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## Tax obligations for retired staff of international organizations in Vienna



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**General Questions:**

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- Why is it important to declare your income to Austrian tax authorities?
- How easy/complex is it to file your taxes?
- Which types of income needs to be declared?
- What are the consequences of not filing?
- How much is the cost of a tax advisor to help you filing your taxes?
- Which documents you need to bring your tax advisor for filing?

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## Tax liabilities for retirees of United Nations



Unlimited tax liability - subject to tax on the worldwide income in Austria

- **UN-pension:** former Employees of the United Nations are **exempt** from Austrian income tax on their United Nations pension

Any other (worldwide) income is taxable in Austria, e.g.

- Income from independent personal services or commercial activities
- Income from employment
- Income from capital investment
- Income from rental or leasing



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## Progressive tax rates in Austria



Income tax scales:

Taxable Income:

- Up to € 11.000
- € 11.000 – 18.000
- € 18.000 – 31.000
- € 31.000 – 60.000
- € 60.000 – 90.000
- € 90.000 – 1.000.000
- > € 1.000.000



Marginal Tax Rate:

- 0 %
- 25 %
- 35 %
- 42 %
- 48 %
- 50 %
- 55 %

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## Main principles of taxations in Austria



- Unlimited or limited tax liability: (Fiscal) Residence or habitual abode in Austria
- Personal scope: Individuals are subject to income tax. No joint taxation of married couples or households.
- Tax returns are due on April 30<sup>th</sup> of the following year (for electronic submission by June 30<sup>th</sup>)
- Obligation to submit a tax return:
  - Annual world-wide income exceeds 730 Euros
  - Capital Income from outside Austria



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## Income from capital investment



### 1) Income from the provision of capital e.g.:

- Dividends
- Interest from cash deposits and savings accounts
- Income from bonds, equities and mutual funds
- Profit distribution to silent partners



### Tax rate – Withholding Tax

- 25% for interest on savings accounts or current accounts
- 27,5% for dividends, investment funds, derivatives

or by tax declaration (progressive taxation with standard taxation option)

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## Income from capital investment (continue)



### 2) Income from realized capital gains:

- New securities: Acquisition after January 1<sup>st</sup> 2011 (Shares, Investment Funds) or after April 1<sup>st</sup> 2012 (Bonds, Derivatives)
- Investment income can be offset with losses of capital investments (few restrictions)
- Losses cannot be transferred to next fiscal year (no carry forward)

### Withholding Tax („Kursgewinnsteuer“)

- 27,5% withholding tax (special income tax rate) for capital gains or by tax declaration (progressive taxation with standard taxation option).

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## EUSD / CRS



### ▪ EU Savings Directive (EUSD)

- General approach to improve measures against banking secrecy
- EU Member States exchange information about interest earned
- Austria, Belgium, Luxembourg – withholding tax instead of information exchange during a transitional period (Luxembourg applies to automatic exchange since January 1<sup>st</sup> 2015)

### ▪ Common Reporting Standard (CRS)

- Automatic exchange of tax information by OECD
- More than 100 countries (EU member states and major financial centers around the world)
- Annual automatic exchange (interest, dividends, sale proceeds,..)

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## Rental Income



### Current rental income :

- Taxable profit: Excess of rental receipts over expenses related to the rental income
- Standard taxation rates

### Income from realized capital gains on real estate:

- Speculation period of 10 years was abolished with April 1 st 2012
- 30 % tax for gains on real estate
- Base for taxation is the selling price minus acquisition cost

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## Example 1 – calculation of rental income



### Example: Calculation of taxable current rental income:

	Euro
Rental revenues	5.300,--
Annual depreciation	- 2.200,--
Maintenance	- 400,--
Other costs	<u>- 300,--</u>
Total rental income	2.400,--

→ to be taxed with standard tax rates

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## Example 2 – calculation of total income



### UN-retiree with fiscal residence in Austria (unlimited tax liability)

- **UN pension:** exempt from taxation
- **Capital income** (e.g. from dividend income and capital gains and the coupon paying agent is in Austria): **€ 6.000** (27,5% withholding tax = € 1.650 – already deducted by the Austrian bank → € 4.350 credited on your bank account)
- **Income from rent: € 3.500**
- **Total annual income: € 9.500**

→ **Appliance for standard taxation option favorable → Austrian withholding tax (Kest) will be refunded**

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## Where and how can we assist you



- Fulfill your necessary tax obligations and optimize your taxation situation
- Apply for the standard taxation option
- Reimbursement and setting of withholding taxes
- Avoiding double taxation (Exemption method, Credit method)
- Special flat rate in co-operation with Mr. Ramin Monajemi

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