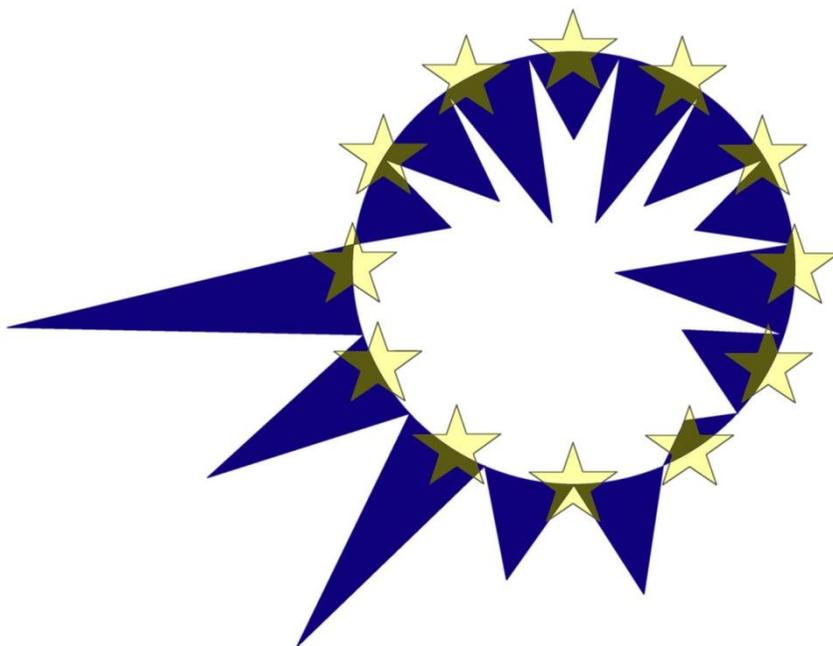




EUROMOD

COUNTRY REPORT



AUSTRIA (AT)

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EUROMOD version F6.0



EUROMOD is a tax-benefit microsimulation model for the European Union (EU) that enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

EUROMOD has been enlarged to cover 27 Member States and is updated to recent policy systems using data from the European Union Statistics on Income and Living Conditions (EU-SILC) as the input database, supported by DG-EMPL of the European Commission.

This report documents the work done in one annual update for Austria. This work was carried out by the EUROMOD core developer team, based mainly in ISER at the University of Essex, in collaboration with a national team.

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The results presented in this report are derived using EUROMOD version F6.0 EUROMOD is continually being improved and the results presented here may not match those that would be obtained with later versions of EUROMOD.

For more information, see: <http://www.iser.essex.ac.uk/research/euromod>

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This programme is managed by the Directorate-General for Employment, social affairs and equal opportunities of the European Commission. It was established to finally support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA-EEA and EU candidate and pre-candidate countries.

PROGRESS mission is to strengthen the EU contribution in support of Member States' commitment. PROGRESS is instrumental in providing analysis and policy advice on PROGRESS policy areas; monitoring and reporting on the implementation of EU legislation and policies in PROGRESS policy areas; promoting policy transfer, learning and support among Member States on EU objectives and priorities; and relaying the views of the stakeholders and society at large

For more information see: <http://ec.europa.eu/progress>

The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.



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1. BASIC INFORMATION

1.1 Basic figures

Table 1.1 Basic figures

	Pop. (m.)	pop. < 18 (%)	pop. ≥ 65 (%)	Life expect. (years)	Fertility rate	Unemp rate	GDP per head (PPP)	Currency	
								Name	exch. rate [1]
2007	8.299.411	19.1	17.0	77.3/82.8	1.38	4.4	32.770	Euro	-
2008	8.334.059	18.8	17.2	77.6/83.0	1.31	3.8	33.960	Euro	-
2009	8.360.219	18.6	17.5	77.4/82.9	1.39	4.8	32.800	Euro	-
2010	8.384.089	18.3	17.6	77.7/83.2	1.44	4.4	33.900	Euro	-

[1] Euro exchange rate on 30th of June.

Source: Statistics Austria, www.statistik.at

1.2 The tax-benefit system

Table 1.2 Tax-benefit system and government budget

	Total general government revenue ^[1] % of GDP	Total tax receipts ^[1] % of GDP	Total general government expenditure ^[1] % of GDP	Social protection ^[2] % of GDP
2007	48.0	43.5	49.0	27.8
2008	48.3	44.2	49.3	28.4
2009	48.8	44.4	53.0	30.8
2010	48.3	43.9	53.0	30.4

Source: [1] Statistics Austria, www.statistik.at; [2] BMASK, www.bmask.gv.at

Table 1.3 Social protection expenditure by function (as % of total social protection expenditure)

	Sickness/ health care	Disability	Old age	Survivors	Family/ children	Unemployment	Housing	Social exclusion
2007	25.9	8.0	41.8	7.2	10.1	5.3	0.4	1.1
2008	26.2	7.7	42.2	7.0	10.3	5.0	0.4	1.2
2009	25.5	7.6	42.3	6.8	10.3	5.9	0.4	1.1
2010	25.2	7.6	42.9	6.7	10.4	5.7	0.4	1.1

Source: BMASK, www.bmask.gv.at



Table 1.4 Taxation (as % of total tax receipts)

	Personal	Corporate income	Social security contributions		Taxes on goods	Other taxes
	income tax	tax	Employees*	Employers	and services	
2007	23.7	6.0	18.1	15.9	27.6	8.7
2008	24.7	6.2	17.8	15.7	27.2	8.4
2009	23.6	4.2	18.7	16.4	28.0	9.1
2010						

* Includes self-employed
Source: OECD.StatExtracts

1.2.1 Basic information about the tax-benefit system

- The tax-benefit system is largely a unified, national system. The main exceptions are social assistance and family bonus regulations, which differ according to each federal state.
- The “fiscal year” runs from 1st of January to 31st of December. Main changes in the tax-/benefit system happen with the beginning of the New Year, but may also be implemented in July or in other months.
- State pension age is 60 for women and 65 for men.
- Minimum school leaving age is 15; dependent children are defined as aged below 18 or below 26 and in full time education and a yearly taxable income of max. € 8,725 (from 2008 on € 9,000 or disabled [=eligibility criteria for family allowance]).
- Socially protected groups for tax and benefit purposes: Lone parent: The person liable to tax, who receives for at least 1 child year family allowance for at least 7 months in the calendar, is considered as lone parent as long he/she does not cohabit for more than six months in the calendar year. Tax purposes: Single earner: Single earners are persons liable to tax who are married for more than 6 months in the calendar year and who are not permanently separated. The income of the spouse must not exceed a certain yearly income limit. Also in case of cohabitation, there is entitlement to the single earners’ tax credit. However, in this case as additional pre-condition the child tax credit must be granted for at least one child for more than 6 months in the calendar year. Benefit purposes: Multiple children supplement: If the yearly taxable family income (applying person plus spouse; gross minus social insurance contributions minus tax allowances; excl. special payments) in 2006 was below € 45,000, in 2007 from the 3rd child on a multiple children supplement of € 36.40 per month is granted.
- Special group for social insurance contributions: persons with minor occupation (“geringfügig Beschäftigte”; monthly gross employment income [14 times a year] from all employment contracts does not exceed € 341.16 in 2007) are not obligatory insured. However, they can opt for voluntary health and pension insurance (€ 48.14 per month; we do not model potential voluntary insurance contributions). The employer has to pay accident insurance contributions for each employee with minor occupation. In case the employer employs more than one employee with minor occupation and the monthly wage sum (without special payments) of all employees with minor occupation exceeds € 511.74, he has to pay health and pension contributions for employees with minor occupation, too.
- The income tax system is an individual system, with the spouses being assessed independently. However, the child tax allowance (“Kinderfreibetrag”) can be divided equally into two parts between parents.
- The following income sources are taxed differently: Of pension benefits resulting from a voluntary higher insurance, only 25% are liable to income tax. (Pensions from a premium-favored pension provision, premium-



avored future provision and of the new severance pay system are exempted from tax.) “Special Payments” (“Sonderzahlungen”, 13th, 14th employment income, pension, sickness benefit) and severance pay are only taxed with the preferential rate of 6%. For each employee, civil servant, pensioner and receiver of sickness benefit it is assumed that they receive special payments, which is close to reality. The withholding tax rate on investment income is 25% (dividend earnings from domestic capital companies, foreign dividends, which are paid out by a domestic bank, interest earnings in the broader sense, substance profits [„Substanzgewinne“] of domestic funds on funds level.).

- Some taxpayers are obliged to fill in a tax return at the end of the financial year. This is the case, if a person liable to tax received two or more incomes liable to wage tax in a calendar year at the same time; if a person has received sickness benefit; if a person beside his employment income or pension has received additional incomes of more than 730 €/year related to other incomes types according to the income tax law, etc.
- For the income tax there are no statutory indexing regimes. For social insurance contributions there is an adaptation factor for the upper and the lower contribution limit. For pensions it is stipulated that they are indexed with the CPI, however, often discretionary indexing takes place. Family benefits and care benefit are not indexed. The assessment base for benefits from the unemployment insurance dating back to previous years is upgraded from year to year. Social assistance benefits follow partly the indexing in the pension insurance.
- The means-tested benefit system assesses entitlement according to benefit unit income. Basically, the benefit unit is the nuclear family - the couple (cohabiting or married) or single adult plus any dependent children. Relevant period for income assessment on means-tested benefits: Benefits with monthly income test: unemployment benefits, housing allowance, minimum pension top-up, social assistance, family bonuses; benefits with yearly income test: family allowance (incomes of the child, family income for multiple children supplement), study allowance, childcare benefit; Except for the multiple children supplement within the family allowance (related to the taxable income in the year before) the means-tests relate to current income.

1.3 Social Benefits¹

1.3.1 Families

1) Maternity benefit (Wochengeld: bma)

Definition

The maternity benefit is a replacement income for female employees during the legal retention period before and after the birth of a child. Since 1.1.2008 also free lancers („freie Dienstnehmer/Innen“) are entitled.

Eligibility conditions

At the beginning of the legal retention period the applying mother has to be compulsory insured in the health insurance. Women, who quit the employment before the beginning of the legal retention period already, are also entitled under certain pre-conditions.

Means-test

A potential income of the receiver of maternity benefit due to continued remuneration or employment leads to the suspension of the maternity benefit up to the amount of the achieved income.

¹ Benefits not simulated. For simulated benefits see chapter 2. Policy descriptions are mainly based on Kammer für Arbeiter und Angestellte 2007-2011a.



Benefit amount

Basically, the maternity benefit is granted eight weeks before the birth till eight weeks after the birth. The amount depends on the amount of the prior net employment income or the benefit from the unemployment insurance or the receipt of childcare benefit. There is no ceiling for the benefit amount. Persons with minor occupation (“geringfügig Beschäftigte“), who are voluntarily insured, are granted a daily maternity benefit of € 8. Recipients of an income dependent childcare benefit receive the income dependent childcare benefit increased by 25% as maternity benefit.

Treatment

The maternity benefit is exempted from tax.

2) Maternity benefit for self-employed (Betriebshilfe: bma)

Definition

Basically the maternity benefit for self-employed represents a benefit in kind for the support of the self-employed or the farmer. In case, no replacing person is available for the business/farm, the maternity benefit is paid in cash.

Eligibility conditions

The maternity benefit is granted if the person is compulsory insured in the health insurance.

Means-test

There is no means-test.

Amount of the benefit

Basically, the maternity benefit is granted eight weeks before the birth till eight weeks after the birth. In case no benefit in kind can be granted, a flat rate of € 26.26 daily is paid.

Treatment

The maternity benefit is exempted from tax.

3) Maintenance payments by the state (Staatlicher Unterhaltsvorschuss: vpt)

Definition

Maintenance payments by the state should secure the maintenance of children in case on parent does not fulfill his/her obligations.

Entitlement conditions

There is only entitlement for minor children (below 18 years of age) with Austrian or EU/EEA-citizenship or conventional refugees who usually stay in Austria.

Means-test

There is no means-test.

Benefit amount

The maintenance payment by the state is paid starting with the applying month at most for 3 years and at most till reaching 18 years of age. Basically it amounts to the legal claim to maintenance and is limited with the standard rate of pensions for single orphans above 24 years.

Treatment

The maintenance payment by the state is exempted from tax.



4) Childcare allowance (Kinderbetreuungsbeihilfe: no separate variable in SILC)

Definition

The childcare allowance should support the employability or the participation of unemployed persons in labor market measures as well as the maintaining of an occupation or an occupational qualifying measure. At the same time the take-up of a childcare for remuneration should be supported.

Entitlement conditions

The child to be cared for must be below 15 years of age (in case of a disabled child below 19 years of age) and live in the same household. For job seekers there is the pre-condition that taking-up work or participating in labor market measures is hindered or even not possible due to childcare responsibilities.

Employees (excl. civil servants) can be supported in case the retention of an occupation or labor market measure is hindered or endangered due to childcare responsibilities.

Precondition is a remunerated placing of the child in childcare institutions, at child-minders or adequate private persons (not: relatives, au-pair).

Means-test

In case the family income (incl. other relevant allowances, childcare benefit) exceeds certain income limits, no childcare allowance is granted. The income limit depends on the family status.

Benefit amount

The childcare allowance is granted for max. 3 years (in case of job hunting the allowance is granted for max. 26 weeks). The amount depends on the family income, the childcare costs and of the type and extent of childcare.

Treatment

The childcare allowance is exempted from tax.

1.3.2 Education

5) Study allowance (Studienbeihilfe: bed)

Definition

The study allowance should enable students from families with low incomes to complete their studies.

Entitlement conditions

Pre-condition to an entitlement are orderly studies. Basically the studies have to be started before 30 years of age. The proof of successful studies is necessary. Foreigners and stateless persons are equated with Austrian citizens under certain conditions.

Means test:

A basic criterion is social need whereat the decisive factors are income and family status. To a limited extent also the student him/herself may have further incomes.

Amount of the benefit

Basically the study allowance is granted at max. for the legally stipulated study duration plus an additional semester per studies section. The amount depends on the income situation of the parents, the size of the family, the family status, the place of residence and the incomes of the student. Basically, the study allowance amounts at most to € 424 /month (12 times a year).



Treatment

The study allowance is exempted from tax.

6) Pupil allowance (Schülerbeihilfe und Heimbeihilfe: bed)

Definition

The pupil allowance represents a support for pupils from families with low incomes in case they prolong school attendance beyond the general compulsory education.

The asylum allowance („Heimbeihilfe“) represents a support for pupils from families with low incomes in case they have for the purpose of attending school to live outside the place of residence of their parents.

Entitlement conditions

Entitled are Austrian citizens who attend a middle or higher school from the 9th level of education (asylum allowance) and from the 10th level of education (pupil allowance) on, in case they are in social need and can proof school success. Citizens from EU/EEA-states, conventional refugees and other persons under certain conditions are equated with Austrian citizens. Basically, the age limit amounts to 30 years.

Means-test

Decisive for granting the allowances are income, family status and family size of the pupil, his/her parents and his/her marriage partner.

