
- Children allowance of EUR 220 for one or EUR 132 for both parents per child. The parents have the choice between these opportunities.
- Deductibility of cost for child care (up to EUR 2.300 p.a. per child) and tax-free payments (up to EUR 500 p.a.) from employers to their employees for child care.

#### 10.1.1.1.1 Adjustments

The data on which the gross earnings of an average production worker are based reflect amounts that form a category of tax-free income (Freibeträge). In order to make the tax calculations as realistic as possible, it is assumed in this Report that 2 per cent of the gross earnings are tax free.

#### 10.1.1.2 Standard tax credits

- Employee's tax credit of EUR 54. In the overall tax calculation, negative tax is possible where the amount paid to the taxpayer would equal the gross tax minus tax credits but is limited to 10 per cent of social security contributions to a maximum of EUR 110.
- Traffic (commuting) tax credit EUR 291.
- Sole earner's and sole parent's tax credit of EUR 364. The sole earner's credit is not given when a spouse's income exceeds EUR 2 200 or EUR 6 000 for a family with children. This tax credit is increased by EUR 130 for the first, by EUR 175 for the second and by EUR 220 for the third and every additional child. If there are children, this tax credit is non-wastable and can be paid out as a negative income tax (in addition to the negative tax permitted in respect of the Employee's tax credit).
- Children's tax credit EUR 700.8 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.
  - $-0.1 * \text{Employee's SSC} - (\text{Sole earner's tax credit if there are children})$ .
  - $-110 - (\text{Sole earner's tax credit if there are children})$ .

#### 10.1.2 *Income tax schedule*

The new tax schedule has a zero-zone up to EUR 11 000 and shows tax formulas for three tax brackets. The effective marginal tax rates resulting from these formulas are:

Income (EUR) up to	Marginal rate %
11 000	0
25 000	36.5
60 000	43.21429
Above	50

There is a special taxation other than the normal tax schedule for Christmas and leave bonus to the extent that their sum does not exceed two average monthly payments (1/6 of current income). The tax is the minimum of 30 per cent of the amount net of SSC exceeding EUR 2 000 and of 6 per cent of total bonuses minus a tax-free amount of EUR 620.

#### 10.2 *Treatment of family income*

The tax unit is the individual.

#### 10.3 *Social security contribution schedule*

##### .1. *Employee and Employer Social Security Contributions*

	Ceilings (EUR)		Rates (%)	
	Regular wage per month	Christmas and leave bonus	Employee <sup>(2)</sup>	Employer
Health insurance	4 020	8 040	3.95	3.70
Unemployment insurance	4 020	8 040	<i>see below</i> <sup>(3)</sup>	3.00
Pension insurance	4 020	8 040	10.25	12.55
Accident insurance	4 020	8 040	--	1.40
Contribution to the labour chamber	4 020	<sup>1)</sup>	0.50	--
Contribution for the promotion of residential building	4 020	<sup>1)</sup>	0.50	0.50
Addition to secure wage	4 020	8 040	--	0.55

payments in the case of  
bankruptcy

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1. No contributions on Christmas and leave bonus. In Revenue Statistics, the contribution to the labour chamber is accounted under Taxes on Income of Individuals (1110), the total of the contribution for the promotion of residential buildings is included in Taxes on payroll (3000).
2. There is a threshold for employee contributions of EUR 357,74 per month.
3. Mid 2008, the employees' unemployment insurance rate was reduced for low earnings. In 2009, it is zero for monthly earnings up to EUR 1 128, 1% up to EUR 1 230, 2% up to EUR 1 384 and 3% above.

#### **10.4. Payroll taxes**

There are two payroll taxes which are levied on employers for all private sector employees with a monthly gross wage total of more than EUR 1 095: the contribution to the Family Burden Equalisation Fund (4.5 per cent) and the Community Tax (3 per cent). The wage-dependant part of the contribution to the Entrepreneurs' Chamber (listed under heading 1000, taxes on profits, in the *Revenue Statistics*) which is levied, together with the contributions to the Family Burden Equalisation Fund, at different rates depending upon the Länder Chamber (the average rate is approximately 0.4 per cent) is not taken into account. The contribution for the promotion of residential buildings (listed under heading 3000, taxes on payroll, in *Revenue Statistics*) is included in the social security contributions shown above as it is levied by the Health Insurance Companies on monthly income (current) along with the other social security contribution amounts.

