

steuern

Taxes and Profit Determination (2024)

for artists in Austria

The following list is intended as a first introduction to the topic of taxation for visual artists and offers answers to questions we are frequently asked. It also aims to provide an overview of the tax basics you should be familiar with as an artist. The answers were supplied and checked by us. However, we cannot guarantee that they are accurate in individual cases, as the answers are only general information to help you deal with taxes and accounting. For individual and more detailed information, we recommend that you consult a tax consultant.

The following frequently asked questions (FAQ) are intended as an introduction to the topic of taxes for visual artists. For individual and in-depth information, we recommend consulting a tax advisor.

► *Who has to pay taxes in Austria?*

A general distinction is made between **unlimited and limited tax liability**. **Unlimited tax liability** applies to **natural persons*** – from birth to death – who have a **domicile** in Austria or for whom Austria is their **usual place of residence**. A person is considered to have a domicile in Austria if they own a home in the federal territory, which they have used regularly and will continue to use as such over an extended period of time. The home does not need to be the main residence but needs to meet the personal requirements of a home and be used at least regularly (not just for holidays, business trips, hosting visitors, etc.).

After a stay of six months in Austria, unlimited tax liability is applied


retroactively. A person's nationality is not relevant. **Unlimited tax liability** applies to **all income, whether earned in Austria or abroad** (worldwide income). This means that **all income is assessed for taxes in Austria.**

People with limited tax liability are natural persons* for whom Austria is not their main nor usual place of residence. For people with limited tax liability, only Austrian income (from Austrian sources of income) is taxed in Austria. Income from other countries is not considered.

* **Every human being** is considered to be a “**natural person**” and is a **holder of rights and duties.** In contrast, a juridical person is created through a legal act, e.g. an association (Verein), which is created through entry in the register of associations (Vereinsregister).

► *How do I go about founding a business (sole proprietorship)?*

Visual artists earn income from self-employment as sole proprietors. Within self-employment, they fall under the category “freelancers”. Visual artists do not require a business license.

Anyone who takes up **self-employment** must notify the **relevant Austrian tax office within one month** of taking up self-employment. Anyone who has previously carried out an employee tax assessment (also known as an income tax return) can submit a **change notification** (Änderungsmeldung) via FinanzOnline (declaration change) Alternatively, an **opening notification** (Eröffnungsmeldung) can be submitted to the tax office via  questionnaire (Verf24). After successful registration, the tax office will assign a tax number.

It is recommended that the information provided **on future annual sales or annual profits** be as **realistic** as possible. Estimates that are too low can lead to high additional tax claims, which may be incurred at a time when the income earned has already been spent. If profits are estimated too high, this may lead to advance tax payments for income that may never be earned. In the worst-case scenario, this may lead to solvency problems that cannot be remedied in the short term, as advance payments, if they are too high, are generally only refunded on the basis of the income tax return in the following year.

► **What is the difference between revenue, earnings, and income?**

Revenue is an **inflow of cash or material assets**. Revenue that occurs in the context of business activities is called operating revenue.

Earnings are the amount of money left after expenses are deducted from revenue. Profit can be positive or negative (also known as loss).

The **total taxable income** is made up of the sum of all sources of income, minus special expenses and extraordinary burdens. There are seven different types of income (*verlinken mit den Einkunftsarten*).

► **What constitutes income?**

The total income is made up of the sum of the following types of income:

- **Income from agriculture and forestry**
- **Income from self-employment:** This is the profit/loss from freelance activities. Non-artistic income can also be included. The profit/loss is usually calculated through an income statement (Einnahmen-Ausgaben-Rechnung)
- **Income from commercial operations:** This is the profit/loss from commercial activities. Artistic activities are generally not included here. For commercial operations, registration with social insurance occurs automatically once the trade license is issued. Different classifications can apply to, for example, photography. Artistic photography falls under the category “income from self-employment”. However, anyone who is a “professional photographer” in accordance with the Trade Act (e.g. wedding and event photography) operates a freelance business and falls into the corresponding category.
- **Income from work that is not from self-employment:** Employment occurs if taxpayers have a contract of employment and are bound to instructions from their employers. Income from employment is subject to income tax. Income tax is already withdrawn by the employer and paid directly to the tax office. Employees / non-self-employed persons provide time and not a specific work result.
- **Income from capital:** e.g. interest from savings accounts or securities. This

income is generally taxed at source by Austrian banks. This means that the capital gains tax is deducted by the bank and so the income does not have to be included in the tax return.