Benefit amount

The amount of the allowances depends on the income of the parents, of the marriage partner and of the pupil him/herself as well as on family size and family status of the pupil.

Treatment

The allowances are exempted from tax.

7) Further education benefit (Weiterbildungsgeld: bed)

Definition

The education leave should enable employees the participation in occupational education measures for longer periods by avoiding cancelling the employment contract.

Entitlement conditions

- basically at least 6 months of uninterrupted employment at the same employer,
- approval by the employer,
- education measures in the extent of at least 20 hours per week basically

Means-test

The income of the person on leave may not exceed € 341.16 per month (14 times a year; 2007).

Benefit amount

Education leave can be agreed for max. 12 months. During the education leave the „further education benefit“ in the amount of the fictitious unemployment benefit is paid (at least € 14.53 daily).

Treatment

The further education benefit is exempted from tax.



1.3.3 Unemployment

8) Special assistance mining (Sonderunterstützung Bergbau: bunct, bunnc)

Definition

The special assistance represents a pre-retirement regulation for unemployed elder employees in mining who do not fulfill the age conditions for a pension entitlement so far.

Entitlement conditions

The employee must have worked in a mining enterprise for at least 10 years, during 60 months he must have carried out hazardous work. Basically the employee has to be unemployed, capable and willing to work. The minimum entitlement age is 52 years. Disregarding the age the general pre-conditions for drawing an old-age pension must be fulfilled.

Means-test

With some exceptions (housing benefits, care benefit, accident pensions, widow/er pensions, childcare benefit, etc.) each and every income of the unemployed persons reduces the amount of the special assistance.

Benefit amount

The special assistance is granted till there is an entitlement to a pension. The monthly amount depends on the insurance history incl. potential child bonuses and is paid 14 times a year.

Treatment

The special allowance is reduced by health insurance contributions but exempted from income tax.

9) Pension advancement (Pensionsvorschuss: bunct, bunnc)

Definition

The pension advancement represents a financial security for persons who applied for a pension during receipt of unemployment benefit or assistance.

Entitlement conditions

There has to be a pension application which is likely to be accepted. The pre-conditions for unemployment benefit or assistance except willingness to work and capability to work must be fulfilled.

Means test

The means test refers to the means-test of the underlying unemployment benefit or assistance.

Benefit amount

The duration of receipt refers to the duration of receipt of the unemployment benefit or assistance. The amount of the pension advancement refers to the amount of the unemployment benefit or assistance, however, it must not exceed € 26.97 daily in case of applying for an invalidity pension and € 32.27 daily in case of applying for an old-age pension. In case of underlying pre-conditions there is entitlement to family supplements.

Treatment

The pension advancement is exempted from tax (however, see „progression adjustment“).



10) Transitory payment (Übergangsgeld: bunct)

Definition

The transitory payment should bridge financially the time gap due to the increase of the pension age.

Entitlement conditions

Persons who fulfill the earliest possible age for the early old-age pension till 2010, are entitled till reaching the pre-conditions for an old-age pension, in case they are unemployed for at least 52 weeks during the last 15 months and fulfill the qualifying period for unemployment benefit.

Means test:

Beside the transitory payment the unemployed person is allowed to have an employment income up to € 341.16 per month (14 times; 2007). In case of an income beyond this limit the unemployment benefit is suspended. In case of temporary employment 90 % of the net income which exceeds € 341.16 per month is offset the unemployment benefit. The relevant income relates to the income stipulated in the income tax law.

Benefit amount

For the transitory payment the basic amount of the unemployment benefit increased by 25% plus potential family supplements are granted.

Treatment

The transitory payment is exempted from tax (however, see „progression adjustment“).

1.3.4 Sickness

11) Sickness benefit (Krankengeld: bhl)

Definition

The sickness benefit represents a replacement income for the income loss due to incapacity to work for employees liable to health insurance contributions.

Entitlement conditions

The sickness benefit is suspended completely in periods in which transitory payment is granted and in periods of military or civil service. The sickness benefit is also suspended completely (to 50%) in periods of entitlement to continuing remuneration of more than 50% (of 50%) of the income before the beginning of incapacity to work.

Means-test

Basically there is no means-test.

Benefit amount

The sickness benefit is granted from the 4th day of incapacity to work. Basically it is paid for max. 26 weeks. There is entitlement to another 26 weeks in case of 6 months insurance periods during the last 12 calendar months. Basically, the amount of the sickness benefit depends on the prior period of contributions and on the duration of the incapacity to work. The legal minimum benefits amounts to 50 % and from the 43rd day on to 60 % of the assessment base of the calendar day.



Treatment

The sickness benefit belongs to the incomes from non-self employed work and is liable to income tax. 6/7 of the sickness benefit are taxed under the regular tax rates, 1/7 belongs to special payments and is only taxed with the preferential rate of 6%.

12) Accident pension (Versehrtenrente UV: bac)

Definition

The accident pension represents a compensation for the occurred damage due to an impairment of the capacity to work following an occupational accident or disease.

Entitlement conditions

Basically entitled are employees, self employed, pupils and students, participants in training courses. An insured event (occupational accident or disease) must have occurred. In addition, the impairment of the capacity to work must amount to at least 20 % (pupils, students 50 %).

Means test

There is no means-test.

Benefit amount

As a rule the accident pension is granted from the day after the occurrence of the insured event. Basically it is granted for the duration of the impairment of the capacity to work (at least by 20%). The amount of the accident pension depends on the degree of the impairment of the capacity to work and on the assessment base. For each group of insured persons there are different assessment bases. The accident pension is paid 14 times per year.

Treatment

The accident pension is exempted from tax.

13) Accident survivor's pension (Hinterbliebenenrenten UV: bac)

Definition

The accident survivor's pension represents a transfer money of entitlements based on compensation for damages vis-à-vis the author of damage.

Entitlement conditions

The following persons are potentially entitled to accident survivor's pension: spouse, children, parents in need and non-provided siblings of accident insured persons.

Means test

Basically there is no means-test.

Benefit amount

a) The widow/er pension is granted up to the death of the widow/er or his/her re-marriage. b) The orphans' pension is granted till the child reaches 18 years of age, for children incapable to work for an unlimited period of time. At the latest the orphan's pension for students is withdrawn when they reach 27 years of age. The pension is paid 14 times a year.

In the first instance the amount of the pension depends on the assessment base of the deceased insured person. The yearly widow/er pension amounts to 20 % of the assessment based of the deceased person. The year orphans' pension



amounts to 20 % of the assessment base of the deceased persons for a single orphaned child and to 30% for a double orphaned child.

Treatment

The survivor's pension from the accident insurance is exempted from tax and paid without any deductions.

14) Care benefit (Bundespflegegeld: bdi), Care benefit federal states (Landespflegegeld: bdi)

Definition

The care benefit should cover care-related additional expenditures across-the-board.

Entitlement conditions:

There is entitlement to the care benefit in case there is a need for care in the extent of more than 50 hours per month due to a disability for a minimum period of six months.

Means-test

Basically there is no means-test.

Benefit amount

The amount of the care benefit depends on the extent on the need for care. There are seven care degrees. The care benefit is paid 12 times a year and is granted as long as the pre-conditions are fulfilled, at maximum until the dying day.

Treatment

The care benefit is exempted from tax and paid without any deductions.

1.3.5 Old-age, invalidity and survivors

15) Old age part-time benefit (Altersteilzeitgeld: powpt)

Definition

The old age part-time benefit enables elder employees to reduce their working time without losing employment income accordingly.

Entitlement conditions

The entitlement age amounts to 53 years for women and 58 years for men. During the last 25 years the employee must have been employed liable to unemployment insurance for at least 15 years. The present working time must not be more than 40% below the legal or collectively agreed working time. The old age part time benefit is not granted to persons who are entitled to a direct pension.

Means-test

There is no means-test.

Benefit amount

The employees can reduce their working time by 40% till 60% and receive between 70% and 80% of the previous income (incl. a wage adjustment by the employer and a partial payment by the labor market service).

*Treatment*

The gross employment income received is subject to social insurance contributions and income tax. The employer continues to pay health, pension and unemployment insurance contributions in the previous amount.

16) Regular old age pension (Normale Alterspension PV: poa)*Definition*

The old age pension represents a replacement income for the insurance case old age.

Entitlement conditions

There is entitlement to old age pension in case the minimum insurance time is fulfilled within a certain period of time. Old age pensioners must have reached the legal pension age (men 65, women 60).

Means-test

There is no means-test

Benefit amount

The amount of the old-age pension depends on the assessment base and on the number of insurance months. In case the old-age pension and other family income fall short of the standard rates, the minimum pension top-up is granted. Furthermore a child bonus is granted for each child who is maintained by the pensioner. The pension incl. potential supplements (minimum pension top-up, child bonus) are paid 14 times per year.

Treatment

The gross pension is reduced by the health insurance contribution and by income tax.

17) Early retirement pension (Vorzeitige Alterspension bei langer Versicherungsdauer PV, „Hacklerregelung“ PV, „Korridorpension“ PV : poa)*Definition*

In case of an appropriate number of insurance months elder persons insured in the pension insurance are enabled to retire before reaching the legal pension age.

Entitlement conditions

A certain age and an appropriate duration of pension insurance has to be fulfilled.

Benefit amount

Depending on the concrete pension form and/or the year of retirement certain deductions for each month of early retirement before the legal pension age are applied (limited by in sum 15%). In the case of the “Hackler”-regulation no deductions are applied. In case the early retirement pension and other family income fall short of the standard rates, the minimum pension top-up is granted. Furthermore a child bonus is granted for each child who is maintained by the pensioner. The pension incl. potential supplements (minimum pension top-up, child bonus) are paid 14 times per year.

Treatment

The gross pension is reduced by the health insurance contribution and by income tax.

**18) Invalidity pension (Invaliditäts- oder Berufsunfähigkeitspension PV: poa)***Definition*

Persons insured in the pension insurance whose capability to work has decreased due to their health status in order that they are completely unable to work or at least cannot continue with their present job (depending on the distinct group of persons), should be provided against the economic outcomes of a limited working capability by being granted invalidity pension.

Entitlement conditions

A certain number of insurance months and invalidity or incapability to work is required. The necessary minimum number of insurance time depends on the age. Under certain conditions the qualifying period is achieved in any case.

Means-test

In case the pensioner has an employment income of more than € 341.16 per month (14 times a year) the invalidity pension is granted as partial pension.

Benefit amount

The invalidity pension is calculated following the principles of the old-age pension. In case, the invalidity pension is taken up before reaching 60 years of age, each month up to 60 years is counted as (fictitious) insurance month. However, in this case the amount of pension is limited with 60% of the assessment base. In case the early retirement pension and other family income fall short of the standard rates, the minimum pension top-up is granted. Furthermore a child bonus is granted for each child who is maintained by the pensioner. The pension incl. potential supplements (minimum pension top-up, child bonus) are paid 14 times per year.

Treatment

The gross pension is reduced by the health insurance contribution and by income tax.

19) Widow/ers' pension (Hinterbliebenenpensionen PV²: psu)*Definition*

Widow/ers' pension should compensate the loss of maintenance which occurred by the death of the marriage partner (from 2010 on also the registered partner).

Entitlement conditions

A minimum period of insurance of the deceased person has to be existed (at least five years, more in case of older persons). Under certain conditions the qualifying period is achieved in any case.

Means-test

A potential income consideration depends on the pension key date and the difference in the assessment bases between the deceased person and his/her widow/er.

Benefit amount

Widow/ers' pensions amount between 0% and 60 % of the pension, the deceased person has received or would have been entitled to. It is paid 14 times per year. Depending on the concrete circumstances the widow/ers' pension might be a timely unlimited or limited benefit. In case the widow/ers' pension and other family income fall short of the standard rates, the minimum pension top-up is granted.

Treatment

The gross pension is reduced by the health insurance contributions and by income tax.

² Including survivors' pensions after civil servants as no distinction is possible in the data.



20) Orphans' pension (Waisenpension PV³: psu)

Definition

With the orphan's pension a social coverage is granted to orphans, in case of the death of one or both parents the obligation to maintenance cannot be fulfilled anymore.

Entitlement conditions

There is entitlement to orphan's pension for conjugal and non-conjugal children, adopted children and stepchildren, provided that a minimum insurance period of the deceased parent exists.

Means-test

Basically there is no means-test.

Benefit amount

Basically children are entitled below 18 years of age. The orphan's pension is granted below 27 years of age in case of full-time education. In case of incapacity to work the orphan's pension can be granted for an unlimited period of time. The orphan's pension amounts to 24 % of the pension of the deceased person for single orphans and to 36% for double orphans. In case the orphan's and other net incomes fall short of the respective standard rate, the minimum pension top-up is granted. The pension (incl. a potential top-up) is paid 14 times per year.

Treatment

From the gross pension only income tax but not health insurance contribution is deducted.

21) Civil servants' pension (Ruhegenuss PG: poacs)

Definition

Civil servants' pension is a replacement income for civil servants after dislocation into the retirement status due to old age or disability for service.

Entitlement conditions

A minimum service period of basically 15 years and reaching a certain age is required. In case of disability for service the minimum service period is basically reduced to 5 years.

Means test

There is no means-test

Benefit amount

The civil servants' pension depends on the duration of service period and the assessment base. In case of early retirement (except: „Hackler“-regulation) deductions are due. As a rule for each child of the pensioner a child bonus is granted. In case the pension and other family income fall short of the standard rates, the minimum pension top-up for civil servants is granted. The pension (incl. potential supplements) is paid 14 times per year.

Treatment

The gross amount is reduced by pension insurance contribution (excl. pension top-up and child bonus), health insurance contribution and income tax.

³ Include survivors' pensions after civil servants as no distinction is possible in the data.



1.3.6 Housing

22) Housing allowance („Wohnbeihilfe“: bho)

Definition

For the individual support of current monthly costs (rent, credit rates) a housing allowance, in the first instance offered by the Federal States, can be granted.

Entitlement conditions

Most Federal States offer a general housing allowance (not linked to a certain type of flat, e.g., subsidized newly built houses). In most cases the Austrian citizenship or the citizenship of an EU-country is required. Partly, non-EU-citizens can apply for housing allowance under certain conditions.

Means-test

The granting of housing benefits is means-tested.

Benefit amount

The benefit amount depends on family income, family size and the concrete regulations in each Federal State.

Treatment

Housing benefits are exempted from social insurance contributions and income tax.

1.3.7 Scope and scale

The following tables provide an indication of the relative scale and coverage of each benefit by showing the number of recipients and the expenditure on each benefit. Both in terms of number of receivers and extent of expenditure the most important benefits are old age, disability and survivor pensions (social insurance related) and the family allowance (universal family benefit). Apart from structural (increase in pension expenditure) and seasonal (higher unemployment expenditure in 2009) no significant changes can be observed over time.

