THE OECD TAX-BENEFIT MODEL FOR AUSTRIA
Description of policy rules for 2019

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Preface

The OECD Tax-Benefit model (TaxBEN) incorporates detailed policy rules for tax liabilities and benefit entitlements as they apply to individual families across OECD member countries. Its main use is to calculate the amount of taxes that people are liable to pay, and the government transfers they are likely to receive, in different family and labour-market situations. The model includes legal policy rules that are relevant for people of working age (from 18 years old until the statutory retirement age) and their dependent children. Income tax liabilities and benefit entitlements are calculated for a broad set of stylised families (“vignettes”, e.g. a married couple of 40 years old adults with two children aged 4 and 6 respectively). Model users are free to change many of these characteristics, including the age and number of children, activity status of adult members, hours of work, current and past earnings levels, unemployment duration, social contribution records, and housing-related costs. The model has been updated annually since the early 2000s for most OECD countries.

TaxBEN's policy scope includes the main taxes on employment income (earnings), social contributions paid by individuals and by employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits and support for non-parental childcare are included for a sub-set of countries and years. The most important policy areas that are outside the scope of the model include taxes on wealth (e.g. taxes on immovable and unmovable properties, including local taxes), indirect taxes (e.g. VAT), early-retirement benefits, sickness benefits and in-kind transfers (e.g. free school meals, subsidised transport and free health care).

This report describes the taxes and benefits that are included in the model and focuses on the rules that are relevant for family, individual and labour-market circumstances that are within its scope. The Annex provides information on other cash benefits and taxes on employment incomes that can be relevant for some members of the working-age population, but which are not included in the TaxBEN model.

Reading notes and further details on the scope and content of this report

- The reference date for policy rules described in this report is January 1, 2019.
- Guidelines for completing and updating this report are provided here.
- Further information on the model, model results, and references to reports and analytical uses is available on the project website. A methodology document provides a full description of the assumptions underlying the model as well as the model choices that users can make. The symbol (1) in the text provides a link to a glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- In order to facilitate transparency between the policy descriptions and the associated code in the model, the variable names are indicated in the text in square brackets using the following format: [variable name], for instance: [AW] for the average wage.
The OECD tax-benefit model for Austria: Policy rules in 2019

1. Reference wages

Average wage [AW]: The OECD tax-benefit model (TaxBEN) uses Secretariat estimates of the average full-time wage (available here). If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth to the latest available wage estimate.

Minimum wage [MIN]: There is no statutory minimum wage in Austria.

2. Unemployment benefits

The unemployment benefit system in Austria consists of two schemes. i) a contributory scheme (unemployment benefit, Arbeitslosengeld) and ii) a contributory, needs-based scheme (unemployment assistance, Notstandshilfe).

The unemployment benefit is described in Section 2.1, unemployment assistance in Section 2.2.

2.1. Unemployment benefit (Arbeitslosengeld)

Variable names: [UB; UI_p; UI_s]

This is an unemployment insurance benefit. It is contributory, not means-tested and not taxable.

2.1.1. Eligibility conditions

Unemployment insurance (UI) is compulsory for dependent workers but only up from monthly earnings of EUR 446.81 (Geringfügigkeitsgrenze 2019). UI is not for civil servants. Self-employed can insure themselves voluntarily.

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1 Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.

2 Wage growth projections are based on OECD Economic Outlook and EU economic forecasts (for non-OECD countries).

3 Each (sub-)section in this chapter lists the variable names for the different benefits and taxes as they are used in TaxBEN. The first variable usually denotes the aggregate component while variable names ending with “_p” refer to the first adult (so-called “principal” adult) whereas those ending with “_s” are related to the spouse (alternative specifications to denote adults are possible, e.g. “_1” and “_2”). For instance, in this section, UB denote unemployment benefits, which are the sum of individual-specific unemployment insurance benefits of the principal adult, UI_p, and the spouse, UI_s (as relevant), and unemployment assistance benefits (see Section 2.2).
Age: None.

Contribution/employment history: 52 weeks in the last 24 months. Only 28 weeks in case of repeated spells of unemployment (this case is assumed in TaxBEN). For persons under age 25, a 26-week employment record in the last 12 months is sufficient to qualify for their first UI benefit.

Behavioural requirements and related eligibility conditions: TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits. The benefit claimant is:

1. Registered as unemployed;
2. Available, able and willing to work.

2.1.2. Benefit amount

Benefits are defined as a percentage of after tax income: 55 per cent of the average net reference income over a year (which is called the basic amount). If the unemployment benefit for the maintenance of dependants falls short of the equalisation supplement reference rate for a single person (Ausgleichszulagenrichtsatz, see Section 2.2.2) then a supplement (Ergänzungsbetrag) is granted. Furthermore, a family supplement (Familienzuschlag) may be added. Total benefits may not exceed 60 per cent of reference income and 80 per cent for benefit recipients with dependants, respectively.

Maximum monthly earnings for the purpose of calculating the maximum benefit amount are EUR 4,860 which results in a maximum benefit of 56.46 (without possible family supplements) per day. Note that the cap of the contribution-base to the UI-fund is at EUR 5,220 (see Section 7.1). The daily benefit is increased by EUR 0.97 per dependent (including children and under certain requirement5 also partners; family supplement).

In TaxBEN, “net income” is defined as gross earnings minus social security contributions, minus income tax.

2.1.3. Benefit duration

Benefit is payable 7 days per week immediately upon entry in unemployment, without a waiting period. The total duration is 20 weeks. Extensions of benefits depend on the employment record and age-related ceilings:

- 30 weeks after 156 weeks of employment covered by unemployment insurance.
- For recipients aged 40 and above: 39 weeks after 312 weeks of employment covered by unemployment insurance in 10 years.