- **Income from rentals and leasing:** This includes e.g. income from property rental
- **Other income:** e.g. payments and compensation from holding office in public bodies (board members, supervisory boards). This includes income from occasional commissions.

► *Who has to submit an income tax return?*

Submitting a tax return is required for anyone with unlimited tax liability (people who have a domicile in Austria or for whom Austria is their usual place of residence), especially in these cases:

- by request of the tax office
- income (from self-employment) within one calendar year exceeds EUR 12,816
- if employed, additional income (e.g. from self-employment) which exceeds EUR 730 within one calendar year is also earned and the total income is higher than 13,981 euros
- the taxpayer is engaged in several employment activities at the same time (multiple employers)

► *How is income tax calculated?*

The amount of income tax is determined on the basis of the information provided in the income tax return. The taxable **income** is calculated from the **total amount of earned minus special expenses** (such as donations, church tax, pension insurance, tax consultancy costs, etc.) **and extraordinary burdens** (such as dentures, psychotherapy, etc.). (see § 2 para. 2 EStG)

The **income** determined in this way forms the basis for calculating **income tax**.

Tax bracket in EUR	Marginal tax rate 2023:	(maximal) taxable category in EUR	amount per total tax amount in EUR
0 – 12,816	0%	0.00	0.00
12,816 – 20,818	20%	1,600.20	1,600.20
20,819 – 34,513	30%	4,108.20	5,708.40
34,514 – 66,612	42%	13,481.16	19,189.56
66,613 – 99,266	48%	15,673.44	34,863.00
99,267 – 1 MM	50%	450,366.5	485,229.50
over 1 MM	55% *	unlimited	unlimited

*) valid until 2025, then 50%

Some **deductions** (such as deductions for pensioners, transport deductions) are then **automatically deducted** from the total taxed amount, while others are only deducted upon **application** (e.g. Familienbonus Plus, single-earner deduction, single-parent deduction, multiple-child bonus, etc.).

While special expenses and extraordinary burdens only reduce the tax base, the various deductible amounts reduce the tax burden itself.

► *When do I have to submit my income tax return?*

An income tax return has to be submitted to the corresponding Austrian tax office by 30. April of the following year, or (if submitting electronically via FinanzOnline) by 30. June of the following year. In individual cases, these deadlines can be extended upon justified application via [FinanzOnline](#). Representation by a tax advisor usually extends these deadlines.

► *Which tax thresholds are relevant for me? Which thresholds should I pay attention to?*

Income tax is the “wage tax” for the self-employed. The income tax of someone with unlimited tax liability is determined by the **total income earned in Austria and abroad** (the so-called worldwide income). Tax rates lie between 0% and 55%.

If the total income from self-employment is less than **EUR 12,817**, a person is completely exempt from tax liability.

If someone is engaged in **part-time or marginal employment in addition to self-employment** within the same calendar year (even if only for one day), the **income threshold is EUR 13,981**. Be aware that this threshold applies to the total income (from all seven types of income) and forms the basis for calculating income tax.

► **What is the difference between wage tax (Lohnsteuer) and income tax (Einkommenssteuer)?**

Wage tax (Lohnsteuer) is levied on income from employment and is withheld by employers and paid directly to the tax office. While not mandatory, employees can submit an income tax assessment (the so-called Lohnsteuerausgleich) on a voluntary basis.

Income tax (Einkommenssteuer) is levied on income from self-employed work. In this case, the profit (the difference between operating revenue and expenses) is liable to tax. Income tax is determined through assessment. Taxpayers must submit an income tax return (Einkommenssteuererklärung). The tax office then calculates the income tax and issues a tax assessment notice (Einkommenssteuerbescheid).

The advance payment for the current year is calculated and prescribed based on the previous income tax assessment.

► **What is operating revenue (Betriebseinnahmen) and what are operating expenses (Betriebsausgaben)?**

Operating revenue represents income in cash or payment in kind which are directly related to business activities.

Some examples are: revenue from art sales, revenue from services and works, revenue from rentals, advance payments received, etc.

Operating expenses are expenditures that a business incurs through its ongoing business activities. In order to be recognized under tax law, expenses must be

directly related to business activities.

