



❖ **Does Austria apply the economic employer concept for the establishment of wage tax withholding obligations?**

Yes, under certain conditions.

❖ **Is the concept implemented into national law or is it applied via practice or based on administrative instructions?**

It is applied based on an internal administrative regulation. The decree was issued by the Federal Ministry of Finance. The purpose of the decree is to specify the organization and actions of the Federal Ministry of Finance's subordinate authorities in more detail.

❖ **When did your Country adopt the economic employer concept?**

In 2013 the Administrative court made a decision in favor of the economic employer concept. In 2014 the Federal Ministry of Finance has issued the decree.

❖ **Is there a threshold of days that an employee can work in your country for a domestic client without meeting the requirements of an economic employer?**

No, if the requirements of an economic employer are fulfilled, the employee becomes taxable in Austria from day one.

❖ **If so, how many days and for which period?**

Not Applicable.

❖ **Is the formal employer obliged to register and pay wage taxes?**

No, as long as the foreign formal employer has no Austrian permanent establishment. In this case the domestic employer must withhold tax at source (on behalf of the formal employer). To reduce/avoid withholding tax at source, the formal employer can establish a voluntary payroll and pay wage taxes (further requirements need to be fulfilled to obtain relief from WHT).

There exists one exemption: If the employee (white-collar worker*) is hired out to a company that is a member of a company group, the economic employer can set up the voluntary payroll and fulfill the reporting obligations in Austria on behalf of the formal employer.

❖ **Can the economic employer register and report wage taxes on behalf of the formal employer?**

Yes, if the employee (white-collar worker*) is hired out to a company that is a member of a company group. Otherwise, the formal employer has to fulfill the reporting obligations in case of a payroll in Austria.

*A white-collar worker is a person who performs professional, desk, managerial, or administrative work.

❖ **Comments regarding the impact of the "economic employer concept" on individuals that travel for work to your country, i.e., increased administrative requirements etc.? Do the companies experience these requirements as burdening?**

In Austria two options are provided for securing the entitlement to tax (in case an employee is hired out and there exists an economic employer in Austria):

Tax at source will be withheld by the domestic employer (on behalf of the formal employer).

This is a very complicated process with the chance to avoid tax at source (partly) retrospectively with filing a refund application or with the set up of a payroll in Austria. In this regard, a few reporting obligations should be met.

In general, we would recommend to set-up a payroll in Austria to avoid tax at source and to meet the reporting and tax obligations. However, this generally requires an exemption notice from the Austrian tax authorities in advance.



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