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4 Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see Immervoll and Knotz (2018), Langenbucher (2015) and Venn (2011).

5 The following requirements have to be met: the partner has no income or an income lower than EUR 446.81 per month (Geringfügigkeitsgrenze 2019), the unemployed has substantially contributed to the partners income and there is an entitlement to a family supplement for at least one child.
For recipients aged 50 and above: 52 weeks after 468 weeks of employment covered by unemployment insurance 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 (employment foundations – Arbeitsstiftungen; not modelled in TaxBEN).

Since January 1st 2011, the duration of unemployment benefit may be extended up to a maximum of 78 weeks, after having absolved measures of rehabilitation (“Maßnahmen der beruflichen Rehabilitation”). This permanent measure of extension primarily aims at long-time unemployed and elderly workers and follows the principle of “rehabilitation before and instead of pension” (not modelled in TaxBEN).

2.1.4. Means test
The benefit is not means-tested.

2.1.5. Tax treatment
Unemployment insurance benefit is not taxable.

2.1.6. Interactions with other components of the tax-benefit system
None.

2.1.7. Combining benefit receipt and employment/starting a new job
The basic benefit is not affected by the beneficiary’s own work related earnings as long as they do not exceed EUR 446.81 per month. Earnings from work above this level result in the loss of benefit entitlements for the duration of the employment.

If the recipient has a work contract which lasts 27 days or less, with an earning more than EUR 446.81, benefits are withdrawn completely during the period of work. Additionally, benefits for days not worked in that month will be reduced according to the following rule: The net income is reduced by the marginal earnings threshold (Geringfügigkeitsgrenze 2019; EUR 446.81) and 90 percent of the remaining income are divided by the remaining unemployed days per month. In some cases (such where the benefits are not very high and/or earnings are rather high) this reduction can, result in a complete withdrawal. This rule for temporary contracts of short duration are not modelled in TaxBEN.

2.2. Unemployment assistance (Notstandshilfe)
Variable name: [UB; UA_p; UA_s]

This is a second unemployment insurance benefit. It is contributory, needs-based, and not taxable.

2.2.1. Eligibility conditions
Unemployment assistance (UA) is only payable after exhaustion of UI benefits (i.e. claimants must have already received UI benefits) and if the person is in need. It is means-tested against incomes of recipients.

Behavioural requirements and related eligibility conditions:
1. Registered as unemployed;
2. Available, able and willing to work.

2.2.2. Benefit amount
The benefit amounts to 92 per cent of the previous basic UI benefit or 95 per cent of the previous basic UI benefit plus 95 per cent of the supplement (Ergänzungsbetrag) for low income groups, i.e., persons whose total unemployment insurance benefits were less than EUR 933.06 per month (this amount is the standard value for the equalisation supplement reference rate, the so called Ausgleichszulagenrichtsatz – equivalent to EUR 31.10 per day). Family supplements as described in Section 2.1 above are paid on top of that.

TaxBEN-specific comment: In calculating UA, monthly net income is required. Due to annualisation in TaxBEN, a proxy gross income of 12/14ths of the full gross income (incl. bonuses) is used to calculate this net income. This is due to different taxation rules applying to months 13 and 14.

2.2.3. Benefit duration
52 weeks upon granting; the benefit may be extended for 52 weeks repeatedly as long as recipients qualify and until old-age pension entitlements accrue.

2.2.4. Means test
UA is affected by other income (income from rent, interest, etc. affects UA). The benefit is not affected by the beneficiary’s own work related income as long as this income does not exceed EUR 446.81 per month; earnings from work above this level result in the loss of benefit entitlements for the duration of the employment. If the recipient works not more than 27 days, UA benefit for days not worked is reduced (see also Section 2.1). Since 1 July 2018, UA is not affected anymore by partner’s income. This rule for temporary contracts of short duration are not modelled in TaxBEN.

2.2.5. Tax treatment
The benefit is not taxable.

2.2.6. Interactions with other components of the tax-benefit system
None.

2.2.7. Combining benefit receipt and employment/starting a new job
See Section 2.2.4.

3. Social assistance and housing benefits
In Austria, two forms of minimum income provision benefits exist: i) a general assistance (means-tested minimum income, Bedarfsorientierte Mindestsicherung) and a supplementary pension (Ausgleichszulage). The first benefit is covered in Section 3.1. The latter is only paid to age pensioners or other persons incapable of working and is, therefore, not considered in TaxBEN.

Housing costs can be covered partly within the means-tested minimum income (as described in Section 3.1) and an additional related subsidy (Mindestsicherung-
Mietbeihilfe, Section 3.2) as well as two further schemes called Wohnbeihilfe (Section 3.3) and Mietzinsbeihilfe (not modelled in TaxBEN).

3.1. Means-tested minimum income (Bedarfsorientierte Mindestsicherung)

Variable name: [SA; HB_SA]

This is a non-contributory benefit which is means-tested, needs-based and not taxable.

There is not the same minimum standard to eligible persons across the nine federal states. The benefits are regulated differently from federal state to federal state.

3.1.1. Eligibility conditions

The means-tested minimum income is based on a subsidiary principle and, therefore, constitutes the last resort in social security. Persons are eligible only if they do not have adequate financial resources to support themselves and their dependents, respectively, through other resources (e.g., income, social insurance) or assets.

3.1.2. Calculation of gross benefit

The means-tested minimum income scheme is due twelve times a year. It amounts to EUR 885.47 for single persons and EUR 1,328.20 for couples per month in Vienna (2019). These figures comprise a share of 25% for housing costs.

The following table shows monthly rates for three regions.

