



ADVANTAGES for BUSINESS STRUCTURING

AUSTRIA

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TAXATION OF CORPORATIONS IN AUSTRIA

- **AG-s and GMBH-s: General remarks**
 - Corporations are subject to corporate income tax on their world wide income in Austria if their seat and place of management is in Austria
 - Corporate income tax: 25%
 - Minimum corporate tax:
 - GmbH:** **EUR 1,750** (the amount is reduced to EUR 1,092 for the first year after incorporation)
 - AG:** **EUR 3,500**
- Minimum corporate income tax can be credited against future corporate income tax

WE WILL TALK ABOUT:

- INTERNATIONAL AFFILIATION PRIVILEGE
- TAXATION OF CAPITAL GAINS
- COSTS IN AUSTRIA

INTERNATIONAL AFFILIATION PRIVILEGE

AUSTRIAN HOLDING COMPANY

Income received from international participation is not taxable at Austrian parent level if:

- the shares in subsidiaries are continuously held at least 1 year
- participation is at least 10% from subsidiary's equity
- subsidiary is comparable to Austrian corporation

COMPARABLE CORPORATION

- Foreign corporation shall be comparable to Austrian corporation:
 - either corporation named in EU Directive 90/435/EEC or qualifying as a corporation under Austrian law;
 - has mainly active income or applicable tax rate is 15%

INTERNATIONAL AFFILIATION PRIVILEGE



0% CIT

Holding AG

Dividend distribution

exempt from CIT if:

- shareholding at least 1 year;
- at least 10% from foreign company's equity
- similar to Austrian corporation

10%

Foreign
Company A

50%

Foreign
Company B

100%

Foreign
Company C

INTERNATIONAL AFFILIATION PRIVILEGE: PITFALLS

International affiliation privilege may be denied in Austria if the foreign subsidiary:

- is not comparable with Austrian corporation;
- has mainly passive income (interest, royalties, rental and lease income, capital gains) and
- applicable tax rate is lower than 15%

Exemption will be replaced with credit method

TAXATION OF CAPITAL GAINS

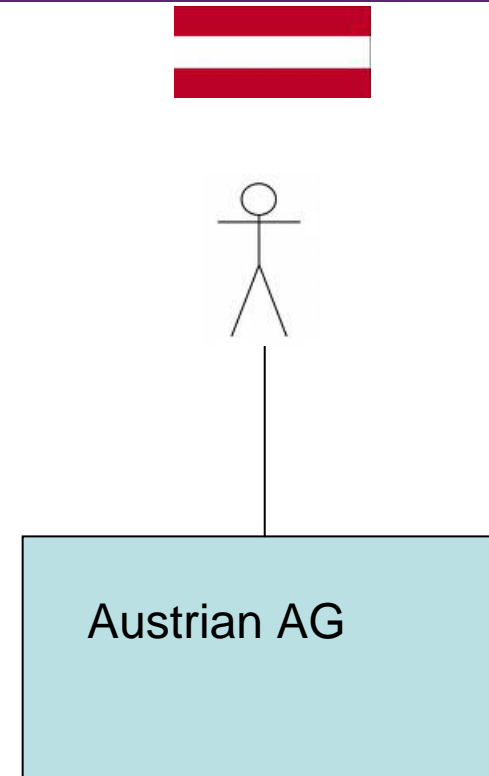
- 1) Shares in **Austrian stock corporation** are held and sold by **Austrian individual**.

Taxation of the Austrian individual:

Progressive income taxation if shares are bought and sold within 1 year according to § 30 ICTA.

Taxation at half average tax rate according § 31 ICTA if the participation in Austrian AG was at least 1% during the last five years before alienation.

if none of the above mentioned categories:
tax free



TAXATION OF CAPITAL GAINS

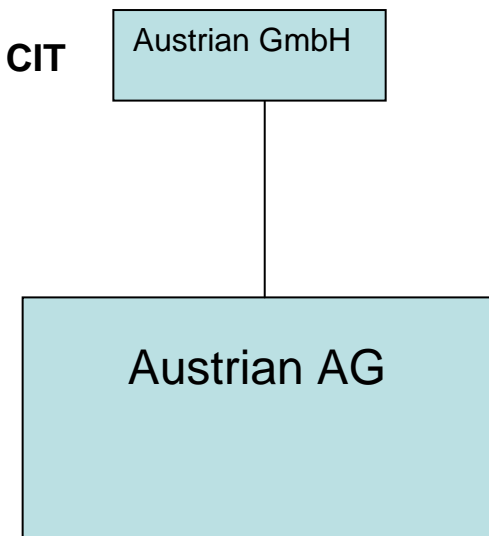


2) Shares in **Austrian stock corporation** are held and sold by **Austrian GmbH**.

Taxation of the Austrian GmbH:

25% Corporate Income Tax

25% CIT



TAXATION OF CAPITAL GAINS

- 3) Shares in **Austrian stock corporation** are held and sold by **Austrian Foundation**.