Table 1.5 Social benefits: recipients (as % of population)

	2007	2008	2009	2010
Families				
Maternity benefit (Wochengeld: bma)	0.70	0.69	0.69	
Maternity benefit for self-employed (Betriebshilfe: bma)	0.04	0.04		
Maintenance payments by the state (Staatlicher Unterhaltsvorschuss: ypt)	0.52	0.51	0.50	0.53
Childcare allowance (Kinderbetreuungsbeihilfe)	0.08	0.07	0.06	0.06
Child Care Benefit (Kinderbetreuungsgeld, bcc)	1.97	1.94	1.86	1.76
Child Care Benefit Supplement (Zuschuss zum Kinderbetreuungsgeld, bcctu)		0.44	0.41	0.29
Child care benefit allowance (Beihilfe zum pauschalen Kinderbetreuungsgeld, bcctu)				0.10
Family Bonuses Federal States (Familienzuschüsse Bundesländer, bfamt)		0.37	0.46	0.36
Family allowance (Familienbeihilfe, bch)		13.08 (families)	13.15	13.08
Family allowance supplement disabled (Familienbeihilfe Behindertenzuschlag, bch)	0.82	0.84	0.87	0.89
Education				
Study allowance (Studienbeihilfe: bed)	0.57	0.59	0.55	
Pupil allowance (Schülerbeihilfe und Heimbeihilfe: bed)	0.37	0.37		



Further education benefit (Weiterbildungsgeld: bed)	0.01	0.02	0.06	0.08
Unemployment & social assistance				
Unemployment benefit (Arbeitslosengeld: bunct)	1.38	1.36	1.75	1.56
Unemployment assistance (Notstandshilfe: bunnc)	1.03	0.94	1.09	1.17
Special assistance mining (Sonderunterstützung Bergbau: bunnc)		0.02	0.02	0.02
Pension advancement (Pensionsvorschuss: bunct, bunnc)	0.23	0.23	0.24	0.24
Transitory payment (Übergangsgeld: bunct)	0.09	0.09	0.09	0.10
Family supplement (Familienzuschlag: bunct, bunnc)				
Social Assistance (Sozialhilfe: Hilfe zur Sicherung des Lebensunterhaltes, bsa)	1.84	1.93		
Sickness				
Sickness benefit (Krankengeld: bhl)	0.47	0.49	0.54	
Accident pension (Versehrtenrente UV: bac)	1.07	1.06	1.06	1.04
Accident survivor's pension (Hinterbliebenenrenten UV: bac)	0.21	0.20	0.20	0.19
Care benefit (Bundespflegegeld: bdi), Care benefit federal states (Landespflegegeld: bdi)	4.73	4.86	5.03	3.97 (only fed. level)
Old-age, invalidity & survivors				
Old age part-time benefit (Altersteilzeitgeld: powpt)	0.33	0.28	0.23	0.21
Regular old age pension (Normale Alterspension PV: poa)	12.70	12.95	13.19	13.38
Early retirement pensions (Vorzeitige Alterspension bei langer Versicherungsdauer PV, „Hacklerregelung“ PV, „Korridorpension“ PV : poa)	1.33	1.27	1.30	0.93
Invalidity pension (Invaliditäts- oder Berufsunfähigkeitspension PV: poa)	5.31	5.41	5.50	5.57
Widow/ers' pension (Hinterbliebenenpensionen PV : psu)	5.68	5.62	5.60	5.56
Orphans' pension (Waisenpension PV : psu)	0.59	0.58	0.59	0.59
Civil servants' pension (direct, widows and orphans, federal level and federal states/municipalities)	3.79	3.78	3.78	
Child Bonus for Pensioners (Kinderzuschuss PV, pch)	0.76	0.77	0.80	
Child Bonus for Civil Servant Pensioners (Kinderzulage PG, pchcs)				
Minimum pension top-up (Ausgleichszulage PV, pmmtu)	2.89	2.92	2.89	2.84
Minimum pension top-up for civil servants (Ergänzungszulage PG, pcstu)				
Housing				
Housing allowance („Wohnbeihilfe“: bho)				

Notes:

Source: AMS 2008-2010; BKA 2010; Hauptverband 2008-2011a; Kammer für Arbeiter und Angestellte 2007-2011a; Kammer für Arbeiter und Angestellte 2008-2011b; Statistik Austria 2010a

Table 1.6 Social benefit: expenditure (annual expenditure as % of total social expenditure)

	2007	2008	2009	2010
Families				
Maternity benefit (Wochengeld: bma)	0.48	0.48	0.48	0.50
Maternity benefit for self-employed (Wochengeld: bma)	0.01	0.01	0.01	0.01
Maintenance payments by the state (Staatlicher Unterhaltsvorschuss: ypt)	0.13	0.13	0.12	0.12
Childcare allowance (Kinderbetreuungsbeihilfe)		0.01	0.00	
Child Care Benefit (Kinderbetreuungsgeld, bcc)	1.31		1.35	1.24
Child Care Benefit Supplement (Zuschuss zum Kinderbetreuungsgeld, bcctu)	0.10 (2006)		0.10	
Child care benefit allowance (Beihilfe zum pauschalen Kinderbetreuungsgeld, bcctu)				0.04



Social Assistance (Sozialhilfe: Hilfe zur Sicherung des Lebensunterhaltes, bsa)	0.43	0.45		
Family Bonuses Federal States (Familienzuschüsse Bundesländer, bfamt)		0.04	0.04	0.04
Family allowance (Familienbeihilfe, bch)	4.13	4.29	4.07	3.98
Childcare tax credit (Kinderabsetzbetrag)	1.31	1.26		
Education				
Study allowance (Studienbeihilfe: bed)		0.25	0.21	
Pupil allowance (Schülerbeihilfe und Heimbeihilfe: bed)		0.06		0.06
Further education benefit (Weiterbildungsgeld: bed)	0.01 (incl. HI)	0.02 (incl. HI)	0.06 (incl. HI)	0.09 (incl. HI)
Unemployment & social assistance				
Unemployment benefit (Arbeitslosengeld: bunct)	1.57	1.49	1.96	1.87
Unemployment assistance (Notstandshilfe: bunnc)	1.01	0.89	0.96	1.08
Special assistance mining (Sonderunterstützung Bergbau: bunnc)	0.05	0.05	0.04	
Pension advancement (Pensionsvorschuss: bunct, bunnc)		0.18	0.18	0.18
Transitory payment (Übergangsgeld: bunct)	0.10 (incl. HI)	0.10 (incl. HI)	0.09 (incl. HI)	0.11 (incl. HI)
Family supplement (Familienzuschlag: bunct, bunnc)				
Sickness				
Sickness benefit (Krankengeld: bhl)	0.56	0.57	0.60	0.62
Accident pension (Versehrtenrente UV: bac)	0.53	0.50	0.50	
Accident survivor's pension (Hinterbliebenenrenten UV: bac)	0.15	0.15	0.15	0.14
Care benefit (Bundespflegegeld: bdi), Care benefit federal states (Landespflegegeld: bdi)	2.38	2.34	2.03 (only federal level)	2.05 (only federal level)
Old-age, invalidity & survivors				
Old age part-time benefit (Altersteilzeitgeld: powpt)	0.54	0.45	0.34	0.29
Regular old age pension (Normale Alterspension PV: poa)	18.42	18.50	21.60 (incl. early)	22.03 (incl. early)
Early retirement pensions (Vorzeitige Alterspension bei langer Versicherungsdauer PV, „Hacklerregelung“ PV, „Korridor pension“ PV : poa)	3.01	2.96		
Invalidity pension (Invaliditäts- oder Berufsunfähigkeitspension PV: poa)	6.63	6.68	6.67	6.75
Survivors' pension (Hinterbliebenenpensionen PV : psu)	4.86	4.76	4.63	4.59
Civil servant's pension (Ruhegenuss PG: poacs)	10.84	10.61		
Civil servants' survivors' pension (Witwen/r-, Waisenversorgungsgenuss PG: psu)	1.31	1.26		
Minimum pension top-up (Ausgleichszulage PV, pmmtu)		1.21	1.16	1.13
Minimum pension top-up for civil servants (Ergänzungszulage PG, pcstu)				
Child Bonus for Pensioners (Kinderzuschuss PV, pch)	0.04	0.03	0.03	0.03
Child Bonus for Civil Servant Pensioners (Kinderzulage PG, pcstu)				
Housing				
Housing allowance (Wohnbeihilfe, bho)	0.41	0.40		

Source: Hauptverband 2008-2011a; Hauptverband 2008-2010b; Kammer für Arbeiter und Angestellte 2007-2011a; Kammer für Arbeiter und Angestellte 2008-2011b; Statistik Austria 2010a.

1.3.8 Not strictly benefits

In addition there are components of income that are not strictly part of the benefit system. These include:



Continued remuneration in case of sickness (“Entgeltfortzahlung im Krankheitsfall”)

The continued remuneration in case of sickness should allow for an adequate maintenance for the employee and his/her family in case he/she is unable to work due to sickness or accident. The employee is granted a continued remuneration in case of sickness, in case of work accidents and in case of cures and stays at health resorts. The duration depends on the duration of the employment contract. Basically each employee is entitled to full continued remuneration up to six weeks. Furthermore he/she is entitled to another four weeks for half the remuneration. However, no variable for continued remuneration in case of sickness is included in EU-SILC. Potential amounts should be included in employment income (yem).

In million € 2007: 2,343.87 (3.08% of total social expenditure); 2008: 2,511.04 (3.12% of total social expenditure) (Statistik Austria 2010a)

Severance pay

According to the duration of the employment contract the (old) severance pay system provides a certain number of monthly salaries in case the employee is dismissed by the employer or in case the employee retires. For severance pay no social insurance contributions are due and they are taxed with the preferential tax rate of 6% only. Although there is an own variable for severance pay in the EU-SILC, at least parts of the severance pay, which cannot easily be filtered out, are also included in employment, unemployment or pension income variables. Thus, we did not include an own variable for severance pay in EUROMOD.

Insolvency deficiency compensation (“Insolvenz-Ausfallgeld”)

Insolvency deficiency compensation is granted in case of opening insolvency proceedings, etc. It is paid for entitlement to current remuneration and entitlement referring to the termination of an employment contract (severance pay, etc.). However, for insolvency deficiency compensation no variable is included in EU-SILC. Potential amounts should be included in employment income (yem).

In million €: 2007: 231.1 (0.30% of total social expenditure); 2008: 234.1 (0.29% of total social expenditure) (Statistik Austria 2010a)

Company (ypp01) and private pensions (ypp02)

Company pensions are additional benefits to the legal pension. They are voluntary benefits which the employer grants his employees. They are regulated via single working contracts, company or collective agreements. They can comprise of old-age, invalidity or survivor's pensions. There are also special payments (13th, 14th pension) which are taxed with the preferential tax rate of 6%. No social insurance contributions are due.

Private pensions are benefits from a voluntary private pension plan. There are no special payments (13th, 14th pension). No social insurance contributions are due.

Payments from pension funds (payments and pensions, which are based on contributions by the employer, are fully taxable; of payments and pensions, which are based on contributions by the employee, only 25% are taxed. Pensions from a premium-favored pension provision, premium-favored future provision and of the new severance pay system are exempted from tax.

Company pensions in million €: 2007: 1,424.37 (1.87% of total social expenditure); 2008: 1,563.53 (1.94% of total social expenditure) (Statistik Austria 2010a).



1.4 Social contributions

Social insurance contributions finance pensions and other contributory benefits. Generally there is an upper and a lower contribution limit. There are different classes of contributions for civil servants, employees in the private sector (white and blue collar), free-lancers (“freie Dienstnehmer/Innen”) and self-employed (tradesmen, farmers, professionals). The relevant contribution base is the (monthly) gross income.

- *Scope and scale*

The following tables show the number of contributors (as % of population) and the composition of social contributions, as a percentage of overall revenue. In terms of contributors the most important contribution types are health and accidents insurance, in terms of revenue the most important contributions are by far pension insurance contributions. No significant changes occurred in the observed years.

Table 1.7 Social contributions: contributors (as % of population)

	2007	2008	2009	2010
Social contributions				
Health insurance employees	39.25	39.98	39.30	39.40
Health insurance self-employed	5.53	5.63	5.74	5.80
Health insurance voluntary insured	1.53	1.54	1.55	1.58
Health insurance pensioners	24.94	25.17	25.46	25.86
Health insurance other insured persons*	3.82	3.61	4.21	4.23
Pension insurance employees (excl. civil servants)	35.37	36.25	35.67	36.00
Pension insurance civil servants (only employee contributions)				
Pension insurance self-employed	5.97	6.06	6.15	6.22
Unemployment insurance employees	33.49	34.21	33.84	
Accident insurance employees	38.05	38.76	38.13	38.17
Accident insurance self-employed	16.92	16.94	16.97	16.97
Accident insurance pupils, students	16.03	15.77	15.62	15.64
Housing subsidy contributions				
Employees' compulsory union contributions				
Employers' contribution to bankruptcy fund				
Employers' contribution to family benefits fund				

Notes: *unemployed, childcare benefit receivers without sustained employment contract, etc.

Source: Hauptverband 2009-2011a; Hauptverband 2008-2010b



Table 1.8 Social contributions: revenue (as % of total state revenue)

	2007	2008	2009	2010
Social contributions				
Health insurance employees	4.77	4.86	4.99	4.96
Health insurance self-employed	0.50	0.44	0.48	0.45
Health insurance unemployed (benefit receivers)	0.16	0.15	0.19	0.20
Health insurance pensioners	2.26	2.31	2.48	2.51
Health insurance other insured persons	0.12	0.11	0.12	0.11
Health insurance additional amount for relatives	0.01	0.01	0.01	0.01
Health insurance additional amount (Zusatzbeitrag)	0.41	0.41	0.43	0.43
Pension insurance employees (excl. civil servants)	15.97	15.95	16.58	16.65
Pension insurance civil servants (only employee contributions)	1.79	1.74	1.80	
Pension insurance self-employed	1.74	1.70	1.82	1.68
Unemployment insurance employees	3.31	3.45		
Accident insurance	0.96	0.96	0.98	0.98
Housing subsidy contributions				
Employees' compulsory union contributions				
Employers' contribution to bankruptcy fund				
Employers' contribution to family benefits fund	3.00	3.22	3.45	3.44

Source: Hauptverband 2008-2011a; Hauptverband 2010b; Statistik Austria 2010a; www.bmask.gv.at

1.5 Taxes

Income tax (“Einkommensteuer”)

Income tax refers to the income of natural persons liable to tax during a calendar year. The taxable income consists of the total amount of incomes after compensation with losses, stemming from the different income types after consideration of exceptional expenditures and legal deductions.

Capital gains tax (“Kapitalertragssteuer”)

The capital gains tax of 25 % is designed as final taxation. Thus, capital gains are not considered anymore for calculating the individual income tax rate.

Corporate income tax (“Körperschaftsteuer”)

Income of juridical persons is subject to corporate income tax. The tax rate amounts to 25%.

Turnover tax (Value added tax; “Umsatzsteuer”)

The Austrian turnover tax represents a value added tax. Entrepreneurs can claim back the tax which was cleared by other enterprises from the fiscal authorities (deduction of input turnover tax, “Vorsteuerabzug”). The tax rate amounts to 20%. A reduced tax rate of 10% applies to certain goods or services whereas other distinctive goods or services are completely exempted from turnover tax.