<table>
<thead>
<tr>
<th>Monthly rates in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Family type</strong></td>
</tr>
<tr>
<td>Single person</td>
</tr>
<tr>
<td>Couple</td>
</tr>
<tr>
<td>Dependent child</td>
</tr>
<tr>
<td>132.82 (from the 4\textsuperscript{th} born child on)</td>
</tr>
</tbody>
</table>

Remarks: The rates include the benefits for housing (25%). Exception: Dependent child in Vienna. TaxBEN simulates the rates for Vienna.

Since January 2013, the heating supplement in Vienna has been reformed into the “energy support”. Recipients of the minimum income scheme or a supplementary pension (Ausgleichszulage) qualify for this measure which covers financial support for energy cost arrears, energy advice and financing of measures according to household needs (as these benefits are determined on an individual basis, “energy support” is not modelled in TaxBEN).

Upper Austria and Carinthia have their own minimum standard for adult persons with family allowances; in Upper Austria there are also own minimum standards for children without family allowances.
Since February 2018 (amending law), Vienna has its own minimum standards for 18 to 25 year olds, two different levels. The level of the standard depends on whether the person is in education or vocational training, or she is employed or in a training measure of the Public Employment Service or in an integration measure. The starting value of the standard depends on whether the person lives in the household of the parents or manages a household alone. As TaxBEN does not model whether individuals are undertaking study, only the low minimum standards are included in the model.

**Single person (own household):**
- higher minimum standard € 885.47
- low minimum standard € 664,10

**Single person in the household of the parents:**
- higher minimum standard € 664,10
- low minimum standard € 442.74

In Upper Austria there is also an own minimum standard "Integration". The minimum standard "integration" applies to persons entitled to subsidiary protection (exception: unaccompanied minors) who are accommodated outside of organized institutions.

3.1.3. *Benefit amount*

See Section 3.1.2.

3.1.4. *Benefit duration*

As long as eligibility conditions are fulfilled.

3.1.5. *Means test*

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. The obligation under the social assistance law to pay back benefits later when income is received was abolished. Thus, every income and moveable asset (with some exceptions) is considered in the means and income test apart from family benefits.6

If the household income is below the means-tested minimum income threshold irrespective of reason (e.g. low unemployment benefit, low wages) people concerned are entitled to a “top-up” means-tested minimum income.

3.1.6. *Tax treatment*

The benefit is not taxable.

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6 Since the introduction of means-tested minimum income in Austria, there is a new exemption limit on assets (EUR 4,315.20). Every asset over the exemption limit on assets has to be used up before a benefit can be granted. Alimony payments from the absent parent are taken into account when calculating the entitlement to the means-tested minimum income. Note that TaxBEN does not take into account income from assets and hence does not model this exemption limit.
3.1.7. Interaction with other components of the tax-benefit system

According to a recent decision of the Verwaltungsgerichtshof (VwGH) in Austria, the family supplement to unemployment benefits must no longer be part of the means-test as of February 2016. While the decision implies that unemployed persons might benefit retroactively from 2010 onwards, TaxBEN models this only starting in 2016.

3.1.8. Combining benefit receipt and employment/starting a new job

See Section 3.1.5.

3.2. Housing benefit under the means-tested minimum income
(Mindestsicherung-Mietbeihilfe)

Variable names: [HB; mietbeihilfe]

This is a non-contributory benefit, means-tested and not taxable. Recipients of means-tested minimum income receive a basic subsidy for housing costs (25% of the applicable minimum standard, as covered in the rates shown in Section 3.1.2) and in case of high housing costs an additional supplement called “Mietbeihilfe”. Persons with small pensions (e.g. persons receiving supplementary pensions) may also receive a “Mietbeihilfe” (note however that pensioners are not considered in TaxBEN). The “Mietbeihilfe” is granted monthly to pensions/minimum income benefit recipients in Vienna, if the amount of the rent leads to a total income below a certain level. Because the treatment of housing costs varies widely between federal states, Vienna is taken as a reference.

3.2.1. Eligibility conditions

Austrian citizens and persons with equal status (persons with a refugee or subsidiary protection status, EU/EFTA citizens, third country nationals with a Permanent leave to remain, third country nationals with a Residence permit for permanent residence). To qualify, persons need to receive pension or minimum income scheme benefits.

3.2.2. Calculation of gross benefit

The amount depends on the rent per month, the household income per month, the number of the people living in the household and the size of the flat. “Mietbeihilfe” is calculated as the difference between the maximum amount of “Mietbeihilfe” (“Mietbeihilfenerobergrenze”), or the actual rent paid (minus “Wohnbeihilfe” in case the person receives this benefit; see Section 3.3) if this is lower, and the basic subsidy for housing costs, which is set at 25% of the applicable minimum standard.

Maximum amount of “Mietbeihilfe” (“Mietbeihilfenerobergrenze”) for people receiving the means-tested minimum income or pensions in Vienna

Monthly rates, 2019

<table>
<thead>
<tr>
<th>Persons in household</th>
<th>Maximum amount in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 or 2</td>
<td>330,93</td>
</tr>
<tr>
<td>3 or 4</td>
<td>346,97</td>
</tr>
</tbody>
</table>
For example, in case of a 1-Person household, if the rent paid exceeds the level as outlined in the table above and if the housing costs are higher than the basic subsidy for housing costs (in case of a 1-Person household EUR 221,36 = 25% of the applicable minimum standard), the additional “Mietbeihilfe” will be EUR 109,57 (EUR 330,93 minus EUR 221,36).

For persons with small pensions and older recipients (above legal retirement age which currently is 60 for women and 65 for men) of the means-tested minimum income (“DauerleistungsbezieherInnen”), the basic subsidy for housing costs is smaller (9% or 13,5% of the applicable minimum standard depending on the family type). These persons can therefore get a higher additional “Mietbeihilfe” (e.g. in case of a 1-Person household EUR 211,39 in 2019). As TaxBEN considers working-age individuals only, this is not modelled.

