



Taxation of real estate in Austria

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Related taxes and fees in Austria

- income tax/corporate tax
- VAT
- property transfer tax and court costs
- capital transfer tax and fees
- gift tax, inheritance tax, property tax
- and many more

Real estate in private ownership

- taxable income generated from rental or lease of property situated in Austria
- many forms of depreciation
 - 1,5 % / 2 % without evidence of useful life
 - accelerated depreciation (historic monuments act, renovation and renewal of building according to sections 3-5 MRG or according the provisions of Provincial legislation governing grants for the rehabilitation of residential property) – 15 years
 - Repair and maintenance expenses - 10 years

VAT

- rental of residential property 10 %
- rental of garages and parking space 20 %
- rental of property to businesses and similar users 0 %
combined with the loss of the possibility to deduct
input VAT – option of electing for taxation at the
standard rate 20 %
- sale of property – exempt from VAT 0 %
combined with the liability to pay back input VAT
deducted during the last 10 years – option of electing
for taxation at the standard rate 20 %

Business assets

- Depreciation: 2 % to 3 % without evidence of useful life. The tenant's use determines the rate of depreciation.
- Renovation and renewals: Depending on the kind of building the costs can be written off immediately or over a period of 10 years
- Hidden reserves and roll-over relief for natural persons active as sole traders or in partnerships
- Business reorganisations: considerable savings in transaction taxes (Reorganisation Tax Act) Property transfer tax based only on two times the standard value.
- Property Companies listed at the stock exchange have to prepare their financial statements according to the regulations of IAS/IFRS. Therefore regular valuation is needed. The profits calculated according IAS/IFRS are not relevant for tax purpose.

Property funds

- Investment funds investing largely in property
- 80 % of fund assets within EU/EEA
- Most important item for property funds: to spread the risk
- Regular valuation of the fund assets necessary. Valuation has to be made by two valuers.
- 80 % of the annual increase in value of the property is one part of the taxable profits, irrespective of whether the gains have been realised by sale or whether the increase arises merely as a result of the expert valuation
- Funds are obliged to repurchase shares at any time at the going price (based on the current market value of the funds assets)

Tax related topics for valuers

- Give evidence of the useful life of a building
- Calculate the proportional costs of land as part of the total acquisition costs
- Calculate the notional costs of acquisition as basis for depreciation for the heir or legatee/donor
- Calculate the market value of real estate, which represents business assets during business reorganisation procedures
- Calculate the annual increase in value of the funds assets of property funds