- *Scope and scale*

The following tables show the number of taxpayers (in % of population) and the composition of taxes, including social contributions, as a percentage of overall state revenue. In terms of revenue income tax and turnover tax are by far the most important tax sources. No major changes occurred in the observed years.



Table 1.9 Taxes: taxpayers (as % of population)

	2007	2008	2009	2010
Direct taxes				
Income tax	48.63 (positive)	50.89 (positive)		
Capital gains tax (KESt)				
Corporate income tax (KÖSt)	2006: 0.79 (positive)			
Indirect taxes				
Turnover tax	7.47 (entrepreneurs)			

Source: Statistik Austria 2010-2011b; Statistik Austria 2010a

Table 1.10 Taxes: revenue (annual revenue in % of total state revenue)

	2007	2008	2009	2010
Direct taxes				
Income Tax	18,29	18,83		
Capital gains tax (KESt)	2,43	2,74	2,25	1,86
Corporate income tax (KÖSt)	2006: 4.39			
Indirect taxes				
Turnover tax	13.68 (gross: 73.12)			

Source: : Statistik Austria 2010-2011b; Statistik Austria 2010a

2. SIMULATION OF TAXES AND BENEFITS IN EUROMOD

2.1 Scope of simulation

Basically the bigger part of benefits cannot be simulated either due to missing data on contribution history (maternity benefit, sickness benefit, pensions) or due lacking data on eligibility criteria. Benefits which lend themselves to simulate are either universal (most family benefits) or means-tested (minimum pension top-up, family bonuses, social assistance).

On the other hand, all social insurance contributions can be simulated, as the contribution bases (gross incomes) are available in the data and contributions rates are either universal or depend on personal characteristics available in the data.

On the sides of taxes, the direct and personal taxes income tax and capital gains tax can be simulated.

The only minor change on the taxes and benefits simulated in EUROMOD in different years stems from the fact that the child care benefit supplement was replaced by the child care benefit allowance in 2010. However, for the childcare benefit itself additional alternatives (to choose from) were introduced in 2008 and 2010.



Table 2.1 Simulation of benefits in EUROMOD

	Variable name(s)	Treatment in EUROMOD					Why not fully simulated?
		2007	2008	2009	2010	...	
Maternity benefit	bma	I	I	I	I		No data on contribution history
Maternity benefit self employed	bma	I	I	I	I		No data on contribution history and acting of eligible person
Maintenance payments state	ypt	I	I	I	I		No data on extent of eligibility
Childcare allowance		E	E	E	E		No data on eligibility criteria
Study allowance	bed	I	I	I	I		No data on eligibility criteria
Pupil allowance	bed	I	I	I	I		No data on eligibility criteria
Education leave	bed	I	I	I	I		No data on eligibility criteria
Pension advancement	bunct, bunnc	I	I	I	I		No data on contribution history
Special allowance mining	bunct, bunnc	I	I	I	I		No data on contribution history
Transitory Payment	bunct	I	I	I	I		No data on contribution history
Sickness benefit	bhl	I	I	I	I		No data on contribution history
Accident pension	bac	I	I	I	I		No data on contribution history
Accident survivor' pension	bac	I	I	I	I		No data on contribution history
Care benefit	bdi	I	I	I	I		Information on care degree only in the data
Old age part-time benefit	powpt	I	I	I	I		No data on contribution history
Regular old age pension PV	poa	I	I	I	I		No data on contribution history
Early retirement pensions PV	poa	I	I	I	I		No data on contribution history
Invalidity pension PV	poa	I	I	I	I		No data on contribution history
Survivor's pension	psu	I	I	I	I		No data on contribution history
Orphan's pension	psu	I	I	I	I		No data on contribution history
Civil servants pension PG	poacs	I	I	I	I		No data on contribution history
Housing benefits	bho	I	I	I	I		No information on eligibility conditions in the data
Unemployment benefit	bunct_s	PS	PS	PS	PS		Contribution history is assumed
Unemployment assistance	bunnc_s	PS	PS	PS	PS		Contribution history is assumed
Family supplement	bunmt_s	PS	PS	PS	PS		Contribution history is assumed
Minimum pension top-up PV	pmmtu_s	S	S	S	S		
Minimum pension top-up civil servants PG	pcstu_s	S	S	S	S		
Child bonus pensioners PV	(pch00_s)	(S)	(S)	(S)	(S)		can be simulated, but already included in poa
Child bonus for civil service pensioners PG	(pchcs_s)	(S)	(S)	(S)	(S)		can be simulated, but already included in poacs
Child care benefit	bcc00_s	S	S	S	S		
Child care benefit supplement	bcctu_s	S	S	S	-		in force 2007-2009
Child care benefit allowance	bcctu_s	-	-	-	S		in force 2010
Social assistance Vienna	bsa_s	S	S	S	S		
Family bonus Vienna	bfamt_s	S	S	S	S		
Family allowance	bch00_s	S	S	S	S		

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.



Table 2.2 Simulation of taxes and social contributions in EUROMOD

	Variable name(s)	Treatment in EUROMOD					Why not fully simulated?
		2007	2008	2009	2010	...	
Income tax	tin_s	S	S	S	S		
Capital gains tax	tiny_s	S	S	S	S		
Accident insurance ER	tscer_s	S	S	S	S		
Accident insurance SE	tscse_s	S	S	S	S		
Health insurance EE	tscee_s	S	S	S	S		
Health insurance pensioners	tscpe_s	S	S	S	S		
Health insurance ER	tscer_s	S	S	S	S		
Health insurance SE	tscse_s	S	S	S	S		
Pension insurance EE	tscee_s	S	S	S	S		
Pension insurance pensioners (civil servants)	tscpe_s	S	S	S	S		
Pension insurance ER	tscer_s	S	S	S	S		
Pension insurance SE	tscse_s	S	S	S	S		
Unemployment insurance EE	tscee_s	S	S	S	S		
Unemployment insurance ER	tscer_s	S	S	S	S		
Contributions housing benefit EE	tscee_s	S	S	S	S		
Contributions housing benefit ER	tscer_s	S	S	S	S		
Union contributions EE	tscee_s	S	S	S	S		
Contribution family benefits fund ER	tscer_s	S	S	S	S		
Contribution insolvency fund ER	tscer_s	S	S	S	S		

Notes: “-” policy did not exist in that year; “E” policy is *excluded* from the model’s scope as it is neither included in the microdata nor simulated by EUROMOD; “PS” policy is *partially simulated* as some of its relevant rules are not simulated; “S” policy is *simulated* although some minor or very specific rules may not be simulated.

2.2 Order of simulation and interdependencies

• Order of simulation in 2007-2010

The following table shows the order in which the main elements of the Austrian system 2007-2010 are simulated. As the system features few structural changes within this period, we use one table to display policy simulations over the four years’ span.

We simulate employee social insurance contributions and self-employed social insurance contributions. These parameters are on the list of deductibles for the personal income taxation, and therefore need to be simulated before the personal income tax.

Most of the simulated benefits are neither subject to social insurance contributions nor to income tax. Thus, their inclusion into the spine is relatively flexible. Family allowance is simulated relatively at the beginning as other benefits depend on the receipt of family allowance.

Minimum pension top-up is subject to health insurance contributions. Thus, it has to be simulated before simulating health insurance contributions for pensioners.

As unemployment benefit and unemployment assistance are not taxable but taken into account for calculating income tax for other incomes (progression adjustment), there are dependencies between these t/b elements which require temporary simulations.



The last elements in the spine are means-tested family and social benefits. As for these, a rather long list of preceding incomes has to be considered, they have to be simulated as the last parameters in the spine.

Table 2.3 EUROMOD Spine: order of simulation, 2007-2010

Policy	Description	Main output
SIC employer		tscer_s
SIC employee		tscee_s
SIC self employed		tscse_s
Family allowance		bch00_s
Unemployment benefit		bunct_s
Minimum Pension top-up	<i>1st run with bunnc_s=0</i>	pmmtu_s
Minimum Pension top-up civil servants	<i>1st run with bunnc_s=0</i>	pcstu_s
SIC pensioners	<i>1st run with bunnc_s=0</i>	tscpe_s
Income tax	<i>1st run with bunnc_s=0</i>	tin_s
Unemployment assistance	<i>temporary calculation bunnc_s</i>	bunnc_s
Unemployment benefit	<i>final calculation of bunct_s and bunmt_s (family supplements) which involved bunnc_s</i>	bunct_s
Unemployment assistance	<i>final calculation of bunnc_s</i>	bunnc_s
Minimum Pension top-up	<i>2nd run with bunnc_s simulated</i>	pmmtu_s
Minimum Pension top-up civil servants	<i>2nd run with bunnc_s simulated</i>	pcstu_s
SIC pensioners	<i>2nd run with bunnc_s simulated</i>	tscpe_s
Income tax	<i>2nd run with bunnc_s simulated</i>	tin_s
Tax on investment income		tiniy_s
Child Care Benefit		bcc00_s
Child Care Benefit Supplement/Allowance		bcctu_s
Family bonuses federal states		bfamt_s
Social Assistance		bsa_s

2.3 Simulated social benefits⁴

2.3.1 Unemployment benefit (Arbeitslosengeld: bunct_s)

- *Definitions*

The unemployment benefit should compensate the income loss of employees due to unemployment.

- *Entitlement conditions*

The unemployed person has to be capable to work, willing to work and unemployed.

- Basically during the last 24 months before applying for the benefit, the unemployed person needs at least 52 weeks of employment liable to unemployment insurance.
- In case the unemployed person has already received unemployment benefit or parental leave benefit (predecessor of childcare benefit, but insurance-based) in the past, the unemployed person needs at least 28 weeks of employment liable to unemployment insurance during 12 months.

⁴ Policy descriptions are mainly based on Kammer für Arbeiter und Angestellte 2007-2011a.



- Persons who apply for the unemployment benefit below 25 years of age need 26 weeks of employment liable to unemployment insurance during 12 months.

Unemployment benefit is not granted in case an old age pension, invalidity pension or a pension for civil servants is granted or there is entitlement to.

- ***Income test***

Beside the unemployment benefit the unemployed person is allowed to have an employment income up to gross € 341.16 per month (14 times; 2007; 2008: 349.01; 2009: 357.74; 2010: 366.33). In case of an income beyond this limit the unemployment benefit is suspended. In case of temporary employment, 90 % of the net income which exceeds € 341.16 (2008: 349.01; 2009: 357.74; 2010: 366.33) per month is offset the unemployment benefit.

The relevant income relates to the income stipulated in the income tax law. Deviations refer to

- certain tax exempted incomes, which are added to the income, and
- an adjustment for a consolidation into a lump sum in case of calculating the income from self employment by using average rates.
- Income parts liable to the reduced tax rate (6%, especially special payments 13th, 14th up to 1/6 of the yearly income and legal severance pay) are not considered.

Payments in kind have to be considered with the respective monetary value.

- ***Benefit amount***

The maximum duration of receipt depends on the duration of employment liable to unemployment insurance before applying for the unemployment benefit and on the age of the unemployed person:

- It amounts to at least 20 weeks and is increased to
- 30 weeks in case of 156 weeks of employment liable to unemployment insurance during the last 5 years;
- 39 weeks in case of 312 weeks of employment liable to unemployment insurance during the last 10 years and at least 40 years of age;
- 52 weeks in case of 468 weeks of employment liable to unemployment insurance during the last 15 years and at least 50 years of age (at the time of applying for unemployment benefit).

In case the unemployed person participates in occupational re-training measures in the framework of a occupational foundation, the duration of receipt is prolonged up to 156 weeks. In addition, the duration of receipt is prolonged by the duration of a participation in a labor market oriented measure by the labor market service.

The amount of the unemployment benefit depends on the prior employment income and in case of entitlement to family supplements on the family size. It consists of the basic amount, potential family supplements and a potential complement. In case of applying for the unemployment benefit in the in the 1st half-year of a calendar year the yearly contribution base of the second to last calendar year is considered, in case of applying in the 2nd half-year of a calendar year the yearly contribution base of the last calendar year is taken is considered.

As basic amount 55% of the daily net income is granted daily.

- For the calculation of the daily net income the respective yearly contribution base is to be divided by 12.
- This amount has to be reduced by the social insurance contributions for a single white collar employee and the relevant income tax under consideration of tax allowances granted without application and then to be multiplied by 12 and divided by 365.

In case the contribution bases to be taken into account are older than 1 year at the time of applying for the unemployment benefit, they have to be upgraded by the upgrading factor of the relevant years. The highest daily unemployment benefit (basic amount) amounts to € 40.14 (2007; 2008: 41.77; 2009: 42.87; 2010: 44.70).



- In case the unemployment benefit (basic amount plus family supplements) are lower than daily € 24.20 (2007; 2008: 24.90; 2009: 25.75; 2010: 26.13), a complement amounting to the difference is granted.
- However, basic amount and complement must not exceed 60% of the daily net income.
- In case of entitlement to family supplements, basic amount plus family supplements plus complement must not exceed 80% of the daily net income.

- **Treatment**

The unemployment benefit is exempted from SIC and tax (however, see: „progression adjustment“). It is paid without any deductions.

2.3.2 Unemployment assistance (Notstandshilfe: bunnc_s)

- **Definitions**

The unemployment assistance is a benefit for unemployed persons by the unemployment insurance after the entitlement to unemployment benefit is exhausted.

- **Entitlement conditions**

The receiver of unemployment assistance has to be unemployed, capable to work and willing to work. In addition the person has to be in a state of emergency.

Unemployment assistance is not granted in case an old age pension or a pension for civil servants is granted or there is entitlement to.

- **Income test**

a) Unemployed person:

Beside unemployment assistance the unemployed person is allowed to receive an employment income which does not exceed gross € 341.16 per month (14 times; 2007; 2008: 349.01; 2009: 357.74; 2010: 366.33). The same regulations as for employment income in case of receiving unemployment benefit apply. In addition each income of the unemployed person (e.g., widow pension, income from renting and leasing, maintenance) is considered.

b) Marriage partner:

The partner has an amount of exemption of € 465 (2007; 2008: 473; 2009: 488; 2010: 495) per month.

- The amount of exemption is increased by € 232.50 (2008: 236.50; 2009: 244; 2010: 247.50) per month for each person entitled to maintenance of the partner (e.g., children). The part of the net incomes which exceeds the amount of exemption is directly charged to the amount of the unemployment assistance.
- In case the unemployed person has reached 50 years of age and the entitlement to unemployment benefit of 52 weeks or more is exhausted, the amount of exemption is increased by 100 % (€ 930; 2008: 946; 2009: 976; 2010: 990), as well as the increase of the amount of exemption for persons entitled to maintenance (€ 465; 2008: 473; 2009: 488; 2010: 495).
- The amounts of exemption are increased by 200 %, in case the unemployed person became unemployed after reaching 55 years of age and having received unemployment benefit for at least 52 weeks and having proofed at least 240 months of qualifying periods; in case the unemployed person has reached 54 years of age and has been employed for at least 180 months liable to unemployment insurance during the last 25 years before reaching 54 years of age. In these case, the monthly amount of exemption amounts to € 1,395 (2008: 1,419; 2009: 1,464; 2010: 1,485), the increase of the amount of exemption for persons entitled to maintenance amounts to € 697.50 (2008: 709.50; 2009: 732; 2010: 742.50).