3.2.3. Benefit amount
See Sections 3.1.5 and 3.2.2.

3.2.4. Benefit duration
As long as eligibility conditions are fulfilled.

3.2.5. Means test
See Section 3.2.2. Means-tested minimum income is not taken into account as income for the means test for the Mietbeihilfe.

3.2.6. Tax treatment
The benefit is not taxable.

3.2.7. Interaction with other components of the tax-benefit system
None.

3.2.8. Combining benefit receipt and employment/starting a new job
See Sections 3.1.5 and 3.2.2.

3.3. Housing support (Wohnbeihilfe)
Variable name: [HB]
“Wohnbeihilfe” (granted by the city of Vienna) depends on the type of housing:
- subsidised built houses,
- subsidised renovated houses,
- privately rented, non-subsidised built or renovated houses — called “Allgemeine Wohnbeihilfe”.

<table>
<thead>
<tr>
<th></th>
<th>367,57</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 or 6</td>
<td></td>
</tr>
<tr>
<td>7 and more</td>
<td>387,05</td>
</tr>
</tbody>
</table>
3.3.1. Eligibility conditions

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 885.47;
- for two persons EUR 1327.62;
- per child EUR 136.63.

“Wohnbeihilfe” is not paid to owners of houses and tenants with family relationships to lessors.

3.3.2. Calculation of gross benefit

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

For the case of privately rented, non-subsidised built or renovated houses:

a) “Anrechenbarer Wohnungsaufwand“ (countable housing expenditure) = the legally permitted rent laid down in the lease contract:

- in case of a tenancy for an indefinite period and Category A flats - EUR 5,58 per m² at maximum (this is the rent implemented in TaxBEN),
- in case of a tenancy for a definite period and Category B flats - EUR 4,18 per m² at maximum,
- in case of Category C+D flats - EUR 2,79 per m² at maximum.

b) “Zumutbarer Wohnungsaufwand” (reasonable housing expenditure) is defined according to household income and size (latest reference values are from April 2014). The reasonable amount for 2017 is defined at EUR 1,80 per m². The rate is adjusted for public tenants, as the latter is used for private tenants if it is higher.

The family income as basis of the “Zumutbarer Wohnungsaufwand” is reduced per 20% in favour of families in special situations, e.g. (focussing on situations relevant for TaxBEN):

- families with all members under the age of 40,
- families with one child under the age of six,
- with at least three children,
- single parent families.

7 Family benefits for children living in the household do not count towards the minimum income.

8 www.wien.gv.at/wohnen/wohnbauforderung/abs-info/pdf/wbh-allepersoneneinkommen.pdf. For the implementation, TaxBEN uses a quadratic trend procedure to approximate the values for reasonable housing expenditure reported in the tables, which provides a very precise fit. The procedure is updated regularly based on the official values.
3.3.3. Benefit amount
See Section 3.3.2.

3.3.4. Benefit duration
As long as the eligibility conditions hold.

3.3.5. Means test
See Section 3.2.2. Means-tested minimum income is not taken into account as income for the means test for the Wohnbeihilfe.

3.3.6. Tax treatment
The benefit is not taxable.

3.3.7. Interaction with other components of the tax-benefit system
None.

3.3.8. Combining benefit receipt and employment/starting a new job
See Section 3.3.5.

4. Family benefits
In Austria, one general family allowance exists (Familienbeihilfe), and two supplements, the School Bonus (Schulstartgeld) and a multiple child bonus (Mehrkindzuschlag). All are covered together in Section 4.1. Furthermore, a child tax credit (Kinderabsetzbetrag) is granted, which is described in Section 4.2. Finally, a childcare benefit (Kinderbetreuungsgeld) is paid irrespective of the enrolment in care, which is covered in Section 4.3.

4.1. Family allowance (Familienbeihilfe)
Variable names: [FB; FAMBEN]
This is a non-contributory benefit, not means-tested and not taxable.

4.1.1. Eligibility conditions
Family allowances are paid to all families with dependent children. For minor children there are no special requirements, children of full age must be students or in vocational training.

4.1.2. Benefit amount
The amounts vary with child ages. The monthly family allowance for children under the age of 3 is EUR 114.0, it is EUR 121.9 from the age of 3 to the age of 10, it is EUR 141.5 to the age of 19 and EUR 165.1 per month for children older than 19 – for young people in education, family benefits can be paid until the age of 24 (in some exceptions until the age of 25, not modelled in TaxBEN).
The total amount of family allowance is dependent upon the number of children in the family for which family allowance is received. The family allowance received increases with every child. For example, if family allowance is received for two children, then the additional sum received amounts to € 7,10 per child; for five children the amount is € 32,0 per child; for seven and more children € 52,0 per child (TaxBEN assumes a maximum number of 4 children only).

There is a further increase, a multiple child bonus (*Mehrkindzuschlag*) of EUR 20 per month for the third and each further child if the household taxable income is below the annual limit EUR 55,000 per year.

Every September an additional school bonus of EUR 100 is granted for children between 6 and 15 (*Schulstartgeld*).

### 4.1.3. Benefit duration
As long as the eligibility conditions hold.

### 4.1.4. Means test
Family allowance is not subject to any means test.

However, for children above the age of 19 who have an income above € 10,000, the amount of family allowance received is reduced successively. At an annual income of € 11,981.2 it is reduced to zero. For children with a severe disability, the amount at which this amount is reduced to zero is € 13,852.0 (these cases are not modelled in TaxBEN).

### 4.1.5. Tax treatment
Family allowance is not taxable.

### 4.1.6. Interaction with other components of the tax-benefit system
See Section 4.2.

### 4.1.7. Combining benefit receipt and employment/starting a new job
Employment doesn’t affect benefit receipt.

### 4.2. Child tax credit (*Kinderabsetzbetrag*)

Variable names: [FB; C_CHIL_p]

This benefit is paid in form of a tax credit together with family allowance and is refundable, i.e. not connected with income tax assessment (also families who pay no taxes receive it as a negative tax). It is therefore treated as a benefit in TaxBEN.

