

## **AUSTRIA – TAX CONSIDERATIONS ON SHORT-TERM LETTINGS**

The following information can help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in Austria.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Austria, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value added tax (VAT)

Please note that the information contained in this guide is limited to income taxes and VAT. Other taxes may apply to you, including, for example, tourist taxes.

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

### **INCOME TAX**

Where an individual earns income in Austria, it is likely that they will be required to pay a percentage of tax on this income to the Austrian Tax Authority. Below is a brief outline of tax that may arise on income earned from short-term lettings in Austria and some information on how this tax can be paid over to the Austrian Tax Authority..

**Austria's tax year** runs from 1 January to 31 December.

#### **Austrian income tax rates.**

Austria has a progressive tax rate ranging from 0% to 55%. The applicable tax rate will depend on what total income you may have.

#### **Coming within the charge to income tax in Austria.**

Threshold regarding total annual income:

- €2,000 if you have a limited tax liability in Austria,
- €11,000 if are considered to have an unlimited tax liability in Austria;
- If you have a wage tax liability in Austria, no income tax on the rental income occurs if the rental income is below €730 Euro p.a. (and no other additional income occurs).

- No income tax applies on the rental income if the renting out of the property is considered a 'hobby' (so called "Liebhaberei"), which is generally linked to an overall loss on the rental activity.

If you are unsure as to how your rental income should be treated you should consider seeking advice from a tax professional.

### **Reporting tax in Austria.**

[FinanzOnline](#) (electronic filing).

*Note:* In the case of let property which is owned by more than one person (owner community), a special tax filing and registration for the rental income on conjointly owned and let property, may be obligatory.

### **Reporting tax - filing deadline.**

Filing deadline for income tax return 2018:

- paper filing: 30 April 2019
- electronic filing: 30 June 2019
- electronic filing where the income tax return is filed by an Austrian tax adviser: 31 March 2020

### **Reporting tax - payment deadline.**

The tax assessment should be issued by the Austrian fiscal authority within six months of the submission of the tax return at the latest. Once the tax assessment is received by you, you usually have one month after the receipt of the tax assessment to make the payment.

### **Austria Tax Authority contact details.**

The competent tax authority is determined by your place of residence in Austria. The general telephone number is +43 50233 233.

For additional information, please refer to the Austrian tax authority [website](#).

### **Austria specific rules applicable to income earned in relation to short-term lettings.**

Rental income may be considered trading income, if you rent out:

- more than ten guest beds, or
- rent out more than five holiday apartments and provides additional services (e.g. breakfast)

In other cases, when the rental activity is less extensive and not the only source of income etc., it will most likely be considered passive income. The assessment of the type of income should be done individually for each taxpayer.

### **Typical expenses that can be deducted from an individual's income in relation to short-term lettings.**

- Mortgage payments,
- Insurance costs,
- Maintenance costs,

- Depreciation,
- Other general expenses which are caused by the rental activity. Please note that only part of the expenses may be deductible i.e. only the part which refers to the letting of the property. If the property is used for private purposes as well, the expenses allocated to the private use is generally not deductible.

**Deductions available for tax depreciation (e.g. capital allowances / wear and tear).**

The annual depreciation on the building portion of the property is generally 1.5%. Maintenance and repair costs have to be depreciated for tax purposes for the duration of 10 or 15 years depending on the nature of the repairs or renovation.

*Note:* Only part of the depreciation may be deductible i.e. only the part which refers to the letting of the property. If the property is used for private purposes as well, the depreciation allocated to the private use is generally not deductible.

**Austrian income tax obligation for non-resident individuals.**

Typically if you are a non-Austrian resident you will have a tax obligation regarding Austrian rental income received. However, this mostly depends on the applicable Double Tax Treaty ('DTT') between Austria and your resident country and whether it says that Austria has the taxation rights on the rental income derived in Austria.