- In case the unemployed person or his partner have reached 50 years of age and at least disabled to 50% or receives an invalidity pension, the amounts of exemption/income limits have to be increased by 50%.

The relevant income for the unemployment assistance relates to the income concept of the income tax law:

- gross incomes (employment income, self employment income) –
- gross special payments –
- social insurance contributions –
- income tax –
- cost of earnings deduction (€ 132 per year).

Payments in kind have to be considered with the respective monetary value. Maintenance payments have to be considered.

Not considered are among others:

- care benefit, family allowance,
- income parts which are subject to the reduced income tax rate (special payments 13th, 14th up to 1/6 of the yearly income, severance payments),
- housing benefits.

- ***Benefit amount***

Unemployment assistance is granted for max. 12 months. However, an unlimited number of follow-up applications is possible.

The amounts of the unemployment assistance depends a) on the amount of the basic amount and the complement of the unemployment benefit, b) the duration of receipt of unemployment benefit, c) the accountable income of the unemployed person and his/her partner as well as d) the number of due family supplements.

- a) The unemployment assistance for the first 6 months amounts to 95% of the basic amount of the unemployment benefit, in case the unemployment benefit does not exceed daily € 24.20 (2008: 24.90; 2009: 25.75; 2010: 26.13), otherwise 92% of the basic amount of the unemployment benefit, whereat 95% of € 24.20 (2008: 24.90; 2009: 25.75; 2010: 26.13) must not be undershot.
- b) After six months of receipt of unemployment assistance: In case of prior unemployment benefit of 20 weeks the unemployment assistance (after regarding the income) must not exceed € 24.20 (2008: 24.90; 2009: 25.75; 2010: 26.13) daily. In case of prior unemployment benefit of 30 weeks the unemployment assistance (after regarding the income) must not exceed € 27.23 (2008: 29.03; 2009: 30.03; 2010: 30.47) daily. In case of prior unemployment benefit of 39/52 weeks the unemployment assistance is not curtailed. In case the unemployed person has reached 45 years of age the amount of the unemployment assistance does not only refer to the prior unemployment benefit but also on the unemployment benefit granted for the most extended period of time.
- c) From the basic amount of the unemployment assistance (see a)) the accountable income of the unemployed person and his/her partner is subtracted.
- d) In case the unemployed person has to care for persons entitled to supplements, additional family supplements are granted.

- ***Treatment***

The unemployment assistance is exempted from SIC and tax (however, see „progression adjustment“). It is paid without any deductions.



2.3.3 Family supplement (Familienzuschlag: bunmt_s)

- *Definition*

The family supplement is paid for receivers of benefits from the unemployment insurance (unemployment benefit or unemployment assistance) for the maintenance of relatives.

- *Entitlement conditions*

There is entitlement to family supplement for children, grandchildren, stepchildren, adopted and foster children who are maintained by the receiver in case there is entitlement to family allowance. Family supplements for marriage partners (spouses) with no income beyond € 341.16 per month (14 times; 2007; 2008: 349.01; 2009: 357.74; 2010: 366.33) are granted, in case the receiver maintains this person substantially and at least one family supplement is granted for a person for whom family allowance is granted and who lives in the same household.

- *Means test*

The income (defined according to the unemployment benefit) of the relatives may not exceed certain limits:

- Only 2007 and 2008: the employment income of children (excl. apprentices' remuneration), for whom family allowance is granted, must not exceed € 341.16 per month (14 times; 2007; 2008: 349.01; 2009: 357.74; 2010: 366.33).
- 2007-2010: the income of the marriage partner/spouse must not exceed € 341.16 per month (14 times; 2007; 2008: 349.01; 2009: 357.74; 2010: 366.33).

- *Benefit amount*

The family supplement is granted for the period receiving a benefit from the unemployment insurance as long as the pre-conditions are fulfilled. It represents a flat rate amount of € 0.97 for each person entitled to the supplement. For each person entitled to the supplement it can only be granted once. (2010: In case both parents receive unemployment benefits the supplement for the same child can be paid out twice.)

- *Treatment*

The family supplement is exempted from SIC and tax (however, see „progression adjustment“).

2.3.4 Minimum pension top-up (Ausgleichszulage PV: pmmtu_s)

- *Definitions*

Minimum pension is paid in order to provide persons entitled to a pension by the pension insurance association (excl. civil servants) a minimum level of income.

The relevant benefit unit is the family.

- *Eligibility conditions*

People are eligible to this top-up benefit only if they are already entitled to a pension. In case the net-pension plus other net-incomes of the pensioner do not reach the minimum level, the pensioner is entitled to the minimum pension top-up. A further condition is that the legal usual place of residence of the pensioner is in Austria.

- *Income test*

The income of the pensioner and of his marriage partner in the same household is considered. If pension(s) and other net-incomes exceed the standard rates, no minimum pension top-up is granted. For the child supplement the income of



the child, for whom child bonus for pensioners is received, is considered. In case, the income of the child exceeds the respective income limit, no child supplement is granted.

Basically all incomes after balancing with losses are considered. These are e.g.,

- further pensions +
- accident rents +
- self employment or employment income +
- unemployment income and sickness benefit +
- incomes from agriculture and forestry +
- from renting or capital income +
- maternity benefit +
- life annuities, fictitious cottage of estate reserved for use by parents, fictitious maintenance obligations by the divorced marriage partner (2010: respective the separated registered partner), maintenance payments, private transfers, etc. –
- social insurance contributions –
- income tax –
- standard rate for professional expenses (in case of employment income) –
- Special pension and rent payments (13th and 14th pension), special employment incomes (13th, 14th salary) and special sickness benefit payments (1/7 of the yearly sickness benefit)

Relevant is the monthly net income.

Incomes which are **not** considered among others:

- Incomes granted because of the special physical status, e.g., care benefit, allowance for blind persons, allowance for heavily damaged persons, etc.;
- Child bonuses for pensioners (simulated),
- Family allowance, students' and pupils' grants
- Housing benefits;
- € 172.19 per month (2007; 2008: 176.15; 2009: 180.55; 2010: 184.88) of apprentices' compensation (age 15-17);
- (social assistance and other public welfare benefits);
- childcare benefit.

- ***Benefit amount***

Minimum pension top-up is paid 14 times a year. The benefit is equal to the difference between a standard rate and the income of the income of the unit. The standard rates are as follows:



Monthly standard rates (amounts 2007-2010)

1. Recipients of old-age and invalidity pensions (poa)

a) Singles*	726.00 (2008: 747; 2009: 772.40; 2010: 783.99)
b) Married (2010: or partnered) persons*	1,091.14 (2008: 1,120; 2009: 1,158.08; 2010: 1,175.45)

2. Recipients of widow pensions (psu)

726.00 (2008: 747; 2009: 772.40; 2010: 783.99)

3. Recipients of orphan's pensions (psu)

a) one way, <24 years	267.04 (2008: 274.76; 2009: 284.10; 2010: 288.36)
b) one way, >23 years (and <27, except disabled)	474.51 (2008: 488.24; 2009: 504.84; 2010: 512.41)
c) double orphaned, <24 years	400.94 (2008: 412.54; 2009: 426.57; 2010: 432.97)
d) double orphaned, >23 years (and <27, except disabled)	726 (2008: 747; 2009: 772.40; 2010: 783.99)

* For each child, for whom there is entitlement to the child bonus for pensioners (simulated), an increase of the standard rate by € 76.09 (2008: 78.29; 2009: 80.95; 2010: 82.16) is granted. The child must be under 18, if he/she is older than 18 but under 27, then the child is treated a "child" from the benefit point of view only if he/she is in full time education or disabled and earns less than net € 267.04 /month (2008: 274.76; 2009: 284.10; 2010: 288,36).

- *Treatment*

The minimum pension top-up is subject to health insurance contributions for pensioners but exempted from taxes. It is paid jointly with the basic pension. The top-up for couples is given to the partner with the higher pension income.

EUROMOD Notes:

According to Statistics Austria minimum pension top-up is already included in the pension variables of SILC. Nevertheless, the top-up was modelled to secure that no respondent has forgotten to state the amount of pension top-up in the interview.

2.3.5 Minimum pension top-up for civil servants ("Ergänzungszulage": pcstu_s)

- *Definitions*

Minimum pension top-up for civil servants should provide a minimum income for civil servants' pensioners.

The relevant benefit unit is the family.

- *Eligibility conditions*

Recipients of a civil servants' pension, whose total net income is below the minimum rates, are entitled to minimum pension top-up for civil servants.

In case of an additional entitlement of a pension outside the civil servants' sector, with exceeds the civil servants' pension (without minimum pension top-up), there is no entitlement to minimum pension top-up for civil servants. In case the civil servant is already considered in the calculation of the minimum top-up of his/her spouse, there is no entitlement to minimum pension top-up for civil servants.



- **Income test**

The income of the pensioners, of his/her marriage partner (2010: respective the registered partner) and of the children for whom the standard rates are increased, are considered. In case the income of the marriage partner/registered partner exceeds the standard rate of the minimum top-up for single, there is no entitlement to the minimum pension top-up.

Income is the monthly total net income:

- civil servants' pension and other pensions +
- income subject to income tax (employment, self employment, agriculture, capital, renting, etc.), unless exempted from tax+
- periodic benefits from the accident- and health insurance +
- welfare benefits +
- unemployment benefits +
- maternity benefit, childcare benefit +
- periodic maintenance payments, private transfers, unless they are less than the respective standard rate for minimum pension top-up –
- social insurance contributions –
- income tax –
- standard rate for professional expenses (in case of employment income) –
- Special pension and rent payments (13th and 14th pension), special employment incomes (13th, 14th salary;) and special sickness benefit payments (1/7 of the yearly sickness benefit)

Relevant is the monthly net income.

Incomes, which are **not** considered

- Incomes of a child in full-time education due to an occupation only during school/university-holidays,
- incomes of a child, who has to be considered in the calculation of the standard rate, as long as they exceed the amount per calendar month, which increases the standard rate for the child.

- **Benefit amount**

Minimum pension top-up for civil servants is paid 14 times a year. The benefit is equal to the difference between a standard rate and the income of the unit. The standard rates are as follows:

Monthly standard rates (amounts 2007-2010)

1. Recipients of old-age and invalidity pensions (poacs)	
a) Singles*	726.00 (2008: 747; 2009: 772.40; 2010: 783.99)
b) Married (2010: or partnered) persons*	1,091.14 (2008: 1,120; 2009: 1,158.08; 2010: 1,175.45)
2. Recipients of widow pensions (psu)	
	726.00 (2008: 747; 2009: 772.40; 2010: 783.99)
3. Recipients of orphan's pensions (psu)	
a) one way, <24 years	267.04 (2008: 274.76; 2009: 284.10; 2010: 288.36)
b) one way, >23 years (and <27, except disabled)	474.51 (2008: 488.24; 2009: 504.84; 2010: 512.41)
c) double orphaned, <24 years	400.94 (2008: 412.54; 2009: 426.57; 2010: 432.97)
d) double orphaned, >23 years (and <27, except disabled)	726 (2008: 747; 2009: 772.40; 2010: 783.99)

* For each child, for whom there is entitlement to child bonus for civil servant pensioners (simulated), there is entitlement to an increase of the standard rate per € 76.09 (2008: 78.29; 2009: 80.95; 2010: 82.16). For the additional child amount of € 76.09 per month, the child must be under 18, if he/she is older than 18 but under 26, then the child is treated a "child" from the benefit point of view only if he/she is in full time education or disabled and earns less than gross € 341.16 /month (2008: 349.01; 2009: 357.74; 2010: 366.33).



- ***Treatment***

The minimum pension top-up for civil servants is subject to health insurance contributions for civil servants pensioners but exempted from tax. It is paid jointly with the basic pension. No pension contribution is due.

EUROMOD Notes:

According to Statistics Austria the pension top-up is already included in the pension variable in SILC. Nevertheless, it was modelled to secure that no respondent has forgotten to state amount of pension top-up in the interview.

2.3.6 Child Bonus for Pensioners ("Kinderzuschuss PV": pch00_s)

- ***Definitions***

Child bonuses for pensioners are a financial aid for the fulfillment of maintenance obligations. The benefit depends on granting a pension and is due to each child of the pensioner.

The relevant benefit unit is the family.

- ***Eligibility conditions***

All non-civil-servant pensioners with children who receive public pension are eligible for this benefit. Entitlement to the child bonus is given for

a) children (incl. stepchildren, adopted children);

b) grandchildren, if they live in the same household, are entitled to maintenance towards the pensioner, and the place of residence is in Austria.

The child must be under 18, if he/she is older than 18 but under 27, then the child is treated as a “child” from the benefit point of view only if he/she is in full time education or disabled.

- ***Income test***

There is no income test.

- ***Benefit amount***

The monthly amount of the benefit (14 times per year) is € 29.07 (2007-2010) per child.

- ***Treatment***

The child bonus is subjected to health insurance (for pensioners) and income tax.

EUROMOD Notes:

The child bonus policy is switched off in the baseline (i.e., it is not part of the simulations but could be included by switching on the policy) as according to Statistics Austria it is already included in the pension variable in SILC.



2.3.7 Child Bonus for Civil Servant Pensioners ("Kinderzulage PG": pchcs_s)

- *Definitions*

Civil servant pensioners and receiver of widow pensions after civil servants with children are entitled to a child bonus as benefit for maintenance.

The relevant benefit unit is the family.

- *Eligibility conditions*

Civil servant pensioners are entitled to a child bonus for each child, for whom family allowance is received. Furthermore a child bonus is due for a child, who is already disabled since the period, in which family allowance was received and who does not earn more than € 341.16 per month.

The child bonus is granted for children, foster children and other children, if they belong to the same household and the civil servants maintains the child, as long as family allowance is received for the child.

- *Income test*

An income of the child and of the marriage partner is considered in the following cases:

- The child is 18 years or older,
- for the child the child bonus is received due to disability.

If the income exceeds gross € 341.16 (employment, self employment, agriculture, capital, rent income, etc.) per month (14 times a year; 2007), there is no entitlement for the child bonus.

- *Benefit amount*

The monthly amount of the benefit is € 14.5 (14 times a year).

- *Treatment*

The child bonus is subjected to health insurance (for civil servant pensioners) and income tax. No pension contribution is due.

EUROMOD Notes:

The child bonus policy is switched off in the baseline (i.e., it is not part of the simulations but could be included by switching on the policy) as according to Statistics Austria it is already included in the pension variable in SILC.

2.3.8 Family allowance ("Familienbeihilfe": bchmt_s)

- *Definitions*

The family allowance supports families with children.

The relevant benefit unit is the family.



- **Eligibility conditions**

The place of residence of the entitled person has to be in Austria. The child has to live in the same household with the entitled person. In case the child belongs to the common household of the parents, the parent who runs the household predominantly (in most cases the mother) is entitled.