#### 4.2.1. Eligibility conditions
Any family receiving family allowance (see Section 4.1) is eligible to the child tax credit.

#### 4.2.2. Benefit amount
Child tax credit is EUR 700.8 per child per year (58.40 per month).
4.2.3. Benefit duration
As long as the eligibility conditions hold.

4.2.4. Means test
See Section 4.1.4.

4.2.5. Tax treatment
Childcare allowance is tax free.

4.2.6. Interaction with other components of the tax-benefit system
See Section 8.1.4.

4.2.7. Combining benefit receipt and employment/starting a new job
Employment doesn’t affect benefit receipt.

4.3. Childcare allowance (Kinderbetreuungsgeld)

Variable names: [FB; CBB]

Childcare allowance (Kinderbetreuungsgeld, KBG) is a financial support for parents regulated by the Childcare Allowance Act and is a family benefit. All parents are legally entitled to it. In particular, the benefit is paid irrespective of child enrolment in care. In TaxBEN it is therefore modelled as a family benefit.

The benefit is granted for children born from 1 January 2002. For births from 1st March 2017 new legal measures were introduced. In the following, both systems are described and the variants are clearly labelled.

4.3.1. Eligibility conditions

Childcare allowance is a family benefit and is received by all mothers/fathers (also adoptive or foster parents), regardless of whether they were in employment before the birth (exception: income related childcare allowance, cp. below), and is thus also available to housewives, students, etc. The conditions for receipt of childcare allowance are:

- entitlement to family allowance (“Familienbeihilfe”, cp. Section 4.1),
- the parent claiming the childcare allowance 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 ceiling of additional earnings (depending on the chosen option) may not be exceeded.
- Furthermore, parent and child must have their centre 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 (not modelled in TaxBEN). 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.

Entitlement to childcare allowance does not depend on the form of childcare parents choose.

4.3.2. Benefit amount

Claimants may choose between two schemes:

1. Childcare allowance account (a flat-rate benefit) recognizes and remunerates in part the commitment and work involved for parents in caring for small children. Parents may claim these allowance irrespective of whether they were economically employed prior to the birth of the child.

2. Income-related childcare allowance is primarily designed to give better earning parents – who want to withdraw from the labour market for a limited period of time only – the opportunity of receiving some compensation for the earnings foregone during that period. Thus, the income-related allowance scheme is primarily designed as a parental leave benefit and therefore it is not considered in TaxBEN (further details can be found in the Annex).

Flat-rate childcare allowance has been reformed for births from 1st March 2017. In the following, the scheme modelled in TaxBEN (flat-rate childcare allowance) is described separately for births as of 1st January 2010 and for births as of 1st March 2017.

a) Flat rate childcare allowance for births as of 1st January 2010 (four options)

As of 1 January 2010 there are four options for drawing flat-rate allowance:

• Option 30+6
• Option 20+4
• Option 15+3
• Option 12+2

Depending on the chosen option, one parent may claim childcare allowance till the 30th, 20th, 15th or 12th month of the child. If parents alternate drawing childcare allowance, these periods will be extended (+2 up to +6 months) in accordance with the option chosen. Lone parents are ineligible to receive this extension. Any months not claimed by the other parent cannot be transferred to the claiming parent. The actual amount paid is depending on the option chosen and decreasing with the claim period. TaxBEN assumes the longest possible period (and, hence, that in couple households, both partners claim the benefit, while the sole parent claims the benefit in single-parent households) and accordingly a daily rate of EUR 14,53.

Under the flat-rate childcare allowance scheme, the parent claiming the allowance may earn 60% of their prior income, at a minimum EUR 16,200 per calendar year. TaxBEN assumes that the partner earning the least income claims the allowance.
Lone parents and married couples (or partners) on low incomes may apply for a supplementary payment of child care allowance amounting to EUR 6.06 per day for a maximum time period of 365 days. During the period in which a supplementary payment is received, the person receiving childcare allowance can earn up to EUR 6,800 per calendar year. Concerning married couples/partners there is an income limit for the partner as well: EUR 16,200. TaxBEN assumes this supplement is claimed during the first year of the child.

For births starting from 1/3/2017 this regulation is no longer in force. It was replaced by the Childcare allowance account.

b) Childcare allowance account for births as of 1st March 2017 (flexible flat-rate childcare allowance)

Childcare allowance account can be taken flexibly within the duration of 365 and 851 days (which is approximately 12 to 28 months) from the birth of the child by one parent, or from 456 to 1,063 days (approximately 15 to 35 months) for both parents. For the shortest variant (basic variant) childcare allowance amounts to EUR 33.88 per day and for the longest it is EUR 14.53 per day. The longer it is taken, the less the daily amount becomes, the amount thus depends on the duration period. For this variant, 20% is allotted to the second parent, which is not transferable (in the shortest it is 91 days). TaxBEN assumes the longest possible period (and, hence, that in couple households, both partners claim the benefit) and accordingly a daily rate of EUR 14.53.

Under the flat-rate childcare allowance scheme, the parent claiming the allowance may earn 60% of their prior income, at a minimum EUR 16,200 per calendar year. TaxBEN assumes that the partner earning the least income claims the allowance. Under the childcare allowance account, lone parents and married couples (or partners) on low incomes may apply for a supplementary payment of child care allowance amounting to EUR 6.06 per day for a maximum time period of 365 days. During the period in which a supplementary payment is received, the person receiving childcare allowance can earn up to EUR 6,800 per calendar year. Concerning married couples/partners there is an income limit for the partner as well: EUR 16,200. TaxBEN assumes this supplement is claimed during the first year of the child.