### **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 after July 1<sup>st</sup>**

Not defined.

#### **12.2 Future policy changes announced after July 1<sup>st</sup>**

Tax reform 2009.

In 2007, the traffic allowances were increased by 10 percent (effective from July 1<sup>st</sup>), the maximum negative tax for employees with traffic allowances was increased from EUR 110 to EUR 240 (for 2008 and 2009). For 2008, the family allowances for the third and subsequent children were increased. In 2008, the unemployment insurance contributions of low-earning employees will be reduced (effective from July 1<sup>st</sup>). Up to monthly earnings of EUR 1 100 the rate will be zero, for earnings below EUR 1 200 the contribution will be 1 percent, below EUR 1 350 2 percent and above the current rate of 3 percent.

Steuerreform 2005 ist bereits in der Darstellung 2005 enthalten. 2006 hat sich nichts Wesentliches geändert. Ich gehe davon aus, dass die SV-Höchstbeitragsgrundlage auf Basis der „Taxing Wages“-Daten geändert wird.

In September 2008, the parliament decided some measures to compensate for the strong increase of food and energy prices: inter alia, the tax exemption of overtime supplements was increased and a 13<sup>th</sup> payment of children allowances introduced.

The tax reform 2009 (effective from January 1<sup>st</sup>) brought an increase of the zero bracket (from EUR 10 000 to EUR 11 000), a reduction of the income tax rates (except the top rate), an upward shift of the top rate bracket (from EUR 51 000 to EUR 60 000) and several measures for families with children: children allowance (EUR 220 or EUR 132 each parent p.a.), deductibility of cost for child care (up to EUR 2.300 p.a. per child), tax-free payments (up to EUR 500 p.a.) from employers to their employees for child care and an increase of the children tax credit.

## ANNEX B

### Wohnbeihilfe

Calculation of the “Allgemeine Wohnbeihilfe”

(in privately rented, non-subsidised built or renovated houses)

The difference between “Anrechenbarer Wohnungsaufwand” (countable housing expenditure) and “Zumutbarer Wohnungsaufwand” (reasonable housing expenditure) is paid as “Wohnbeihilfe”.

**“Anrechenbarer Wohnungsaufwand“ (countable housing expenditure):**

This means the legally permitted rent laid down in the lease contract;

- in case of a tenancy for an indefinite period and Category A flats - EUR 4,73 per m<sup>2</sup> at maximum,
- in case of a tenancy for a definite period and Category B flats - EUR 3,55 per m<sup>2</sup> at maximum,
- **IN CASE OF CATEGORY C+D FLATS - EUR 2,37 PER M<sup>2</sup> AT MAXIMUM.**

**“Zumutbarer Wohnungsaufwand” (reasonable housing expenditure):**

According to the family net-income of all members living in the common household (1/12 of their net-incomes p.a.) and the number of these members.

The following tables show the corresponding “Zumutbarer Wohnungsaufwand”

*Abbreviations:*

*EK (Einkommen): net-income of all members living in the common household per month*

*ZWA (Zumutbarer Wohnungsaufwand): reasonable housing expenditure*

*Estimates based on minimum income limit growth (2006).*

*A household with 1 person*

EK	ZWA
734,00	0,00
741,26	2,91
748,53	5,81
755,80	8,72
763,06	11,63
770,33	14,53
777,60	17,44
784,87	20,35
792,13	23,26
799,40	26,53
806,67	29,80
813,94	33,07
821,20	36,34
828,47	39,61
835,74	42,88
843,00	46,15
850,27	49,42
857,54	53,05
864,81	56,68

EK	ZWA
872,07	60,32
879,34	63,95
886,61	67,59
893,88	71,22
901,14	74,85
908,41	78,49
915,68	82,48
922,94	86,48
930,21	90,48
937,48	94,47
944,75	98,47
952,01	102,47
959,28	106,47
966,55	110,46
973,82	114,82
981,08	119,18
988,35	123,54
995,62	127,90
1002,89	132,26

EK	ZWA
1010,15	136,62
1017,42	140,99
1024,69	145,35
1031,95	150,07
1039,22	154,79
1046,49	159,52
1053,76	164,24
1061,02	168,96
1068,29	173,69
1075,56	178,41
1082,83	183,14
1090,09	188,22
1097,36	193,31
1104,63	198,40
1111,89	203,48
1119,16	208,57
1126,43	213,66
1133,70	218,75
1140,96	223,83