In case of non-Austrian citizens

- the parent and the children have to be legally in Austria.
- EEA-citizens are entitled when they have available a registration-certificate.
- Citizens from third states need a title of residence.
- There is also entitlement for parents and children who were granted asylum.

a) Basically family allowance can be received for minor children below 18 years of age.

b) For children in full-time education the family allowance can be received below 26 years of age. Starting with 18 years of age, the income of the child is considered and students have to prove successful studies.

c) In case the child is not capable to work due to disability (at least 50% and for at least 3 years) which occurred before 21 years of age or during occupational education before 27 years of age, the family allowance can be received without age limit.

d) only in 2010: There is also entitlement to family allowance for children below 21 years of age, who are registered at the labor market service and seeking work and a potential employment income subject to income tax or unemployment income (unemployment benefit, unemployment assistance, allowance to cover means of subsistence) does not exceed gross € 366.33 per month (14 times).

During civil or military service, there is no entitlement to family allowance.

- **Income test**

The income of the parents is not considered.

When reaching 18 years of age, the income of the child is considered. In case the **taxable income** (gross minus social insurance contributions minus tax allowances; excl. special payments 13th, 14th) of the child (pupil, student) exceeds € 8,725 (from 2008 on: € 9,000) in a year, the entitlement to family allowance is forfeited for the complete year. The income, which is earned in months without entitlement, is not taken into account.

Incomes of the child taken into account are incomes

- from employment and self-employment +
- from agriculture and forestry +
- from a business enterprise +
- from capital income, from renting and leasing and other incomes +
- sickness benefit –
- social insurance contributions –
- tax allowances –
- special payments (13th, 14th).

Incomes which are **not** considered are among others:

- tax-exempted incomes, e.g., education allowances, unemployment benefit, unemployment assistance, maternity benefit, childcare benefit;
- Apprentices' compensation (age 15-17);



- orphans' pensions;

- **Benefit amount**

The amount of the family allowance depends on the number and age of the children. For children with disability a higher amount is due. In addition, for families with three and more children in case a certain income limit is kept, an additional amount is granted (multiple children supplement). Per month (12 times) the family allowance amounts to:

Family allowance in 2007

2007	1 st child	2 nd child	3 rd child and further children
0-2 years	€ 105.40	€ 118.20	€ 130.90
3-9 years	€ 112.70	€ 125.50	€ 138.20
10-17 years	€ 130.90	€ 143.70	€ 156.40
18-25 years	€ 152.70	€ 165.50	€ 178.20

If the yearly taxable family income (applying person plus spouse) in 2006 was below € 45,000, in 2007 from the 3rd child on a multiple children supplement of € 36.40 per month (12 times) is granted:

- gross incomes –
- social insurance contributions –
- tax allowances –
- special payments (13th, 14th)

For each child who is heavily disabled the family allowance is increased by € 138.30 per month (12 times).

From 1.1.2008 the staggering from the 3rd child on was increased and the multiple staggering according to the number of children enlarged

Family allowance 2008-2010

From 1.1.2008 onwards	1 st child	2 nd child	3 rd child	4 th child
0-2 years	€ 105.40	€ 118.20	€ 140.40	€ 155.40
3-9 years	€ 112.70	€ 125.50	€ 147.40	€ 162.70
10-17 years	€ 130.90	€ 143.70	€ 165.90	€ 180.90
18-25 years	€ 152.70	€ 165.50	€ 187.20	€ 202.70

For each further child (5th, 6th ...) the family allowance is increase by € 50 per month compared to the 4th child.

If the yearly taxable family income from 2007 onwards was below € 55,000, from 2008 onwards from the 3rd child on a multiple children supplement of € 36.40 per month is granted.

From 2008 on, the complete family allowance, which is due in September (basic amounts, age supplements, multiple staggering supplements and increased allowance for disabled children; excl. means tested multiple children supplement) is doubled as 13th family allowance in September.

- **Treatment**

The family allowance is exempted from social insurance contributions and tax.

With the family allowance in each and every case (independent from the income liable to tax) the child tax credit is granted, which is paid jointly with the family allowance 12 times per year (also as “negative tax”). In addition, from 2009 on for employed and self-employed parents for each child with family allowance there is a yearly child tax allowance of € 132 respective € 220. In case one parent of the child is single earner or lone parent, he/she is entitled to



the single earner respective lone parent tax credit. The entitlement to family allowance is also a necessary precondition for the entitlement to the childcare benefit and the family bonuses of the Federal States.

2.3.9 Child Care Benefit (“Kinderbetreuungsgeld”: bcc00_s)

- *Definitions*

Purpose of the childcare benefit as a family benefit is to (partly) reimburse the care efforts for small children.

The relevant benefit unit is the individual.

- *Eligibility conditions*

- 1) Flat rate models

A parent (incl. adoptive parent, foster parent) is entitled to childcare benefit, if

- a) for this child family allowance is received,
- b) the parent lives with the child in the same household,
- c) the parent and the child have the focus of their life interest in Austria and
- d) the parent and the child are legally in Austria,
- e) the total amount of the relevant personal income of the parent **receiving** the childcare benefit does not exceed € 14,600 (2008+2009: € 16,200; 2010: € 16,200 or 60% of the income in the calendar year before the birth) per calendar year.

- 2) Income dependent childcare benefit from 2010 on (additional alternative):

- a) A parent (incl. adoptive parent, foster parent) is entitled to the income dependent childcare benefit, in case the general conditions for the childcare benefit (see above) are fulfilled,
- b) the parent was continuously employed (subject to social insurance contribution) during the last 6 calendar months before the birth of the child (breaks up to 14 days do not count) and
- c) the parent does not exceed the income limit of the income dependent childcare benefit of € 5,800 per calendar year and does not receive unemployment benefit.

- *Income test*

- 1) Flat rate models

1a: Income limit of yearly € 14,600 (from 2008 onwards: € 16,200)

All incomes, underlying income tax are considered. (From 1.1.2010 on, ancillary incomes from renting and leasing, from capital income and other incomes are not considered anymore.) Special payments (13th, 14th are not considered). Periods, in which childcare benefit is not received, are not considered in the calculation of the income limit. The receipt of the childcare benefit can be resigned from month to month, also these periods are not considered in the income test.

- For employees the income limit is calculated as follows:
 - gross incomes (employment, sickness benefit; pensions) of this time period –
 - social insurance contributions –
 - special payments (13th, 14th) –



- tax-free payments –
- flat rate for professional expenses (yearly € 132) +
- unemployment benefits.
- the resulted sum has to be increased by 30%,
- the result has to be extrapolated to a yearly sum (= divided by the months entitled to childcare benefit in the respective calendar year and multiplied by 12).
- the result has to be lower or equal to € 14,600 (from 2008 onwards: 16,200).
- For self employed, professionals („Freiberufler/Innen“) and free lancers („freie Dienstnehmer/Innen“) as well as for the other income types of the income tax law the total yearly amount of incomes subject to tax is considered:
 - gross incomes –
 - social insurance contributions –
 - tax allowances
 - The incomes subject to tax have to be increased by the related social insurance contributions.
 - The resulted amount has to be lower or equal to € 14,600 (from 2008 onwards: 16,200).

In case a person has both employment and self employment income (which exceeds € 730 per year), the income test is following the one for self employment income.

1b: from 2010 on: new individual income limit (if higher)

The individual income limit amounts to 60 % of the total income

- employment income +
- self-employment income +
- incomes from agriculture and forestry)

earned in the last calendar year before the birth of the child, in which no childcare benefit was received. The individual income limit is calculated according to the same method as the income limit of € 16,200.

2) Income dependent childcare benefit (2010)

The incomes may not exceed € 5,800 per calendar year. This corresponds to a monthly gross income of € 366 (per month [14 times] for employees). The income limit depends only on the income received in those months during the calendar year, in which childcare benefit was received.

- ***Benefit amount***

1) Flat rate childcare benefit

The entitlement begins with the birth at the earliest, in case of receipt of maternity benefit subsequent to, unless the maternity benefit is lower than the chosen childcare benefit model. The period of receipt varies depending on the chosen model from the 12th to the 30th life-month if only on parent claims the benefit. In case of division between the partners, the maximum duration of receipt varies from the 14th to the 36th life-month.

In 2007 there is only the alternative 30+6 months. From 2008 on there are the additional alternatives 20+4 and 15+3. From 2010 on there is also the additional alternative 12+2. The amount of the benefit depends on the respective model:

Model	Max. duration of receipt 1 parent	Max. duration of receipt in case of division	Benefit amount, daily
12+2	up to the completed 12 th life-month (2010)	up to the completed 14 th life-month (2010)	€ 33.00
15+3	up to the completed 15 th life-month (2008-2010)	up to the completed 18 th life-month	€ 26.60
20+4	up to the completed 20 th life-month (2008-2010)	up to the completed 24 th life-month	€ 20.80
30+6	up to the completed 30 th life-month (2007-2010)	up to the completed 36 th life-month	€ 14.53



From 1.1.2010 on in case of multiple birth there is a supplement of 50% to the flat-rate models for the 2nd and each further child. Before, there was no supplement.

2) Income dependent childcare benefit

From 2010 onwards (additional alternative): the childcare benefit amounts to 80% of the average employment/self employment income at most € 66 daily. The amount is calculated in 2 ways: in the first alternative the daily amount is based on the **maternity benefit**, i.e. following the average earnings in the last 3 calendar months before the prohibition of employment, considering also special payments (13th, 14th salary). For parents with no entitlement to maternity benefit, e.g., employed father, the daily amount is calculated following the earnings in the last 3 calendar months before the last 8 weeks before the birth of the child (fictitious maternity benefit).

In addition a 2nd calculation of the daily amount is based on the incomes (income tax assessment) in the last year before the birth of the child, in which no childcare benefit was received. Thus, the average of a complete year is considered and potential self-employment incomes are considered. The alternative favoring the parents (higher amount) is used. In case the calculation results in a daily amount below € 33, then the flat-rate model 12+2 can be taken.

For the income dependent model there is no supplement for multiple births.

- ***Treatment***

The childcare benefit is exempted from social insurance contributions and tax.

1) Flat-rate-models

With the birth of a new child the receipt for the precedent child comes to an end. However, the supplement for multiple births is still paid further.

For one child the receipt of childcare benefit of both parents at the same time is not possible. However, per child a change in the receipt between the parents is possible twice.

During the receipt of maternity benefit the childcare benefit is suspended (except for the father until the birth of the new child, if the mother receives maternity benefit).

2) Income dependent childcare benefit

For the receivers of income dependent childcare benefit the maternity benefit is paid as income dependent childcare benefit increased by 25%.

EUROMOD Notes:

To implement the universal child care benefit a number of assumptions were necessary (for reasons of simplicity or due to lack of information in the underlying data):

- In the underlying SILC-data the age is calculated by the formula: current year minus birth year. Therefore we do only know the birth year but not the exact birth date of the child. We assume that all children were born on 1 July.



- We disregard all eligibility conditions apart from having a small child and fulfilling the income condition (exception: we put all mothers of zero year old children [born on 1 July, i.e. by the end of the modelling year 0.5 years old] on receiving child care benefit. The approach can be justified by empirical data showing that almost every mother with a child max. 6 months old receives child care benefit).

The following table summarises the approach taken for children of all respective age groups (below 3 years):

Implementation of child care benefit

Child aged (at least one)	Treatment
0: child born on 1 July 2007 (0 to 0.5 years in 2007).	receipt of child care benefit for six months, if mother did not receive maternity benefit (“Wochengeld”) according to the 2007 SILC-data receipt of child care benefit for four months, if mother received maternity benefit (“Wochengeld”) according to the 2007 SILC-data. If maternity benefit is lower than child care benefit, difference amount is received in the two months. No means-test is carried out.
1, 2: child born on 1 July 2006 (0.5 to 1.5 years in 2007)/1 July 2005 (1.5 to 2.5 years in 2007)	receipt of child care benefit for twelve months, if earnings of at least one parent are below earnings limit and not already receiving benefit for 0 year old child (otherwise no receipt). Benefit given to parent with lower income.
3: child born on 1 July 2004 (2.5 to 3.5 years in 2007).	receipt of child care benefit for six months, eligible if father is below income limit and not already receiving benefit for a younger child

From 2008 on (additional alternatives) the empirical distribution of benefit receivers over the different alternatives is taken into account and the modelling is adapted to this empirical distribution by using random assignment and taking into account the amount of the maternity benefit. It is assumed that mothers with higher maternity benefit are more employment-oriented and are more likely to choose the alternatives with shorter total transfer period but higher amounts per month.

2.3.10 Child Care Benefit Supplement (“Zuschuss zum Kinderbetreuungsgeld”: bcctu_s); 2007-2009

- *Definitions*

The childcare benefit supplement is a benefit for lone parents or families with low incomes. The benefit has to be paid back later in case the income exceeds certain limits.

The relevant benefit unit is the individual.

- *Eligibility conditions*

The supplement is only valid for births until 31.12.2009. Pre-condition is the receipt of the childcare benefit. Beside unmarried, divorced and widowed parents, lone parents are also separated married parents, where the 2nd partner is not in the household of the child anymore and does not provide maintenance payments.

- *Income test*

(1) Lone parents: receivers are not allowed to earn more than € 5,200 (2008+2009: € 16,200) per calendar year.

(2) Married couples:



- The person, who receives the supplement, faces an income limit of € 5,200 (2008+2009: € 16,200) per calendar year,
- the married partner faces an income limit of € 7,200 (2008+2009: € 12,200), plus € 3,600 (2008+2009: € 4,000) for each person, to whose maintenance he/she contributes, incl. the child, for whom childcare benefit is received.

The relevant total amount of the income **relates to the principles of the calculation of the income limit for the childcare benefit** (see above). Relevant is

- the income according to the income tax law like employment income, self employment income, property income, incomes from interests, pensions, sickness benefit, etc. +
- unemployment benefit, unemployment assistance.

- **Benefit amount**

(From 2008 on) the duration of receipt depends on the chosen childcare model.

The supplement amounts to daily € 6.06.

- **Treatment**

The supplement is exempted from social insurance contributions and tax.

2.3.11 Childcare benefit allowance („Beihilfe zum pauschalen Kinderbetreuungsgeld“: `bctu_s`); 2010

- **Definitions**

The childcare benefit allowance is a benefit for lone parents or families with low incomes. It replaces the former childcare benefit supplement. The benefit has not to be paid back later.

The relevant benefit unit is the individual.

- **Eligibility conditions**

The allowance can only be received jointly with a flat-rate childcare benefit model (there is no allowance jointly with the income dependent childcare model).

Entitled are

- lone parents, who are unmarried, divorced or widowed, have no common household with the other parent and stay within the personal income limit;
- married parents or parents in cohabitation with low incomes.

- **Income test**

- Lone parents are not allowed to earn more than € 5,800 of relevant incomes (monthly around gross € 366 [14 times per calendar year]) during the receipt of the allowance.
- Married parents or parents in cohabitation: the receiving parent is not allowed to earn more than € 5,800, the 2nd parent respective the partner more than € 16,200 of relevant incomes in the calendar year.