Partner Bonus: Independently of the option chosen, a partner bonus was introduced for births from 1st March 2017. If both parents claim childcare allowance almost equally (50:50 or at most 60:40), a partner bonus of EUR 1,000 (EUR 500 per partner) can be received as a lump-sum payment at the end of the claim period.

Supplements for births as of 1st January 2010 and 1st March 2017:

Further supplements exist for the case of multiple births and for lone parents in case of “hardship”. These options are not modelled in TaxBEN.

4.3.3. Benefit duration

See Section 4.3.2.

4.3.4. Means test

Definition of income: The following income within the definition of the Income Tax Act (Einkommensteuergesetz) is taken into account for the calculation:

- Income from agriculture and forestry (not relevant in TaxBEN),
• Income from independent personal services (not relevant in TaxBEN),
• Income from commercial activities (not relevant in TaxBEN),
• Income from employment: see Section 4.3.7.

4.3.5. Tax treatment

The benefit is not taxable.

4.3.6. Interaction with other components of the tax-benefit system

Family allowance and unemployment insurance benefits can be received at the same time if the income limit is not exceeded (exception: income-related childcare allowance and unemployment insurance benefits). For further conditions, see Section 2.1.

4.3.7. Combining benefit receipt and employment/starting a new job

For births as of 1st January 2010 and 1st March 2017

See Section 5.3.2: Under the childcare allowance account scheme, parents may earn 60% of their prior income, at a minimum EUR 16,200 per calendar year. Childcare allowance is reduced by any income above the threshold.

The supplementary payment to childcare allowance under the childcare allowance account is reduced by the excess amount if earnings do not exceed the additional limit plus 15% for both parents. If earnings exceed the additional limit plus 15%, the entire benefit is withdrawn.

5. Net costs of Early Childhood Education and Care

The reference date for the policy rules described in this section is January 1, 2019.

Percentage of children in childcare centres (including day-care givers) 2017:

• 0-2 years: 28,6%
• 3-5 years: 94,7%
• 6-9 years: 15,8% (without schools)

Compulsory school-age is 6. The enrolment rates were decreasing or stagnating (except in the age-group 0-2) despite the considerable increase of child-day-care places for children in pre-school-age because there were about 2 % more inhabitants in the relevant age-groups in comparison to 2016. The considerable decrease of enrolment rates (out of school care) in the age-group 6-9 is caused by the increase of all-day-schools as well.

5.1. Gross childcare fees

Variable names: [ATcc_cost]

To improve social, linguistic and cognitive skills of preschool-children, compulsory child-day-care was introduced 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.
Additionally, child-care is provided free of charge in the different states as follows: all-day-care for children 0 - 6 years in Vienna and Burgenland, half-day-care for children 2,5 - 6 in Lower and Upper Austria, half-day-care for children 4 - 6 in Tyrol.\(^9\)

TaxBEN assumes the family is based in Vienna, and therefore no childcare fees are payable, except the cost of meals, set at a rate of currently EUR 65.35 per month per child under 6.\(^10\)

5.1.1. Discounts for part-time usage

Not relevant for Vienna.

5.2. Fee discounts and free provision

See Section 5.1.

5.3. Childcare benefits for formal centre-based care

Childcare allowance (Kinderbetreuungsgeld, KBG) is a financial support for parents regulated by the Childcare Allowance Act and is a family benefit. All parents are legally entitled to it. In particular, the benefit is paid irrespective of child enrolment in care. In TaxBEN it is therefore modelled as a family benefit (see Section 4.3).

5.4. Child-care allowance for children not using child care centres

See Section 5.1.

5.5. Tax concessions for childcare expenditures

Before 2019, childcare expenses could be deducted, which, however, was not modelled in TaxBEN as centre-based childcare is free of charge in Vienna (except for meal costs). As of 2019, the deductibility of childcare costs has been abolished (see also Section 8.1.1).

6. Employment-conditional benefits

In Austria, there exists one employment-conditional benefit, the so-called Kombilohnbeihilfe. It is described in Section 6.1.

\(^9\) Since 2008, the expansion of childcare facilities – especially for children aged up to three years – was enhanced by funding by the federal government. To this end, the federal government invested a total amount of EUR 442.5 million from 2008 to 2018.

\(^10\) See [https://www.wien.gv.at/bildung/kindergarten/staedtisches-angebot/fakten.html](https://www.wien.gv.at/bildung/kindergarten/staedtisches-angebot/fakten.html). In non-public day-care facilities, fees depend mostly on the family net income (which consists of partners’ incomes, family allowance, etc.), the number of carers for children, the number of siblings. The costs vary considerably because they are defined by private child-care-centres and municipalities. Childcare is subsidised by federal states and communities in order to decrease parent’s fees. Since 2009 the costs for qualified child day care are deductible from the calculation basis for income tax up to the amount of EUR 2,300 per year for each child up to the age of ten years (cp. Section 8.1.1). As TaxBEN does not assume non-public childcare, this is not modelled in TaxBEN.
6.1. In-work benefit (*Kombilohnbeihilfe*)

Variable names: *[IW; IW_p; IW_s]*

For persons who were registered unemployed for over 182 days and are either over 45 years old or returning to work from parental leave or have lessened work capability for health reasons, the in-work benefit (*Kombilohnbeihilfe*) offers an incentive to take up low-paid or part-time employment. Also eligible for this benefit are, unemployed persons after occupational rehabilitation, long-term unemployed persons with multiple placement obstacles (low qualification profile, over 45 years, health restrictions) and persons who accept employment for which the way to/from work exceeds a reasonable distance (1h 15min one way or more than 30km distance).

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.

