



NEWSLETTER 5/2017 Special-themed newsletter

Employment bonus: first come, first served!

At the last minute the employment bonus has been decided and has been in force since 1 July 2017 – meanwhile special directives have been published as well, which can be retrieved [here](#). The employment bonus is a new program to subsidize or lower the non-wage labor costs for additional employees.

Who handles the employment bonus?

The administration of subsidies are handled by Austria Wirtschaftsservice (“aws”); applications for subsidies can already be made since 1 July 2017.

TPA Tip:

Applications can only be granted until the funds made available for that purpose are exhausted – the **“first come, first served”**-principle applies! aws recommends to file an application in case of doubt as well as prior to the payment of the subsidy the requirements have to be checked again anyway.

Do I need the consent of the new employees?

Please bear in mind that according to aws, owing to data protection regulations your new employees have to give their consent before you pass on personal data.

Who can apply for the employment bonus?

All companies having their seat/a permanent establishment in Austria can apply for the employment bonus – irrespective of size or industry. A requirement particularly is that **additional jobs** are created.

Which employment relationships and persons are subsidized?

Eligible are

- employment relationships as of 1 July 2017,
- which are subject to full social insurance
- and last for an uninterrupted period of at least four months,
- which are subject to municipal tax as well as Austrian labor and social law and if persons eligible for the employment bonus are employed.

Persons eligible for the employment bonus

- were previously registered as unemployed or
- were previously employed in Austria and seek another job or
- have received training regulated by law.

Evidence of the existence of any of the above criteria must be provided by the applicant (prospective employer) at the date of registering the employee and must be submitted to aws upon settlement of accounts.

For how long will the subsidy be available and how high is it?

- 50% of the non-wage labor costs paid,
- however, not more than 50% of the maximum contribution basis of the General Social Insurance Act (ASVG),
- are subsidized for a period of up to three years.

Which non-wage labor costs are subsidized?

- health insurance contribution (employer's share),
- accident insurance contribution,
- pension insurance contribution (employer's share),
- unemployment insurance contribution (employer's share),
- IESG (insolvency insurance law) supplement,
- residential building subsidy contribution,
- contribution to employee severance fund (BMSVG),
- employer's contribution to the family burdens equalization fund,
- supplement to employer's contribution and
- municipal tax.

Non-wage labor costs, which cannot be subsumed under the non-wage labor costs described above or which exceed the maximum contribution basis of the General Social Insurance Act (ASVG), are not subsidized. Examples would be the night heavy worker-contribution ("*Nachtschwerarbeitsbeitrag*") or the subway tax. Interest for default, late payment fees, administrative penalties, contribution surcharges and order contributions ("*Ordnungsbeiträge*") are not subsidized either.

How is the highest level to date computed?

In order to check whether at least one additional employment relationship exists, the level of employment on five effective dates is taken into consideration:

- On the day before the first eligible employment relationship is formed as well as at the end of the preceding four quarters.
- **The highest level** of existing employment relationships as of one of these five effective dates is taken as the reference level and is contractually fixed.

Do the number of heads or working hour equivalents count?

The level of employment comprises – with the exception of apprentices and marginally employed persons – all employees of a company and has to be stated in heads (= number of people).

Companies can retrieve the level of employment as of the respective effective dates via WEBEKU (online platform of the regional health insurance funds). Please note that marginally employed persons have to be stated separately, while apprentices are not stated. Therefore, the latter have to be deducted from the number of heads.



The increase in the fixed reference level has to amount to at least one full-time equivalent as of the effective date of settlement, i.e. weekly working hours of 38.5 hours. Proof of the increase can be provided by full-time as well as (several) part-time employees.

Will the subsidy be paid only ex post?

Yes, the settlement and payment of the employment bonus takes place once a year ex post. This means that the settlement will be carried out on 1 July 2018 (effective date of settlement) for applications filed on 1 July 2017. Within three months as of the effective date of settlement a settlement containing a lot of additional information has to be presented. After a successful check of the settlement, the subsidy will be paid.

The right to contractually guaranteed funds, which have not yet been paid, will be suspended for the time being in case of insolvency proceedings, enforceable tax debts and/or enforceable debts owed to social insurance agencies and in case of legal restructuring among other things.

In case of the subsequent continuation of business or timely payment of enforceable tax debts and the fulfillment of the subsidy requirements, payment will be continued after the aws receives notification of the respective reasons.

Insurance periods and the contribution bases will be checked within the framework of a joint audit of wage-dependent levies (GPLA). If the joint audit of wage-dependent levies determines a reduction of the contribution bases relevant for the subsidy, the amount of the subsidy will be claimed back in relation to the respective difference.

Do you need a tax advisor to file an application?

Please note that you need your tax advisor or auditor to file an application as he has to confirm the respective level of employment per effective date, in particular. In addition, he has to sign the application jointly with the applicant and has to confirm that the company is eligible for the subsidy. Also in case of the founding, spin-off or legal restructuring of a company a confirmation of your tax advisor or auditor is necessary confirming that the founding, spin-off or legal restructuring has not taken place to bypass subsidy regulations.



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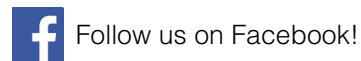
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