

The background of the cover is a vibrant photograph of a village in Austria. In the foreground, a calm lake reflects the sky and the buildings. A prominent church with a tall, dark spire stands in the middle ground. The village is built on a hillside, with traditional European-style houses. In the background, majestic, forested mountains rise under a clear blue sky. A teal geometric overlay is present in the bottom right corner, containing the title and contact information.

# COUNTRY GUIDE: AUSTRIA

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# ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record ( EOR ) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

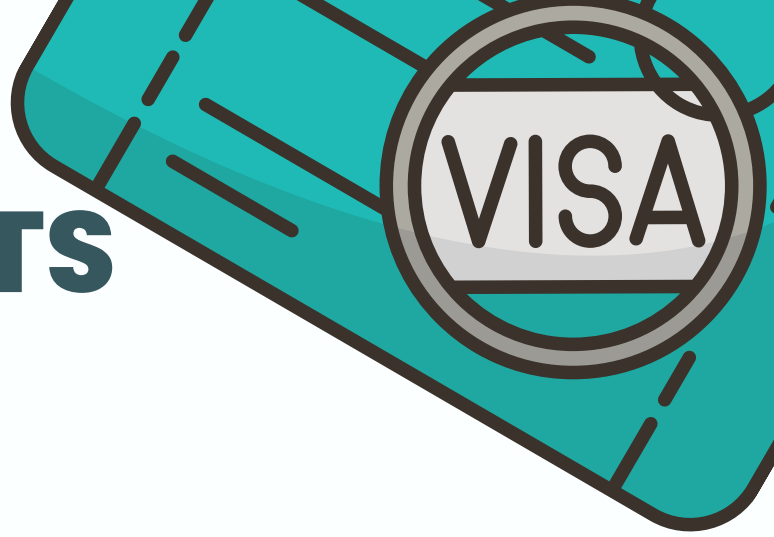
We also assist with onboarding and termination of both local or expatriate employees.

## BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



# WORK PERMITS AND VISAS



Not every foreign visitor to Austria requires a visa. European Union (EU) and European Economic Area (EEA) nationals, for example, do not require a visa. All applicants from outside these areas, however, must apply in person at the nearest Austrian embassy or consulate general. Because Austria is part of Europe's Schengen zone, all foreigners must apply for a Schengen visa, which is divided into different categories based on the applicant's situation.

## Work visas in Austria come in a variety of forms, including:

- **The Red-White-Red Card** is a 24-month visa that allows applicants to live in Austria. Employees, on the other hand, can only work for the employer specified in the application and must fit into a specific category.
- **Six-month residence visa:** An option for those looking to relocate to Austria temporarily for work.
- **Students' residence permit:** After completing studies or relevant training, holders of student residence permits can renew the permit for another 12 months in order to find work or start a business.
- **Jobseeker visa:** This visa is only available to highly qualified individuals.
- **The EU Blue Card,** an alternative to the Red-White-Red Card, grants applicants the same work rights as Austrian citizens.
- Individuals visiting Austria for business purposes for less than six months may apply for a **business visa** to remain compliant. Visas are not required for visits of up to 90 days in countries with visa-free agreements.

# EMPLOYMENT CONTRACTS



## **Probation period**

According to the Austrian Salaried Employees Act, a probationary period of up to one month may be agreed upon for white-collar employees.

## **Notice period**

- Six weeks in the first and second years of service.
- Two months after the end of the second year of service.
- Three months after the end of the fifth year of service.
- Four months following the completion of the 15th year of service.
- Five months after the end of the 25th year of service.

## **Minimum wage**

There is no statutory minimum wage in Austria. The majority of wage earners in Austria are governed by collective agreements negotiated by the social partnership. Wage earners will earn no less than 1500 € per month under the current agreement.

## **Working hours and overtime**

Based on a 17-week average, total working time may not exceed 48 hours per week. Nonetheless, the Working Hours Act contains numerous exceptions. In the event of an increased workload, the law allows for up to 20 hours of overtime per week. The employee has the right, however, to refuse overtime if it would require them to work more than ten hours per day or more than 50 hours per week. Overtime work requires an additional premium of at least 50%, according to legal requirements.

## **Termination**

In general, any unlimited employment relationship can be terminated without cause by the employer. The notice period and termination date, however, must be followed. Before terminating an employment relationship, the employer must notify the works council if the company has one. Within a week, the works council will make a decision on the planned dismissal.

# EMPLOYMENT CONTRACTS



## Severance

Austrian law distinguishes between two severance pay models:

- The old severance pay model required the employer to pay a sum based on the length of service at the end of the employment relationship unless the employee terminated the contract or was fired without notice for good cause (i.e. summary dismissal).
- The new severance pay scheme requires employers to contribute 1.53% of each employee's monthly salary to an employee severance fund. At the end of any given employment, the employee may either request that the collected amount be disbursed or leave it in the fund for future investment.

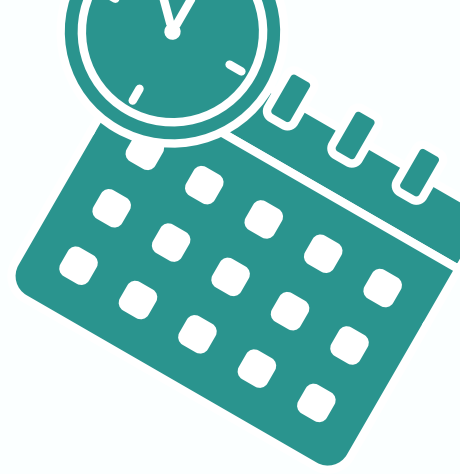
## Non-compete clause

A non-competition clause can be included in an employment contract in accordance with the Austrian Employees Act (Section 36). This clause can prohibit or limit the prospect of competitive employment for the period after the end of the employment relationship.