The relevant total amount of the income **relates to the principles of the calculation of the income limit for the childcare benefit** (see above). Relevant is the total amount of the income according to the income tax law like



- employment income, self employment income, property income, incomes from interests, pensions, sickness benefit, etc. +
- unemployment benefit, unemployment assistance

- **Benefit amount**

The allowance is paid for max. 12 months in blocks of 2 months during the receipt of a flat-rate childcare benefit. The allowance amounts to € 6.06 daily.

- **Treatment**

The allowance is exempted from social insurance contributions and tax.

2.3.12 Family Bonus – Vienna („Wiener Familienzuschuss“: `bfamt_s`)

- **Definitions**

The Viennese Family Bonus is scheduled to support families with small children and low incomes.

The relevant benefit unit is the family.

- **Eligibility conditions**

The child has to live in the same household with the parent(s). At least one parent has to be Austrian citizen and at the time of the birth of the child needs to have his principal residence in Vienna for at least 1 year. Parents without Austrian citizenship need to have their principal residence in Vienna for at least 3 years. EEA-citizens are equated with Austrian citizens.

For the child there must be entitlement to family allowance and it must be under three years old.

- **Income test**

For granting the family bonus the family income (= sum of all net incomes of all family members in the household) is considered. The income limit depends on the number of family members starting with a base-amount (= per capita income) of € 508.71, which is weighted for each family member accordingly. The relevant income limit is calculated by multiplication of the sum of weight factors with the base-amount:

- 1.0 for the first adult (=€ 508.71)
- 0.8 for the 2nd adult (=€ 406.97 [508.71*0.8])
- 0.5 for each child according to family allowance definition (=€ 254.35)
- 1.35 for lone parents (=€ 686.76)

Considered **net** incomes (gross minus SIC minus IT):

- net incomes of employees +
- net incomes of receivers of other incomes (self employment income, income from agriculture, capital, rent income, etc; yearly net income without considering exceptional costs, expenditure for investments, etc.) +
- unemployment benefit, unemployment assistance, old-age part time benefit, sickness benefit, maternity benefit, childcare benefit, supplement childcare benefit +
- net pensions +
- education related benefits +
- housing benefits +
- maintenance payments for children in the household, on the other hand paid maintenance payments for children outside the households have to be subtracted.



Special payments (13th, 14th) are to be included aliquot.

Incomes **not** considered:

- family allowance,
- child tax credit,
- care benefit,
- foster parents' benefit

- **Benefit amount**

The family bonus is granted from the 1st birthday of the child to the 3rd birthday (2 years). Depending on family size and family income it amounts to min. € 50.87 and max. € 152.61 per month (12 times a year):

Per capita income, monthly	Family Bonus per child and month
€ 508.71	€ 50.87
€ 457.84	€ 61.05
€ 443.30	€ 71.22
€ 428.77	€ 81.39
€ 414.24	€ 91.57
€ 399.70	€ 101.74
€ 385.17	€ 111.92
€ 370.63	€ 122.09
€ 356.10	€ 132.26
€ 341.56	€ 142.44
€ 334.30	€ 152.61

- **Treatment**

The Family Bonus is exempted from social insurance contributions and tax.

EUROMOD Notes:

We model family bonus rules in Vienna, which (in its logic) is similar to the rules of the other federal states.

2.3.13 Social Assistance Vienna („Sozialhilfe Wien: Hilfe zur Sicherung des Lebensunterhaltes“: bsa_s)

- **Definitions**

Social assistance represents the 2nd safety net of social security. Both in accomplishment legislation and execution it is a matter of the federal states.

The benefit unit is the family.

- **Eligibility conditions**

The principles of subsidiarity and individuality apply. Certain person groups are not enforced to work, in Vienna e.g., persons not capable to work, persons who have passed the legal pension age (60/65), under certain condition persons in education, lone parents.



Entitled are persons which are authorized for a permanent residence in Austria. These are:

- Austrian citizens,
- persons entitled to be granted asylum and subsidiary “Schutzberechtigte”,
- EU-/EWR-citizens and their relatives,
- persons with the title „permanent residence-EG“ or „permanent residence-relatives“,
- persons with settlement certificate or with an unlimited settlement authorization.

- ***Income test***

Before being granted social assistance, own incomes, own assets as well as payments by third persons have to be considered. Basically, **each and every net income** (gross minus SIC minus IT) reduces the assistance. The following incomes **don't** have to be **considered**:

- voluntary social allowances,
- payments from 3rd persons without legal obligation, in case the state of emergency cannot be overcome with those payments,
- family allowance and child tax credit,
- care benefit and comparable benefits,
- therapeutic pocket-money,
- exemption amount for own employment, in case person was unemployed for at least 1 year.

Generally, third persons are obliged to reimburse, if the receiver of social assistance had corresponding entitlements toward third persons in the same period (persons, who would have been obliged for maintenance payments). In Vienna, relatives in downward line are exempted. In upward line only parents for their minor children have to pay.

- ***Benefit amount***

The social assistance benefit is equal to the difference between a standard rate and the income of the unit. The standard rates are as follows:



Standard rates per month 2007-2010

1. Head of household in employment age (<60/65) and capable to work (amounts paid 12 times a year)	
a) Single, Single parent	427.00 (2008: 439; 2009: 454; 2010: 461)
b) Person in non-single households for whom no family allowance is received (adults)	330.00 (2008: 340; 2009: 352; 2010: 357)
c) Person in non-single households for whom family allowance is received (children)	127.00 (2008: 131; 2009: 135; 2010: 137)
2. Supplements in case head of household is in pension age (>59/64) or disabled (supplements and standard rates paid 14 times a year)	
a) Single	263.06 (2008: 271.02; 2009: 279.01; 2010: 283.01)
b) More-person benefit unit	377.12 (2008: 384.56; 2009: 395.02; 2010: 401.5)

Housing* and heat allowances per month in €

1. Head of household in employment age (<60/65) and capable to work (amounts paid 12 times a year)	
a) Housing allowance	
1-2 persons	256 (2008: 263; 2009: 272; 2010: 279)
3-4 persons	271 (2008: 279; 2009: 288; 2010: 292)
5-6 persons	287 (2008: 295; 2009: 305; 2010: 305)
7+ persons	302 (2008: 311; 2009: 322; 2010: 327)
b) Heating allowance	41 (2008: 42; 2009: 43; 2010: 44)
2. Head of household in pension age (>59/64) or disabled (amounts paid 12 times a year)	
a) Housing allowance	163 (retained amount of € 93**) (2008: 167/96; 2009: 173/99; 2010: 179/100)
b) Heating allowance	0

* Housing allowances are paid up to the actual amount unless they do not exceed the maximum amounts stated in the table **in case the actual rent is lower than the maximum amount the retained amount has to be subtracted from the actual rent, in case the actual rent is higher than the maximum amount the retained amount has to be subtracted from the maximum amount.

- **Treatment**

Social assistance benefits are exempted from SIC and tax.

EUROMOD Notes:

Social assistance rules are different in all federal states, but the (formal!) differences in the systems are mainly in the amount of means and disregard-values, that is why we model only the system of Vienna. Another point that has to be mentioned is that local authorities can exercise significant degrees of discretion in determining eligibility and amounts of social assistance. In the model we do not attempt to take into account these 'discretionary' dimensions. Due to unclear entitlement conditions, social control and other factors many potential receivers do not take up social assistance (Fuchs 2009).



2.4 Social contributions⁵

2.4.1 Employee social contributions

Employee social contribution rates 2007-2010

	2007	2008	2009	2010
1. Blue collar employees				
lower contribution limit/m	341.16 € (1/14)	349.01 € (1/14)	357.74 € (1/14)	366.33 € (1/14)
upper contribution limit/m	3,840.00 € (1/14)	3,930.00 € (1/14)	4,020.00 € (1/14)	4,110.00 € (1/14)
Health insurance	3.95%	3.95%	3.95%	3.95%
Pension insurance	10.25%	10.25%	10.25%	10.25%
Unemployment insurance	3.00%	3.00%	3.00%	3.00%
contributions to housing benefit*	0.50%	0.50%	0.50%	0.50%
Compulsory Union contributions*	0.50%	0.50%	0.50%	0.50%
2. White collar employees				
lower contribution limit/m	341.16 € (1/14)	349.01 € (1/14)	357.74 € (1/14)	366.33 € (1/14)
upper contribution limit/m	3,840.00 € (1/14)	3,930.00 € (1/14)	4,020.00 € (1/14)	4,110.00 € (1/14)
Health insurance	3.75%	3.82%	3.82%	3.82%
Pension insurance	10.25%	10.25%	10.25%	10.25%
Unemployment insurance	3.00%	3.00%	3.00%	3.00%
contributions to housing benefit*	0.50%	0.50%	0.50%	0.50%
Compulsory Union contributions*	0.50%	0.50%	0.50%	0.50%
3. Agricultural workers				
lower contribution limit/m	341.16 € (1/14)	349.01 € (1/14)	357.74 € (1/14)	366.33 € (1/14)
upper contribution limit/m	3,840.00 € (1/14)	3,930.00 € (1/14)	4,020.00 € (1/14)	4,110.00 € (1/14)
Health insurance	3.80%	3.87%	3.87%	3.87%
Pension insurance	10.25%	10.25%	10.25%	10.25%
Unemployment insurance	3.00%	3.00%	3.00%	3.00%
Compulsory Union contributions*	0.75%	0.75%	0.75%	0.75%
4. Free lancers (“Freie Dienstnehmer/Innen”)				
lower contribution limit/m	341.16 € (1/14)	349.01 € (1/14)	357.74 € (1/14)	366.33 € (1/14)
upper contribution limit/m	3,840.00 € (1/14)	3,930.00 € (1/14)	4,020.00 € (1/14)	4,110.00 € (1/14)
Health insurance	3.6%	3.87%	3.87%	3.87%
Pension insurance	10.25%	10.25%	10.25%	10.25%
Unemployment insurance	-	3.00%	3.00%	3.00%
Compulsory Union contributions*		0.50%	0.50%	0.50%
5. Civil Servants				
lower contribution limit/m	341.16 € (1/14)	349.01 € (1/14)	357.74 € (1/14)	366.33 € (1/14)
upper contribution limit/m	3,840.00 € (1/14)	3,930.00 € (1/14)	4,020.00 € (1/14)	4,110.00 € (1/14)
Health insurance	4.1%	4.1%	4.1%	4.1%
Pension insurance**	See text	See text	See text	See text
contributions to housing benefit*	0.5%	0.5%	0.5%	0.5%
6. Pensioners				
Health insurance	4.95% (former farmers: 5.45%)	5.2% (former farmers: 5.7%)	5.2% (former farmers: 5.7%)	5.2% (former farmers: 5.7%)
7. Pensioners Civil Servants				
lower contribution limit/m	341.16 € (1/14)	349.01 € (1/14)	357.74 € (1/14)	366.33 € (1/14)
upper contribution limit/m	3,840.00 € (1/14)	3,930.00 € (1/14)	4,020.00 € (1/14)	4,110.00 € (1/14)
Health insurance	4.90%	4.90%	4.90%	4.90%
Pension insurance**	3.10%	3.10%	3.10%	3.10%

* not due for special payments (13th, 14th). ** (in most cases) lower and upper contribution limit not relevant: see text. For special regulations (age limits, income limits) see text below.

⁵ Policy descriptions are mainly based on Hauptverband 2008-2011a.

**Employees' contributions to health insurance [tscee_s]**

(1) (Active) civil servants pay a rate of 4.1% of the contribution base (gross salary). The lower income threshold is € 341.16 /month, for regular payments the upper limit of the contribution base is € 3,840 /month, for the two special payments (13th, 14th salary, pension) the (summarised) base limit is € 7,680 /year.

(2) Non-public sector blue-collar workers pay a basic rate of 3.95% of the gross wage. White-collar workers pay 3.75%. Agricultural workers pay 3.8%. Free lancers pay 3.6%. The lower income threshold is € 341.16 /month. The ceiling of the contribution base is € 3,840 /month, while the upper limit of the contribution base for the two special payments is € 7,680 /year. No contributions are due for apprentices in their first two years (we assume that employees aged 15 and 16 are apprentices in their first two years).

Pensioners' contributions to health insurance [tscee_s]

(1) Civil servant pensioners pay a rate of 4.65% of the contribution base (gross pension). The lower income threshold is € 341.16 /month, for regular payments the upper limit of the contribution base is € 3,840 /month, for the two special payments (13th, 14th pension) the (summarised) base limit is € 7,680 /year.

(2) The health-insurance contribution for non-civil servant pensioners is 4.95% of the gross pension (regular and special payments), without any base-limits and upper limits.

Employee contributions to pension insurance [tscee_s]

(1) According to the age, for gross salaries below the ceiling of € 53,760 per year (sum of regular and special payments = 14*3,840; 2008: 55,020; 2009: 56,280; 2010: 57,540) in 2007 civil servants pay between 10.25% (23 years and younger) and 12.55% (53 years and older), for gross salaries above the ceiling of € 53,760 per year they pay between 0.00% (23 years and younger) and 12.55% (53 years and older) as pension contribution.



Age 2007	Rate below ceiling of € 53,760 yearly (2007)	Rate above ceiling of € 53,760 yearly (2007)
<24	10.25 %	0.00 %
24	10.32 %	0.98 %
25	10.34 %	1.23 %
26	10.36 %	1.47 %
27	10.37 %	1.72 %
28	10.39 %	1.96 %
29	10.41 %	2.21 %
30	10.43 %	2.46 %
31	10.45 %	2.70 %
32	10.68 %	5.90 %
33	10.69 %	6.12 %
34	10.71 %	6.35 %
35	10.73 %	6.57 %
36	10.74 %	6.79 %
37	10.76 %	7.01 %
38	10.77 %	7.23 %
39	10.79 %	7.45 %
40	10.81 %	7.67 %
41	10.82 %	7.89 %
42	10.84 %	8.11 %
43	10.85 %	8.33 %
44	10.87 %	8.56 %
45	10.89 %	8.78 %
46	10.90 %	9.00 %
47	10.92 %	9.22 %
48	12.21 %	10.72 %
49	12.26 %	10.79 %
50	12.31 %	11.22 %
51	12.35 %	11.47 %
52	12.40 %	11.73 %
53+	12.55 %	12.55 %

EUROMOD Notes:

The age is relevant for the year 2007. For example, a person born in 1967 is 40 years old in 2007, 41 years in 2008, 42 years in 2009 and 43 years in 2010. This person has to pay in each year 10.81 % of the gross amount below the ceiling and 7.67 % of the gross amount above the ceiling.

(2) The contribution of employees in the private sector is 10.25% of the gross wage (regardless of the occupation; incl. free lancers). The threshold for regular payments is € 341.16 /month, the ceiling € 3,840 /month. The limit of the special payments under which contribution has to be paid is € 7,680 /year.

Pensioner’s pension contributions [tscee s]

Only civil servant pensioners also pay a pension contribution: in most cases 3.1% of their gross pensions, without any base-limits and upper limits.

**Employee contributions to unemployment insurance [tscee s]**

Employees (non-civil-servants; excl. free lancers) pay a contribution of 3% on gross wages between € 1,350 /month (threshold) and € 3,840 /month (upper contribution limit) on regular payments. To assess the according rates for the annual amount of special payments, all values have to be doubled (e.g., the upper contribution limit for special payments amounts to € 7,680 yearly).