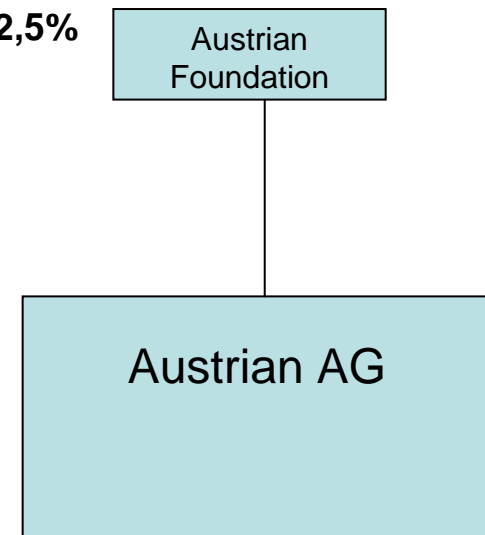
Taxation of the Austrian Foundation:

25% CIT if shares are bought and sold within 1 year according to § 30 ICTA.

12,5% “interim taxation” if the participation in Austrian AG was at least 1% during the last five years before alienation. If profits are distributed to the beneficiary the 12,5% interim tax is credited.

if none of the above mentioned categories:
tax free at foundation level

25% CIT or 12,5% interim tax

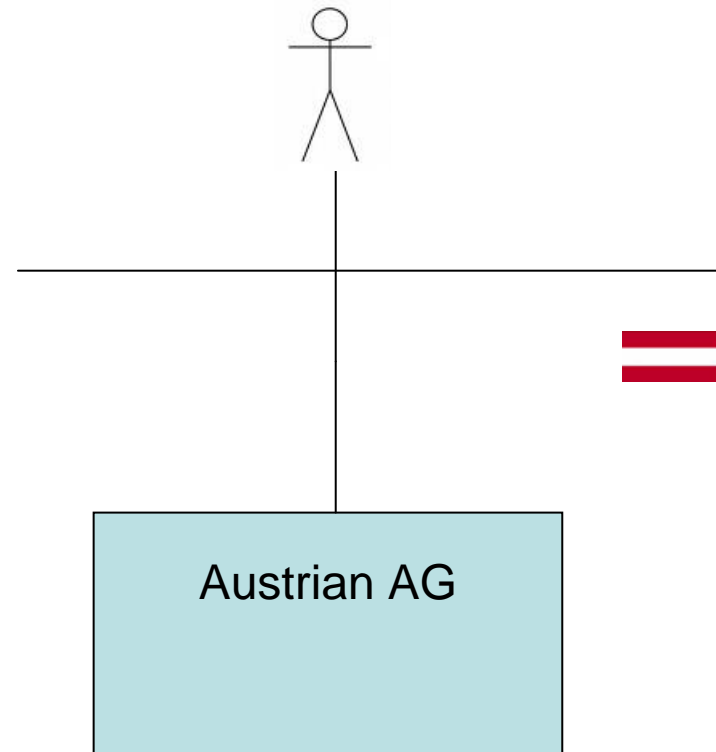


TAXATION OF CAPITAL GAINS

- 4) Shares in **Austrian stock corporation** are held and sold by **Ukrainian individual**.

Taxation of the Ukrainian individual:

Art 13 (5) Double Taxation Treaty Austria-Ukraine: residence state of the alienator has the right to tax the income → Ukraine

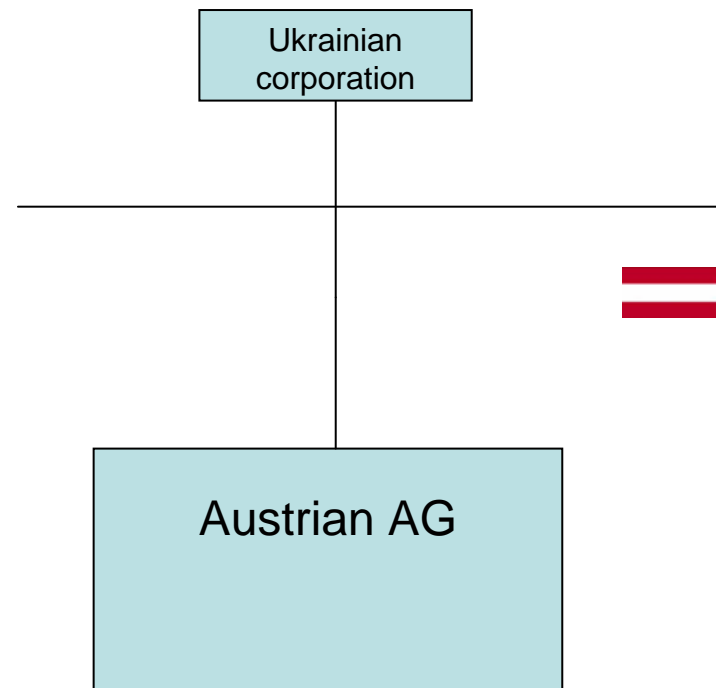


TAXATION OF CAPITAL GAINS

- 4) Shares in **Austrian stock corporation** are held and sold by **Ukrainian corporation**.

Taxation of the Ukrainian corporation:

Art 13 (5) Double Taxation Treaty Austria-Ukraine: residence state of the alienator has the right to tax the income → Ukraine



COSTS IN AUSTRIA

- Running expences of GmbH and AG in Austria (costs are indicative only and not binding)

Type of the services	Price in EUR	Price in EUR
<i>Accounting and tax compliance (annually – minimum fee if company is not operational)</i>	1200	1200
<i>Balance Sheet (depending on a transactions actually made)</i>	1500-2000	1500-2000
<i>Statutory audit (annually-minimum fee if company is not operational)</i>	Not required	3000 and more
<i>Preparation of the necessary documents for tax authorities and social security for incorporation</i>	400	400

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