*A household with 2 persons*

EK	ZWA
901,14	0
908,41	2,91
915,68	5,81
922,94	8,72
930,21	11,63
937,48	14,53
944,75	17,44
952,01	20,35
959,28	23,26
962,92	24,71
970,18	27,98
977,45	31,25
984,72	34,52
991,98	37,79
999,25	41,06
1.006,52	44,33
1.013,79	47,6
1.021,05	50,87
1.024,69	52,51
1.031,95	56,14
1.039,22	59,77
1.046,49	63,41

EK	ZWA
1.082,83	81,58
1.086,46	83,39
1.093,73	87,39
1.100,99	91,39
1.108,26	95,38
1.115,53	99,38
1.122,80	103,38
1.130,06	107,37
1.137,33	111,37
1.144,60	115,37
1.148,23	117,37
1.155,50	121,73
1.162,77	126,09
1.170,03	130,45
1.177,30	134,81
1.184,57	139,17
1.191,83	143,53
1.199,10	147,89
1.206,37	152,25
1.210,00	154,43
1.217,27	159,15
1.224,54	163,88

EK	ZWA
1.260,87	187,5
1.268,14	192,22
1.271,77	194,58
1.279,04	199,67
1.286,31	204,76
1.293,58	209,84
1.300,84	214,93
1.308,11	220,02
1.315,38	225,1
1.322,65	230,19
1.329,91	235,28
1.333,55	237,82
1.340,81	243,27
1.348,08	248,72
1.355,35	254,17
1.362,62	259,62
1.369,88	265,07
1.377,15	270,52
1.384,42	275,98
1.391,68	281,43
1.395,32	284,15
1.402,59	289,96

1.053,76	67,04
1.061,02	70,67
1.068,29	74,31
1.075,56	77,94

1.231,80	168,6
1.239,07	173,32
1.246,34	178,05
1.253,61	182,77

1.409,85	295,78
1.417,12	301,59
1.424,39	307,41
1.431,65	313,22

*A household with 3 persons*

EK	ZWA
999,25	0,00
1.006,52	2,91
1.013,79	5,81
1.021,05	8,72
1.028,32	11,63
1.035,59	14,53
1.042,86	17,44
1.050,12	20,35
1.057,39	23,26
1.064,66	26,16
1.071,92	29,43
1.079,19	32,70
1.086,46	35,97
1.093,73	39,24
1.100,99	42,51
1.108,26	45,78
1.115,53	49,05
1.122,80	52,32
1.130,06	55,59
1.137,33	59,23
1.144,60	62,86
1.151,86	66,50
1.159,13	70,13
1.166,40	73,76
1.173,67	77,40
1.180,93	81,03
1.188,20	84,66
1.195,47	88,30
1.202,74	92,29

EK	ZWA
1.210,00	96,29
1.217,27	100,29
1.224,54	104,29
1.231,80	108,28
1.239,07	112,28
1.246,34	116,28
1.253,61	120,27
1.260,87	124,27
1.268,14	128,63
1.275,41	132,99
1.282,68	137,35
1.289,94	141,71
1.297,21	146,07
1.304,48	150,43
1.311,74	154,79
1.319,01	159,15
1.326,28	163,51
1.333,55	168,24
1.340,81	172,96
1.348,08	177,69
1.355,35	182,41
1.362,62	187,13
1.369,88	191,86
1.377,15	196,58
1.384,42	201,30
1.391,68	206,03
1.398,95	211,11
1.406,22	216,20
1.413,49	221,29

EK	ZWA
1.420,75	226,38
1.428,02	231,46
1.435,29	236,55
1.442,56	241,64
1.449,82	246,72
1.457,09	251,81
1.464,36	257,26
1.471,62	262,71
1.478,89	268,16
1.486,16	273,61
1.493,43	279,06
1.500,69	284,51
1.507,96	289,96
1.515,23	295,42
1.522,50	300,87
1.529,76	306,68
1.537,03	312,49
1.544,30	318,31
1.551,57	324,12
1.558,83	329,93
1.566,10	335,75
1.573,37	341,56
1.580,63	347,38
1.587,90	353,19
1.595,17	359,37
1.602,44	365,54
1.609,70	371,72
1.616,97	377,90
1.624,24	384,08