## Collective bargaining

Is recognized in Austria.

# PAID TIME OFF



## **Annual Vacation**

Every employee in Austria is legally allowed to 25 days, based on a five-day work week of paid leave per year, even if they work part-time or are self-employed.

## **Sick**

The principle of continued remuneration ensures that employees' remuneration will continue to be paid in the event of sickness, industrial accident, or occupational illness, as well as during rest cure and convalescent leave. How long one is paid depends primarily on seniority, and different regulations may apply to white-collar workers and manual workers.

## **Maternity**

Typically begins eight weeks before birth and ends eight weeks later. The employment relationship continues during this period, and the employee receives a maternity allowance in the amount of the average remuneration during the last 13 weeks before the complete employment prohibition. Since January 1, 2008, freelance contractors have also been entitled to maternity leave.

## **Paternity**

In Austria, paternity leave is a legal allowance for parents to stay at home after the birth of a child for a maximum of 31 days in a row, unpaid.

## **Family**

Mothers and fathers are entitled to parental leave (= release from work in exchange for wage/salary suspension) for a maximum of 24 months, provided the parent on parental leave lives in the same household as the child. The parental leave must last at least two months. The dismissal and termination protection expires four weeks after parental leave ends.

## **National Holidays**

13 public holidays in Austria.

## **Other Paid Time Off**

After six months of continuous employment, the employer may agree to educational or study leave. Employees may take compassionate leave to care for critically ill children or be with dying relatives, or they may reduce or rearrange their working hours in such cases.

# EMPLOYEE BENEFITS



## Statutory

### Unemployment

6% total of Social Security goes towards unemployment.

### Workers compensation

1.1% total of Social Security goes towards injury/accident compensation.

### Social Security

A total of 37.65% of monthly earnings (pre-tax) is contributed to Social Security by the employer and employee together.

### Retirement

Covered by Social Security. A total of 22.8% of social security contributions go towards pension funds.

### Health

7.65% of Social Security goes towards sickness/health insurance. Austria also has a public healthcare system.

### Other

Employer:

Family Burdens Equalization Levy - 3.9%,  
Municipal tax on payroll - 3% of monthly gross salaries and wages and a public transportation levy of EUR 2 per week per employee in the city of Vienna

## Private

### Workers compensation

Private workers compensation available.

### Retirement

Private retirement schemes available.

### Health

Private health insurance available.

### Life

Private life Insurance available.



# TAX



## Personal Income Tax ( PIT )

- **Tax year** : Calendar year.
- **Tax rate** : Rates range between 0-55%.
- **Tax method** : All Austrian residents are subject to Austrian income tax on their worldwide income while non-residents are only taxed in Austria on income from specific sources. Progressive income tax method is used.
- **Tax residency requirements** : A person is generally considered to be a resident upon the establishment of an abode or, at the very least, after a six-month stay in Austria.
- **Double taxation agreements ( DTA's )** : Austria has multiple double tax agreements (DTA) with other countries.

## Investment Income Tax

- Interest earned on (publicly traded) interest-bearing securities is taxed at a rate of 27.5%, whereas interest earned on bank deposits/savings is taxed at a rate of 25%.
- Domestic dividend earnings are definitively taxed for income tax purposes, with the corporation distributing the dividend deducting 27.5% WHT.
- Foreign dividend earnings paid to a domestic deposit account are subject to final taxation via the WHT deduction of 27.5%.
- Capital gains resulting from the sale of shares, securities, or other financial assets in Austria are subject to 27.5% income tax as a final tax if the assets were acquired after 31 December 2010.

## Taxable Income

All Austrian residents are subject to Austrian income tax on their worldwide income, which includes earnings from trade or business, profession, employment, investments, and property. Non-residents are only taxed in Austria on income from specific sources. Non-residents must pay income tax on income earned in Austria at the standard rate

# PAYROLL



## Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, taxable benefits, allowances, and certain lump sum perks are examples of remuneration (revenue from employment). Profits or losses made by a company or trade. Income or profits derived from an individual's status as a trust beneficiary.
- **Deductions:** Mandatory social security contributions, income tax as well as any other premiums the employee agreed to.
- **Benefits in Kind:** Benefits in kind are not required in but businesses may include them in an employee's remuneration package.
- **Employer contributions:** Social security, unemployment, pension fund, health and workers compensation.

## Payroll Taxes

Social security contributions of 37.65%, municipal payroll tax at 3% of monthly gross salaries and wages, weekly transport levy of EUR 2 as well as the Family Burdens Equalization Levy of 3.9%.

## Payroll Calendar

There are no predetermined dates on which employees must be paid.

Weekly, Bi-weekly, fortnightly and monthly payrolls are acceptable.

# LEGISLATION AND STATUTORY BODIES



## LEGISLATION

- Collective Labor Relations Act (Official Gazette No. 22/1974, last amended by 71/2013)
- Employment Contract Law Harmonization Act (Official Gazette No. 459/1993, last amended by 138/2013)
- Minimum Wage rates for Social Services
- White-Collar Employees Act (Official Gazette No. 292/1921, last amended by 58/2010)

## STATUTORY BODIES

- Federal Ministry for Labor, Social Affairs, and Consumer Protection
- Federation of Austrian Social Insurance Institutions
- Pension Insurance Institution
- Tax Authority Austria



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information or a **FREE**  
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