Some examples are: material costs, rent for offices and/or studio spaces, energy costs, compulsory social security contributions, purchase of a computer, tax consultancy costs, travel expenses, etc.

► **What is cash-basis accounting (Einnahmen-Ausgaben-Rechnung)?**

Cash-basis accounting is a simplified system to calculate profit, in which only the operating income and expenses that have actually been received/paid (in cash or through bank transfers) are recorded.

The profit or loss is calculated at the end of the year, by subtracting the sum of all expenses from the sum of all income.

► **How do I prepare the cash-basis accounting (Einnahmen-Ausgaben-Rechnung)?**

An income statement (Einnahmen-Ausgaben-Rechnung, EAR) records all income and expenses based on the **so-called inflow-outflow-principle**. The principle states that income and expenses must be recorded at the time they are received or paid (either in cash or via bank transfer). These entries (income or expenses) must be made **in full** and **promptly** and recorded **in chronological order**. For every entry, a **corresponding receipt** must be provided.

Besides a chronological summary of operating revenue and expenses, the following records must be kept:

Purchase journal, asset list, payroll accounts (if employees are employed) and in some cases a **cash register**. A cash register must be kept if the annual cash turnover exceeds EUR 7,500 in the case of an annual turnover which exceeds EUR 15,000.

Exception: Kalte-Hände-Regelung (seasonal, outdoor work)

It is not mandatory to use accounting software when preparing an income statement. However, we would like to note that **Excel sheets do not qualify as basic records according to the federal fiscal code** (Bundesabgabenordnung BAO), as they can be modified at any time and it is not possible to track changes. We

suggest a monthly bookkeeping schedule and **exporting the Excel sheet as a PDF**.

The retention period for all records and receipts is generally seven years from the end of the calendar year.

► ***Which one is relevant for the income statement: the invoice date or the payment date?***

An income statement summarizes income and expenses according to the **inflow-outflow-principle**. This means that the date of the payment is relevant and not the date on the invoice.

Example:

Service date: 30.11.2023

Invoice date: 15.12.2023

Payment date: 15.02.2024

The accounting year to which an income or expense belongs is determined by the payment date and not by the invoice date. 15.02.2024 is therefore the date relevant for the income statement.

► ***How long do I need to keep my records?***

In Austria, every **company, organization and private individual** (regardless of whether they submit tax returns and self-employment declarations) must comply with the retention obligation. This 7-year period applies to **all records, books and receipts**, as well as all corresponding **business papers and documentation**. The seven years are counted from the end of the calendar year in which the receipts and documents were made.

- *Example: An invoice from 3 April 2016 must be kept until 31 December 2023. Only from 1 January 2024 can all accounting documents and receipts from the year 2015 be discarded.*

In addition, there are **several exceptions** to the 7-year retention period

- certificates of employment: 30 years
- documents related to real estate in acc. with the Value Added Tax Act: 22 years
- documents related to electronically supplied services as well as telecommunications, radio and television services provided to non-entrepreneurs in EU Member States and for which the one-stop store (OSS) is used: 10 years
- Documents confirming that the requirements for a grant from the Artists' Social Insurance Fund (Künstler:innensozialversicherungsfonds, KSVF) have been met: indefinite! Unlike the tax office, the Artists' Social Insurance Fund does not stipulate a limitation period, which means audits can be carried out retroactively up to the start of the subsidy. It is therefore advisable to keep the documentation of income and expenses for the entire period.
- We also recommend taking note of the different retention periods in connection with public funding (art and cultural funding)

Retention periods for COVID-19-Subsidies:

- Investment premium (Investitionsprämie): 10 years
- Short-time working allowance (Kurzarbeitsbeihilfe): 10 years
- Hardship fund (Härtefallfonds): 7 years (phase 1: 10 years)
- Fixed cost subsidy I (Fixkostenzuschuss I): 7 years
- Default bonus (Ausfallbonus) I, II ; III: 7 years
- Loss compensation (Verlustersatz): 7 years

► *What is a so-called simplified invoice (Kleinbetragsrechnung)?*

Invoices for less than EUR 400 (including VAT) are called **simplified invoices** (Kleinbetragsrechnungen) and only need to include the following information:

- Name and address of the supplier or service provider
- Description of the goods and services (quantity, type, scope)
- The date/time period of the goods or services were provided (supply date)

- Total amount due including taxes (small businesses do not need to include the tax amount)
- tax rate (not necessary for small businesses)
- date of issue

An invoice must be issued within six months after the transaction is made.