*A household with 4 persons*

EK	ZWA
1.097,36	0,00
1.104,63	2,91
1.111,89	5,81
1.119,16	8,72
1.126,43	11,63
1.133,70	14,53
1.140,96	17,44
1.148,23	20,35
1.155,50	23,26
1.162,77	26,16
1.166,40	27,62
1.173,67	30,89

EK	ZWA
1.340,81	113,19
1.348,08	117,18
1.355,35	121,18
1.362,62	125,18
1.369,88	129,18
1.373,52	131,17
1.380,78	135,53
1.388,05	139,90
1.395,32	144,26
1.402,59	148,62
1.409,85	152,98
1.417,12	157,34

EK	ZWA
1.580,63	265,80
1.587,90	271,25
1.595,17	276,70
1.602,44	282,15
1.609,70	287,60
1.616,97	293,05
1.624,24	298,50
1.631,51	303,95
1.638,77	309,40
1.646,04	314,86
1.649,67	317,58
1.656,94	323,39

1.180,93	34,16
1.188,20	37,43
1.195,47	40,70
1.202,74	43,97
1.210,00	47,24
1.217,27	50,51
1.224,54	53,78
1.231,80	57,05
1.235,44	58,68
1.242,71	62,32
1.249,97	65,95
1.257,24	69,58
1.264,51	73,22
1.271,77	76,85
1.279,04	80,49
1.286,31	84,12
1.293,58	87,75
1.300,84	91,39
1.304,48	93,20
1.311,74	97,20
1.319,01	101,20
1.326,28	105,19
1.333,55	109,19

1.424,39	161,70
1.431,65	166,06
1.438,92	170,42
1.442,56	172,60
1.449,82	177,32
1.457,09	182,05
1.464,36	186,77
1.471,62	191,49
1.478,89	196,22
1.486,16	200,94
1.493,43	205,66
1.500,69	210,39
1.507,96	215,11
1.511,59	217,47
1.518,86	222,56
1.526,13	227,65
1.533,40	232,73
1.540,66	237,82
1.547,93	242,91
1.555,20	248,00
1.562,47	253,08
1.569,73	258,17
1.577,00	263,26

1.664,21	329,21
1.671,48	335,02
1.678,74	340,84
1.686,01	346,65
1.693,28	352,46
1.700,54	358,28
1.707,81	364,09
1.715,08	369,90
1.718,71	372,81
1.725,98	378,99
1.733,25	385,17
1.740,51	391,34
1.747,78	397,52
1.755,05	403,70
1.762,32	409,87
1.769,58	416,05
1.776,85	422,23
1.784,12	428,41
1.787,75	431,49
1.795,02	438,04
1.802,29	444,58
1.809,55	451,12

*A household with 5 persons*

<b>EK</b>	<b>ZWA</b>
1.195,47	0,00
1.202,74	2,91
1.210,00	5,81
1.217,27	8,72
1.224,54	11,63
1.231,80	14,53
1.239,07	17,44
1.246,34	20,35
1.253,61	23,26
1.260,87	26,16
1.268,14	29,07
1.275,41	32,34
1.282,68	35,61
1.289,94	38,88
1.297,21	42,15
1.304,48	45,42
1.311,74	48,69
1.319,01	51,96
1.326,28	55,23
1.333,55	58,50
1.340,81	61,77
1.348,08	65,41
1.355,35	69,04

<b>EK</b>	<b>ZWA</b>
1.464,36	126,09
1.471,62	130,08
1.478,89	134,08
1.486,16	138,08
1.493,43	142,44
1.500,69	146,80
1.507,96	151,16
1.515,23	155,52
1.522,50	159,88
1.529,76	164,24
1.537,03	168,60
1.544,30	172,96
1.551,57	177,32
1.558,83	181,68
1.566,10	186,41
1.573,37	191,13
1.580,63	195,85
1.587,90	200,58
1.595,17	205,30
1.602,44	210,02
1.609,70	214,75
1.616,97	219,47
1.624,24	224,20

<b>EK</b>	<b>ZWA</b>
1.733,25	301,59
1.740,51	307,04
1.747,78	312,49
1.755,05	317,94
1.762,32	323,39
1.769,58	328,84
1.776,85	334,30
1.784,12	340,11
1.791,39	345,92
1.798,65	351,74
1.805,92	357,55
1.813,19	363,36
1.820,45	369,18
1.827,72	374,99
1.834,99	380,81
1.842,26	386,62
1.849,52	392,43
1.856,79	398,61
1.864,06	404,79
1.871,33	410,96
1.878,59	417,14
1.885,86	423,32
1.893,13	429,50