**Austrian income tax obligations for an Austrian individual in receipt of foreign rental income.**

If you are Austrian tax resident the liability of paying additional taxes in Austria depends on the applicable DTT and whether the exemption method or credit method is concluded within the DTT. Therefore, it can happen that you have to pay (additional) tax on foreign rental income in Austria.

**General property taxes payable.**

Property tax applies to all property owned in Austria and is not affected by whether the property is rented out or not. The basis for assessment is the taxation value of the property. The tax rate varies depending on the community in which the property is located.

**Capital taxes in Austria.**

Income tax is due on profits from the sale of property. The tax rate is 30% on the capital gain and should be invoiced by the notary public in Austria.

Sample Computation
Julia owns a 2 bedroom house in Vienna. She occasionally rents out the spare room at the weekends.
This has been rented for a combined 2 months during the year.
Laura received total gross rent in 2018 of €6,000 for the 2 month period the property was rented.

Laura incurred the following expenses in relation to this house in 2018: house insurance €500, local, mortgage interest €5,500 and electricity €600.

		€
Gross rental income		6,000
<i>Less allowable expenses:*</i>		
	House insurance	(83)
	Mortgage interest	(917)
	Electricity	(100)
<b>Net taxable rental income</b>		<b>4,900</b>

*\* Expenses have been restricted as property was only rented out for 2 months in the year.*

## **VALUE ADDED TAX**

Value added tax can be complicated and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in Austria is a tax on consumption. Most goods and services supplied in Austria are subject to VAT.

A person who supplies goods and/or services in Austria may have to charge VAT and pay this to the Austrian tax authority. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in Austria.

If you are currently renting a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the Austrian tax authorities. As Airbnb is not supplying the rental, it is the responsibility of the host to consider local VAT obligations of the rental charge.

### **Do I need to collect any VAT from guests if I am letting short-term accommodation in Austria?**

In general, individuals who are considered to be in business in Austria need to charge VAT on their supplies, once the criteria for VAT registration is met.

Currently, in Austria, you are required to register for VAT if you supply services to the value of €30,000 within a 12 month period. As such, where you supply short term accommodation and you breach this threshold, you should register for VAT. Below this threshold, you may qualify for the small business VAT exemption.

If you are an individual who is not resident in Austria but your accommodation is located in Austria, you should also register for Austrian VAT as the small business VAT exemption does not apply to you.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and charge Austrian VAT.

For further guidance on registering for VAT, please see the Austrian tax authorities' [website](#).

### **VAT applies to me. How do I determine how much tax I need to collect from my guests?**

VAT rates differ per country and change periodically. We recommend you to check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the Austrian VAT rate applicable to supplies of accommodation services, without any additional services such as breakfast and cleaning services, is 10% in Austria.

However, if you supply additional services to your guest during their stay (i.e. services in addition to the accommodation service itself) then Austrian VAT at 13% may apply to the

accommodation services. However, please note that this VAT rate is due to be phased out by 31 October 2018, with VAT at 10% subsequently applying.

There are other VAT rates currently in force in Austria, so we recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies.

### **VAT applies to me. How do I collect VAT from guests?**

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a VAT return. In Austria, the VAT return typically covers a monthly period (e.g. January) and is required to be filed electronically via FinanzOnline by the 15th of the second month following the taxable period (e.g. the January VAT return is due to be filed by the 15th March, if that date falls on a working day). The VAT payment is required to be made on the same day that the VAT return is required to be filed. If your sales do not exceed €100,000 in the previous calendar year, you are required to calculate and report VAT on a quarterly basis. There is also a requirement to file an annual return which is due by 30th June of the following year.

Some formalities, such as issuing a receipt or an invoice to your guests, may be required. Please find more information on this [here](#).

For further guidance on filing returns, please see the Austrian tax authorities' [website](#).

There may also be requirements around whether you use VAT-inclusive or VAT-exclusive pricing. We recommend that you check your obligations in terms of pricing and the applicable invoice requirements with a local tax advisor.