Note that the simplified provisions for invoices up to EUR 400 do not count for services or deliveries with businesses located in other European Union states.

► ***What information should an invoice include?***

Invoices over EUR 400 (incl. VAT) must contain the following information:

- Name and address of the supplier or service provider
- Name and address of the service recipient (customer)
- Description of the goods and services (quantity, type, scope)
- Date/time period of the goods or services were provided (supply date)
- Total amount due including taxes (small businesses do not need to include the tax amount but must make note of their tax exemption status)
- Tax amount
- Date of issue (if identical with the supply date, it is enough to write “Invoice date is the same as the date of delivery or service”)
- Invoice number
- VAT identification number (Umsatzsteueridentifikationsnummer, UID-number) of the issuer of the invoice
- UID-number of the service recipient (only necessary for invoices over EUR 10,000 incl. VAT)

An invoice must be issued within six months after the transaction is made.

If the invoice is issued in a currency other than euro, the tax amount must additionally be stated in euro.


Tip: Additional invoice components such as bank details, or delivery and payment agreements are not required by law, but are a helpful, important and common practice.

► **What is a VAT identification number (UID-number) and when do I need it?**

VAT identification numbers for invoice issuers

Small businesses (Kleinunternehmer:innen) who exclusively provide goods and services in Austria are not required to provide a VAT identification number on their invoices.

Entrepreneurs who pay VAT or claim input tax require a VAT identification number (Umsatzsteuer-Identifikationsnummer, or UID for short). This applies to all entrepreneurs with an annual turnover of more than EUR 35,000 (Exception, see [What is the small business regulation?](#)). Entrepreneurs with a lower turnover can also apply for standard taxation and therefore do not fall under the [small business regulation](#). The VAT number enables VAT-free purchases in other EU countries in connection with business activities (not for private purposes).

The VAT number is issued by the tax office, together with the tax number or can  be requested via a form. With a valid UID number (for Austria ATU + 8 additional digits), entrepreneurs are registered in the UID database of the Austrian tax authorities with their name, address and VAT account.

VAT identification numbers for invoice recipients

Invoices over EUR 10,000 (incl. VAT) must also contain the VAT ID-number of the customer or service recipient. This also applies to non-Austrian VAT numbers.

Though it is not necessary to check the validity of a VAT number, it is still recommended to do so via the VAT confirmation procedure (FinanzOnline) when establishing new business relationships.

If customers do not have a VAT-number (e.g. small business owners), the note “No VAT number provided” is sufficient.

► **What is the small business regulation (Kleinunternehmer:innenregelung)?**

Freelance artists are considered small business owners if their annual turnover (total income from all business activities) does not exceed EUR 35,000. Exceeding this limit once within five calendar years by no more than 15% does not impact the small business status.

Example for calculating the annual turnover threshold:

A freelance artist has an annual (gross) turnover of EUR 39,500. This is her operating income for the calendar year (according to the bank statement). She has not charged VAT on the outgoing invoices.

*The VAT rate for artistic activities in Austria is 13%. EUR 39,500 divided by 113% (as this is the gross turnover) equals EUR 34,956 net annual turnover. The freelance artist has **not exceeded the VAT threshold of EUR 35,000 net**.*

Small business owners do not have to charge VAT on their invoices and therefore are not required to pay VAT to the tax office. As this is a non-genuine tax exemption, however, they are also not entitled to any input tax deduction.


This non-genuine tax exemption frees all small businesses from having to submit regular advance VAT returns and an annual VAT return.

Under certain conditions, the “small business regulation” can prove to be commercially advantageous because the services can be offered more cheaply (the total price does not include VAT).

All outgoing invoices must contain a reference to the VAT exemption: *“The invoice amount does not include VAT in accordance with § 6 para. 1 no. 27 UStG 1994.”*

Optional VAT liability

It is possible to waive the VAT exemption for small business owners. In this case, VAT is added to the net price for customers and paid to the tax office one and a half months later. As a result, the freelance artist can have the VAT paid to the supplier (the “input tax”) refunded by the tax office.

The VAT exemption waiver must be declared to the tax office in writing ( Formular U12).