1.362,62	72,67
1.369,88	76,31
1.377,15	79,94
1.384,42	83,57
1.391,68	87,21
1.398,95	90,84
1.406,22	94,47
1.413,49	98,11
1.420,75	102,11
1.428,02	106,10
1.435,29	110,10
1.442,56	114,10
1.449,82	118,09
1.457,09	122,09

1.631,51	228,92
1.638,77	234,01
1.646,04	239,09
1.653,31	244,18
1.660,57	249,27
1.667,84	254,35
1.675,11	259,44
1.682,38	264,53
1.689,64	269,62
1.696,91	274,70
1.704,18	279,79
1.711,45	285,24
1.718,71	290,69
1.725,98	296,14

1.900,39	435,67
1.907,66	441,85
1.914,93	448,03
1.922,20	454,21
1.929,46	460,75
1.936,73	467,29
1.944,00	473,83
1.951,27	480,37
1.958,53	486,91
1.965,80	493,45
1.973,07	499,99
1.980,33	506,53
1.987,60	513,07
1.994,87	519,61

*A household with 6 persons*

EK	ZWA
1.293,58	0,00
1.300,84	2,91
1.308,11	5,81
1.315,38	8,72
1.322,65	11,63
1.329,91	14,53
1.337,18	17,44
1.344,45	20,35
1.351,71	23,26
1.358,98	26,16
1.366,25	29,07
1.369,88	30,52
1.377,15	33,79
1.384,42	37,06
1.391,68	40,33
1.398,95	43,60
1.406,22	46,87
1.413,49	50,14
1.420,75	53,41
1.428,02	56,68
1.435,29	59,96
1.442,56	63,23
1.446,19	64,86
1.453,46	68,49
1.460,72	72,13
1.467,99	75,76
1.475,26	79,40
1.482,53	83,03
1.489,79	86,66
1.497,06	90,30
1.504,33	93,93
1.511,59	97,56
1.518,86	101,20
1.522,50	103,01

EK	ZWA
1.595,17	142,98
1.598,80	144,98
1.606,07	149,34
1.613,34	153,70
1.620,60	158,06
1.627,87	162,42
1.635,14	166,78
1.642,41	171,14
1.649,67	175,50
1.656,94	179,87
1.664,21	184,23
1.671,48	188,59
1.675,11	190,77
1.682,38	195,49
1.689,64	200,21
1.696,91	204,94
1.704,18	209,66
1.711,45	214,38
1.718,71	219,11
1.725,98	223,83
1.733,25	228,56
1.740,51	233,28
1.747,78	238,00
1.751,42	240,37
1.758,68	245,45
1.765,95	250,54
1.773,22	255,63
1.780,48	260,71
1.787,75	265,80
1.795,02	270,89
1.802,29	275,98
1.809,55	281,06
1.816,82	286,15
1.824,09	291,24

EK	ZWA
1.893,13	342,83
1.900,39	348,28
1.904,03	351,01
1.911,30	356,82
1.918,56	362,64
1.925,83	368,45
1.933,10	374,27
1.940,36	380,08
1.947,63	385,89
1.954,90	391,71
1.962,17	397,52
1.969,43	403,33
1.976,70	409,15
1.980,33	412,05
1.987,60	418,23
1.994,87	424,41
2.002,14	430,59
2.009,40	436,76
2.016,67	442,94
2.023,94	449,12
2.031,21	455,30
2.038,47	461,47
2.045,74	467,65
2.053,01	473,83
2.056,64	476,92
2.063,91	483,46
2.071,18	490,00
2.078,44	496,54
2.085,71	503,08
2.092,98	509,62
2.100,24	516,16
2.107,51	522,70
2.114,78	529,24
2.122,05	535,78

1.529,76	107,01
1.537,03	111,01
1.544,30	115,00
1.551,57	119,00
1.558,83	123,00
1.566,10	127,00
1.573,37	130,99
1.580,63	134,99
1.587,90	138,99

1.827,72	293,78
1.834,99	299,23
1.842,26	304,68
1.849,52	310,13
1.856,79	315,58
1.864,06	321,03
1.871,33	326,48
1.878,59	331,93
1.885,86	337,38

2.129,31	542,32
2.132,95	545,59
2.140,21	552,50
2.147,48	559,40
2.154,75	566,30
2.162,02	573,21
2.169,28	580,11
2.176,55	587,01