6.1.1. Eligibility conditions

The employment is required to involve at least 20 working hours per week. Persons with severer health issues, following an individual plan for reintegration on the labours market, can reduce the working time to a minimum of 10 hours per week.

6.1.2. Benefit amount

The amount of the benefit is individually calculated by raising the unemployment benefit or the unemployment assistance by 30%. If the earned income is below this amount, the Public Employment Service (AMS) will pay the difference up to the maximum of 950 € in 2019. If the earned income is higher than 130% of the former payment of unemployment insurance benefits, no in-work-benefit is issued. Note: The monthly unemployment benefit (12 times a year) is compared to the net income including Holiday and Christmas payments, i.e. 14/12 of yearly net earnings.

6.1.3. Benefit duration

The maximum duration of benefit receipt is one year. Persons aged over 59 years or after occupational rehabilitation may apply for a second and third year which has to be decided and granted again by the Public Employment Service (AMS).

6.1.4. Means test

See Section 6.1.2.

6.1.5. Tax treatment

The In-work benefit is not considered as remuneration according to the Austrian Value-Added Tax Act (Umsatzsteuergesetz UStG) and is thus a tax-free benefit.

6.1.6. Interaction with other components of the tax-benefit system

The In-work benefit’s amount refers to the assessment basis for the unemployment benefit according to the Austrian Unemployment Assurance Act [§ 21 Abs. 1 Arbeitslosenversicherungsgesetz (AlVG)].
The In-work benefit is considered as an attachable payment according to the Austrian Enforcement Regulation [§ 290a Abs. 1 Z. 8 Exekutionsordnung (EO)].

7. Social security contributions and payroll taxes

7.1. Social security contributions (Sozialversicherungsbeiträge)

Variable names: [SC; SOCSEC_p; SOCSEC_s; SSCR_p_withoutPT_p; SSCR_p_withoutPT_s]11

Employee and Employer Social Security Contribution Rates in Austria, 2019

<table>
<thead>
<tr>
<th></th>
<th>Ceilings (EUR)</th>
<th>Rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular wage per month</td>
<td>Christmas and leave bonus per year</td>
</tr>
<tr>
<td>Health insurance</td>
<td>5220</td>
<td>10440</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>5220</td>
<td>10440</td>
</tr>
<tr>
<td>Pension insurance</td>
<td>5220</td>
<td>10440</td>
</tr>
<tr>
<td>Accident insurance</td>
<td>5220</td>
<td>10440</td>
</tr>
<tr>
<td>Contribution to the labour chamber</td>
<td>5220 (1)</td>
<td>0.50</td>
</tr>
<tr>
<td>Contribution for the promotion of residential building</td>
<td>5220 (1)</td>
<td>0.50</td>
</tr>
<tr>
<td>Addition to secure wage payments in the case of bankruptcy</td>
<td>5220</td>
<td>10440</td>
</tr>
</tbody>
</table>

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 446.81 per month (Geringfügigkeitsgrenze).
3. A new program has been introduced as of January 1, 2001 for severance payments (“Abfertigung”). Employers are required to pay 1.53 per cent of gross wages to the Social Health Security Fund (“Krankenkassen”) for those whose employment started after that date. It can also apply to taxpayers who started working before 2001 if the employer and employee opt to participate in the new program. This contribution is considered as a non-tax compulsory payments (NTCP). NTCPs refer to compulsory payments made by employers or employees in connection with the employees’ labour activity that do not qualify as taxes and social security contributions. See the "Associated paper: non-tax compulsory payments" to the latest OECD Taxing Wages report for more details on NTCPs. However, these contributions are not generally applicable to all taxpayers since those who started working before 2001 are not obliged to enter the new system so these NTCPs are not included in the calculations.
4. Employees’ unemployment insurance rate is reduced for low earnings. On 1 January 2019, it is 0% for monthly earnings up to EUR 1 681, 1% up to EUR 1 834, 2% up to EUR 1 987 and 3% above.

7.2. Payroll taxes (Dienstgeberbeitrag; Kommunalsteuer)

Variable name: [PT_p; PT_s]

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 (Dienstgeberbeitrag; 3.9 per cent) and the Community Tax (Kommunalsteuer; 3 per cent). The wage-dependent part of the contribution to the Austrian Economic Chamber (listed under heading 1000, taxes on profits, in the Revenue Statistics) which is levied, together with the contributions to the

11 Variable names for social security contributions on current income and bonuses are not separately listed.
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.

8. Taxes

8.1. Personal income tax (Einkommensteuer)

Variable name: [IT; INCTAX_p; INCTAX_s]\(^{12}\)

The tax unit is the individual.

8.1.1. Tax allowances

Work related expenses (Werbungskostenpauschale): a minimum allowance of EUR 132 is available to all employees.

Minimum allowance for special expenses (Sonderausgabenpauschale) EUR 60.

Social security contributions contributions (on current income): entirely.

Children allowance (Kinderfreibetrag) As of 1st January 2019, together with the introduction of the Familienbonus Plus (see Section 8.1.4), the Kinderfreibetrag was abolished.

Deductibility of cost for childcare The deductibility of childcare costs was abolished as of 1st January 2019 together with the introduction of the Familienbonus Plus (see Section 8.1.4).

8.1.2. Tax base

Note on the 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).