The waiver declaration binds small businesses to this decision for five calendar

years. If small businesses wish to switch back to VAT exemption after this period has expired, they must expressly revoke the waiver. The revocation only takes effect at the start of a calendar year and must be submitted by January 31 of that same calendar year at the latest. Otherwise, the waiver of VAT exemption will continue to apply even after the five years have expired.

► *Which VAT rates are relevant for freelance artists?*

Freelance artists collect VAT – also known as a “pass-through tax” (Durchlaufsteuer) – from their customers and pay it to the tax office. The amount of VAT and how it should be paid to the tax office is regulated in the Austrian VAT Act (Umsatzsteuergesetz, UStG).

Reduced tax rate of 13%

- Revenue from artistic activities in the narrower sense (sale or rental of artworks)

Reduced tax rate of 10%

- Sale of art books, art magazines
- Renting for residential purposes

General tax rate of 20%

- Sale of computer used for professional activities
- Fees for lectures, artist talks, and interviews
- Fees for texts (specialized books, non-fiction books, magazines)

► *What are low-value assets?*

According to Section 13 of the Income Tax Act (EStG), **low-value assets** (geringwertiges Wirtschaftsgut, GWG) are movable, **depreciable assets** whose acquisition value or production value does not exceed **EUR 1,000**.

► **What is depreciation?**

Over time, assets (such as computers, office furniture, tools, etc.) that are purchased and used over longer periods for day-to-day work operations wear out and lose value. This reduction in value is called depreciation and can be written off.

Low value assets (purchase value up to EUR 1,000) can be written off in full as operating expenses in the year they are acquired.

If the purchase value of an item is more than EUR 1,000, the costs are “written off” gradually over the period of use. This write-off is also referred to as “deduction for wear and tear” or AfA (Absetzung für Abnutzung) for short.

Examples for small businesses:

- **Purchase of a laptop (low value asset, GWG):**

Acquisition cost incl. VAT: EUR 800

Write off in the year of acquisition: EUR 800

- **Purchase of an iMac 26.06:**

acquisition cost incl. VAT EUR 1,800

Yearly write-off spread out EUR 600*

over 3 years:

*Acquisition cost divided by period of use (1,800/3)

- **Purchase of an iMac 26.09 (2. Half-Year Period)**

Acquisition cost incl. VAT: EUR 1,800

VAT:

Write-off Year 1: EUR 300

Write-off Year 2: EUR 600

Write-off Year 3: EUR 600

Write-off Year 4: EUR 300

Since the purchase was made in the second half of the year (26.09), only half of the yearly depreciation value, EUR 300 (50% of 1,800 divided by 3 years) can be written off in the first year.

► ***How are low value assets written off?***

Low value assets can be written off as follows:

Small businesses which are not subject to standard taxation can write off purchases up to EUR 1,000 (gross, so including VAT) as operating expenses in full in the year they are acquired. For businesses entitled to input tax deduction, the limit includes VAT, i.e. EUR 1,000 net.

► ***When is a prize or grant exempt from income tax?***


<https://www.bmkoes.gv.at/Kunst-und-Kultur/informationen-fuer-kunstschaeffende/steuerrechts-informationen.html>


► ***I'm not familiar with all the official, legal, and tax terms. Where can I learn more?***

From **A** for **a priori** to **Z** for **Zweitwohnsitz** (secondary residence). A **comprehensive glossary** of official terms is available [here](#) (**German only**).

► ***Information from past years***

 [taxes – factsheet 2023 – IG Bildende Kunst](#)

 [taxes – factsheet 2022 – IG Bildende Kunst](#)

 [taxes – factsheet 2021 – IG Bildende Kunst](#)

This information on taxes was compiled by the IG Bildende Kunst and its content has been checked externally. We would like to take this opportunity to point out that we

cannot guarantee its accuracy in individual cases.

Information updated by Sabine Ofenbach (2024). Thanks to Doris Krenn.

Translation: Melanie Lyn

Links

- [🔗 Tax & customs forms \(bmf.gv.at\) \(German\)](#)
 - [🔗 Tax law information for artists \(bmkoes.gv.at\) \(German\)](#)
 - [🔗 Legal assessment of accounting in associations \(Expert committee for corporate law and auditing, 2021\) \(German\)](#)
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Downloads

- [📄 Survival Training: Steuern \(19.3.2024, Präsentation von Doris Krenn\) \(German\) \(194 KB\)](#)
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