8.1.3. Income tax schedule

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

<table>
<thead>
<tr>
<th>Income (EUR) up to</th>
<th>Marginal rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 000</td>
<td>0</td>
</tr>
<tr>
<td>18 000</td>
<td>25</td>
</tr>
<tr>
<td>31 000</td>
<td>35</td>
</tr>
<tr>
<td>60 000</td>
<td>42</td>
</tr>
</tbody>
</table>

\(^{12}\) Variable names for income taxes on current income and bonuses as well as for tax allowances and tax credits are not separately listed.
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) or EUR 83 333. If these bonuses before deduction of SSC are below EUR 2 100 per year, no tax is calculated. Otherwise the tax amount is calculated according to the following formula:

<table>
<thead>
<tr>
<th>Income from Christmas and leave bonus (EUR) up to</th>
<th>Marginal rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>620</td>
<td>0</td>
</tr>
<tr>
<td>25 000</td>
<td>6</td>
</tr>
<tr>
<td>50 000</td>
<td>27</td>
</tr>
<tr>
<td>83 333</td>
<td>35.75</td>
</tr>
</tbody>
</table>

For bonuses exceeding EUR 2 100 (up to EUR 25 000) per year, the tax-free amount is EUR 2 000 and the tax 30% of the bonus (net of SSC) if this results in a lower tax amount compared to the formula above. This creates a break-even point at EUR 2 345 (i.e. the tax levied on the first EUR 2 345 of bonuses minus the tax-free amount will be the same under both schedules), leading to the following adjusted schedule:

<table>
<thead>
<tr>
<th>Income from Christmas and leave bonus (EUR) up to</th>
<th>Marginal rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 000</td>
<td>0</td>
</tr>
<tr>
<td>2 345</td>
<td>30</td>
</tr>
<tr>
<td>25 000</td>
<td>6</td>
</tr>
<tr>
<td>50 000</td>
<td>27</td>
</tr>
<tr>
<td>83 333</td>
<td>35.75</td>
</tr>
</tbody>
</table>

If income for Christmas and leave bonus exceeds EUR 83,333, the exceeding amount is added to current income and taxed accordingly (marginal rate of 50% or 55%, see above).

### 8.1.4. Tax credits

**Traffic (commuting) tax credit and social security contributions refund**: EUR 400. If after overall tax calculation of current income the tax amount is negative a refund of social security contributions applies. The refund amounts to the absolute value of the negative result of the tax calculation for current income, limited to 50% of overall social security contributions paid, respectively EUR 400. For commuters with a traffic allowance the maximum amount is EUR 500 (not assumed in TaxBEN).

**Sole earner and single parent tax credit for families with children**: The sole earner’s credit is not given when a spouse’s income exceeds EUR 6 000. This tax credit is EUR 494 for one child and increases by EUR 175 for the second and by EUR 220 for the third
and every additional child. This tax credit is non-wastable and can be paid out as a negative income tax (in addition to the refund of social security contributions permitted in respect of the traffic tax credit).

Child tax credit: See Section 4.2.

Family tax credit (Familienbonus Plus): As of 1st January 2019, a new family tax credit, the Familienbonus Plus, was introduced. The credit is non-refundable and reduces the income tax in its real extent up to EUR 1,500 per year and child below age 18 if the family receives also Familienbeihilfe for this child (Section 4.1). The only exception is the “Kindermehrbetrag” which is provided for low incomes when the tax is less than EUR 250 per year. In these cases, the Familienbonus reduces the imposed tax to EUR 0 and the rest is paid out as a negative tax, the so-called “Kindermehrbetrag”.

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

- If ITCI>0, NTCI is equal to ITCI.
- If ITCI<0, NTCI is the maximum of:
  - ITCI
  - – 0.1 * Employee's SSC – (Sole earner's tax credit if there are children)
  - – 110 – (Sole earner's tax credit if there are children).

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for the Austria in 2019 (see figure below). TaxBEN by default produces the following output: 1) net household incomes (black line) and 2) related income components (coloured stacked areas) for selected family and individual circumstances (users are free to select many of these circumstances). The model and the related web calculator is accessible from the project website. The figure below shows output for a two-adult family with two children (adults are both 40 years old whereas children are 4 and 6 years old respectively) and four different scenarios:

- By percentage of the average wage (Panel A);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (Panel B);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (Panel C);
- By previous employment record (in months), for a jobseeker claiming unemployment benefits (Panel D).

The stacked areas show the following household income components: GROSS = gross earnings; UB = unemployment benefits; SA = social assistance / guaranteed minimum income benefits; HB = housing benefits; FB = family benefits; IW = in-work benefits; SSC = social security contributions; IT = income tax. Note that these components may be
the result of the aggregation of more than one benefit/tax into a composite category. Please refer to the sections above for the benefits/taxes included in each category.

Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

**Panel A** assumes that one adult family member (the so-called ‘second adult’ using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (the so-called ‘first adult’) is employed full-time throughout the entire year at different earnings levels ranging between 0 and 200% of the average wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits (again, e.g. because they have expired) but claiming social assistance or guaranteed minimum income benefits, as applicable.

**Panels B to D** assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x-axis in Panel B measures the time of benefit receipt, starting from the first month. The x-axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt. In Panel B and D, previous earnings are assumed to be equal to the average wage.
Figure 9.1. Selected output from the OECD tax-benefit model

Couple with two children

Source: Calculations based on the OECD tax-benefit model.
Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Austria that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

**Income-related childcare allowance**

Alongside the general eligibility criteria (see Section 4.3.1) for receiving childcare allowance, requirements for the income-related childcare allowance also include 182 days of insurable work without interruption prior to the birth of the child. If both parents take turns in claiming the income dependent childcare allowance, it is granted for a maximum of 426 days from the birth of the child. If only one parent claims it, it is granted for only 365 days from the birth of the child. 61 days are thus reserved for the second parent and non-transferrable. Income-related childcare allowance amounts to 80 percent of the income last earned, max. EUR 66 per day. Under the income-related allowance scheme, parents may only earn additionally EUR 6,800 per calendar year. Childcare allowance is reduced by the excess amount if earnings of the claiming parent exceed the additional earnings limit (only earnings of the claiming parent are taken into account). The partner bonus described in Section 4.3 may also be claimed when receiving income-related childcare allowance.