No contributions at all are due for free lancers, elderly employees (56+) (from 1.7.2008: 57+; from 1.9.2009: 58+) and apprentices in their first two years (assumption: employees 15 and 16 years old).

Structural changes: Since 1.1.2008 free lancers (freie Dienstnehmer/Innen) have to pay unemployment insurance contributions, too.

Since July 2008: If the gross wage per month is below € 1,350 (2009: 1,384; 2010: 1,417) but above € 1,200 (2009: 1,230; 2010: 1,260) the contribution rate amounts to 2%, between € 1,100 (2009: 1,128; 2010: 1,155) and € 1,200 (2009: 1,230; 2010: 1,260) to 1% and below € 1,100 (2009: 1,128; 2010: 1,155) it is zero (excl. special payments; =yearly income/14).

Employees' contributions to housing benefit ('Wohnbauförderungsbeitrag', [tscee s])

In order to improve the position of (lower income) people on the housing market, federal states have a special housing benefit, to which every employee (incl. civil servants, excl. free lancers and agricultural workers) – contributes with 0.5% of his gross wage between € 341.16 /month (threshold) and € 3,840 /month (upper contribution limit) on regular payments. On special payments (13th, 14th salary) no contribution is due.

Employees' Compulsory Union (or "chamber") Contributions („Kammerumlage", [tscee s])

In Austria non-agricultural sector employees contribute to employee's chamber's budget on a compulsory base. Civil servants and free lancers do not pay chamber contributions at all. Non-agricultural sector employees pay 0.5% (agricultural workers: 0,75%) of their gross wages between € 341.16 /month (threshold) and € 3,840 /month (upper contribution limit) on regular payments to Federal Employees' Chamber (agricultural workers: agricultural workers' chamber). Special payments (13th, 14th salary) are exempted from contribution payments. Structural changes: Since 1.1.2008 free lancers (freie Dienstnehmer/Innen) pay union contributions, too.

2.4.2 Employer social contributions



Employer social contribution rates

	2007	2008	2009	2010
1. Blue collar employees				
lower contribution limit/m	341.16 € (14m)	349.01 € (14m)	357.74 € (14m)	366.33 € (14m)
upper contribution limit/m	3,840.00 € (14m)	3,930.00 € (14m)	4,020.00 € (14m)	4,110.00 € (14m)
Health insurance	3.55%	3.55%	3.55%	3.55%
Accident insurance	1.40%	1.40%	1.40%	1.40%
Pension insurance	12.55%	12.55%	12.55%	12.55%
Unemployment insurance	3.00%	3.00%	3.00%	3.00%
Contribution to Insolvency Fund	0.7%	0.55%	0.55%	0.55%
contributions to housing benefit*	0.50%	0.50%	0.50%	0.50%
Contribution to Family Benefits Fund**	4.50%	4.50%	4.50%	4.50%
2. White collar employees				
lower contribution limit/m	341.16 € (14m)	349.01 € (14m)	357.74 € (14m)	366.33 € (14m)
upper contribution limit/m	3,840.00 € (14m)	3,930.00 € (14m)	4,020.00 € (14m)	4,110.00 € (14m)
Health insurance	3.75%	3.83%	3.83%	3.83%
Accident insurance	1.40%	1.40%	1.40%	1.40%
Pension insurance	12.55%	12.55%	12.55%	12.55%
Unemployment insurance	3.00%	3.00%	3.00%	3.00%
Contribution to Insolvency Fund	0.70%	0.55%	0.55%	0.55%
contributions to housing benefit*	0.50%	0.50%	0.50%	0.50%
Contribution to Family Benefits Fund**	4.50%	4.50%	4.50%	4.50%
3. Agricultural workers				
lower contribution limit/m	341.16 € (14m)	349.01 € (14m)	357.74 € (14m)	366.33 € (14m)
upper contribution limit/m	3,840.00 € (14m)	3,930.00 € (14m)	4,020.00 € (14m)	4,110.00 € (14m)
Health insurance	3.70%	3.78%	3.78%	3.78%
Accident insurance	1.40%	1.40%	1.40%	1.40%
Pension insurance	12.55%	12.55%	12.55%	12.55%
Unemployment insurance	3.00%	3.00%	3.00%	3.00%
Contribution to Insolvency Fund	0.70%	0.55%	0.55%	0.55%
Contribution to Family Benefits Fund**	4.50%	4.50%	4.50%	4.50%
4. Free lancers (“Freie Dienstnehmer”)				
lower contribution limit/m	341.16 € (14m)	349.01 € (14m)	357.74 € (14m)	366.33 € (14m)
upper contribution limit/m	3,840.00 € (14m)	3,930.00 € (14m)	4,020.00 € (14m)	4,110.00 € (14m)
Health insurance	3.5%	3.78%	3.78%	3.78%
Accident insurance	1.40%	1.40%	1.40%	1.40%
Pension insurance	12.55%	12.55%	12.55%	12.55%
Unemployment insurance	-	3.00%	3.00%	3.00%
Contribution to Insolvency Fund	-	0.55%	0.55%	0.55%
Contribution to Family Benefits Fund**	-	-	-	4.50%
5. Civil Servants				
lower contribution limit/m	341.16 € (14m)	349.01 € (14m)	357.74 € (14m)	366.33 € (14m)
upper contribution limit/m	3,840.00 € (14m)**	3,930.00 € (14m)**	4,020.00 € (14m)**	4,110.00 € (14m)**
Health insurance	3.6%	3.55%	3.55%	3.55%
Accident insurance**	0.47%	0.47%	0.47%	0.47%
contributions to housing benefit*	0.5%	0.5%	0.5%	0.5%

* Special payments (13th, 14th) excluded.

** lower and upper-contribution limit not relevant

For special regulation (age limits, income limits) see text below.

**Employer contributions to accident insurance [tscer_s]**

(1) The employer of civil servants pays 0.47% of the gross salary without any lower and upper contribution limit.

(2) Employers of non-civil servants pay 1.4% of the employees' gross wages. The lower contribution limit is € 341.16 per month. The upper threshold of the contribution base is € 3,840 /month for the regular payments and (summarised) € 7,680 /year for the two special payments. No contributions are due for elderly employees (60+) and apprentices (15-17 years).

Employer contributions to health insurance [tscer_s]

(1) Employers of civil servants pay a basic rate of 3.6% on the gross salaries/gross pensions. The contribution base includes the regular payments and special payments, as well. The lower income threshold is € 341.16 per month, the upper limit of the contribution base for public sector wages and pensions is € 3,840 /month for regular payments and € 7,680 /year for special payments.

(2) Employers of non-civil servant blue-collar workers pay a basic rate of 3.55% of the gross wage. The employers of white-collar workers contribute to the health-insurance budget with 3.75% of the gross salaries, the employers of agricultural workers with 3.7%. The lower threshold and the ceilings are the same as for the employees' contribution bases. However, if the contribution base is fewer than € 341.16 /month but the sum of minor wages paid by the employer exceeds € 511.74 /month, employers contribute to the health insurance budget with 3.85% of the base. No contributions at all are due for apprentices in their first two years; we assume that all employees aged between 15 and 16 are apprentices in their first two years.

(3) For “employers“ of non-civil servant pensioners, i.e. the pension insurance authorities, the law specifies different health-insurance contributions. The pension insurance institutions for blue-collar and white-collar workers, for salaried employees and the institution for business people pay a contribution of 3.88% of the contribution base. Other insurance institutions have to pay different rates.

EUROMOD Notes:

We assume that it is always the case that for each employer the sum of “minor wages” of all employees exceeds € 511.74 per month and thus, health insurance contributions of 3.85% are modelled for each employee with “minor employment” (less than € 341.16 gross per month [year/14]).

The health contributions by pension insurance authorities are not modelled as they represent only a shift of contributions from the pension insurance to the health insurance.

Employer contributions to pension insurance [tscer_s]

Employers of non-civil-servants pay a pension contribution of 12.55% of the gross wage, irrespective of the occupation (blue-collar, white collar, free lancers).⁶ The lower income threshold for the contribution base is € 341.16 /month. The ceiling for contribution base excluding special payments is € 3,840 /month, the limit of the special payments under which contribution has to be paid is € 7,680 /year.

However, if the contribution base is fewer than € 341.16 /month but the sum of minor wages paid by the employer exceeds € 511.74 /month, employers contribute to the pension insurance budget with 12.55% of the base, too.

⁶ “Employers” of civil servants don't pay pension contributions for them.

**EUROMOD Notes:**

We assume that it is always the case that for each employer the sum of “minor wages” of all employees exceeds € 511.74 per month and thus, pension insurance contributions of 12.55% are modelled for each employee with “minor employment” (less than € 341.16 gross per month [year/14]).

Employer contributions to unemployment insurance [tscer_s]

Employers pay the contributions to unemployment insurance exactly according to the same algorithm as employees (incl. the case of free lancers and the exemption for elderly). The only difference is that the contribution rate is not reduced in case of low employment income.

Employers' contributions to housing benefit („Wohnbauförderungsbeitrag”, [tscer_s])

Employers pay the same amount of contribution, according to the same algorithm, as employees do. Special payments (13th, 14th salary) are exempted from contribution payments.

Employers' Contribution to Family Benefits Fund („Beitrag zum Familienlastenausgleichsfonds”, [tscer_s])

The contribution is paid by all employers (except for employers of civil servants and free lancers) on the sum of all gross wages paid in the business. If this sum is lower than € 1,460 /per month then it is reduced by € 1,095. The contribution is 4.5% of the gross wages without upper limit. No contributions have to be paid for employees aged 60.

Structural changes: Since 1.1.2010 for free lancers (freie Dienstnehmer/Innen) employers have to pay contributions to family benefit fund, too.

EUROMOD Notes:

The detail with the potential sum of gross wages below € 1,460 is not taken into account in the model, because we don't know the sum of all wages.

Employers' Contribution to Insolvency Fund ("Zuschlag Insolvenzentgeltsicherungsgesetz (IESG)", [tscer_s])

Contributions to the fund are made by the employers, who pay 0.7% of the total gross payroll with regard to the contribution base (for all those employees for whom they are liable to pay unemployment insurance contributions disregarding the age limit for unemployment contributions). The contribution base limits are the same, as in the case of other contributions. The contribution is payable on gross wages between € 341.16 and the ceiling of € 3,840 monthly. Employers also have to contribute on special payments below € 7,680 annually. No contributions have to be paid for employees aged 60+, civil servants and free lancers.

Structural changes: Since 1.1.2008 for free lancers (freie Dienstnehmer) employers have to pay contributions to insolvency fund, too.



Severance pay fund („Mitarbeitervorsorgekasse“)

EUROMOD Notes:

Not modelled, as it is not known which employees are in the old and which employees are in the new severance pay system.

2.4.3 Self-employed social contributions

Self employed social contribution rates

	2007	2008	2009	2010
1. Self employed except farmers				
lower contribution limit/m	537.78 € (12m)	537.78 € (12m)	537.78 € (12m)	537.78 € (12m)
upper contribution limit/m	4,480.00 € (12m)	4,585.00 € (12m)	4,690.00 € (12m)	4,795.00 € (12m)
Health insurance	9.10%	7.65%	7.65%	7.65%
Accident insurance*	7.48 €/m	7.65 €/m	7.84 €/m	8.03 €/m
Pension insurance (professionals:)	15.50%	15.75%	16.00%	16.25%
2. Professionals				
lower contribution limit/m (pension insurance, all other limits like 1. above)	1,014.65	951.87	887.38	818.30
upper contribution limit/m (pension insurance, all other limits like 1. above)	4,480	4,585	4,690.00	4,795.00
Pension insurance (all other insurance types like 1. above)	20.00%	20.00%	20.00%	20.00%
3. Farmers				
lower contribution limit/m	629.57 € (12m) (PI: 341.16€)	644.05 € (12m) (PI: 349.01€)	660.02 € (12m) (PI: 357.74 €)	675.99 € (12m) (PI: 366.33 €)
upper contribution limit/m	4,480.00 € (12m)	4,585.00 € (12m)	4,690.00 € (12m)	4,795.00 € (12m)
Health insurance	7.5%	7.65%	7.65%	7.65%
Accident insurance	1.90%	1.90%	1.90%	1.90%
Pension insurance	15.00%	15.00%	15.00%	15.00%

* lower and upper-contribution limit not relevant

Self-employed contribution to accident insurance [tscse_s]

(1) Farmers pay rate of 1.9% of the contribution base (gross self-employment income). The lower income threshold is € 629.57 per month, the upper limit of the contribution base is € 4,480 /month.

(2) Other self-employed pay a fixed amount of € 7.48 per month for the accident insurance.

Self-employed contributions to health insurance [tscse_s]

(1) Farmers pay 7.5% on gross earnings. They have to contribute on income between € 629.57 /month (threshold) and € 4,480 /month (upper contribution limit).

(2) Non-farmer self-employed face a basic contribution rate of 9.1% of gross self employment income. The upper base limit of the contribution base is € 4,480 /month. The threshold depends on whether the self-employed person is a member of the Austrian Economic Chamber or not. Non-members pay the contribution if the base exceeds € 537.78 /month. Another different threshold applies for partly self-employed (= other income is available), the lower limit of the contribution base is € 341.16 (2008: € 349.01; 2009: € 357.74, 2010: € 366.33 €) /month. 80% of total self



employment contributions (2008: 90%; 2009: 100%) have also to be paid if other health-insurance contributions (ASVG = white or blue collar workers, or B-KUVG = civil servants) have been paid.

EUROMOD Notes:

We don't have information about the chamber-membership, so we assume that nobody is a member of chamber.

Self-Employed contributions to pension insurance [tscse s]

(1) Farmers (“Betriebsführer/Innen”) pay pension insurance contribution of 15.0% on gross income between € 341.16 (2008: € 349.01; 2009: € 357.74, 2010: € 366.33 €) /month (threshold) and € 4,480 /month (upper contribution limit).

(2) Professionals (lawyers, doctors, etc.; “Freiberufler/Innen”) have a different contribution rate (20%) and the limits for the contribution base are also different. Only gross incomes between € 1,014.65 (2008: € 951.87, 2009: € 887.38, 2010: 818.30) /month and € 4,480 /month are to be considered as contribution base.

(3) Again, for self-employed according to GSVG the law makes differences between members and non-members of the Austrian Economic Chamber. Full time non-members pay the contribution above € 537.78 /month, while partly self-employed (other incomes > 0) face a threshold of € 341.16 (2008: € 349.01; 2009: € 357.74, 2010: € 366.33 €) /month. The contribution rate is uniformly 15.5%. The ceiling on the base for contributions is € 4,480 /month.

EUROMOD Notes:

We don't have information about the chamber-membership, so we assume that nobody is a member of chamber.

2.4.4 Co-insurance in the health insurance (employees, self-employed)

For certain adult co-insured relatives (spouses, housekeeping relatives, parents, etc.) the co-insurance is subject to contributions. The insured person has to pay an additional contribution of 3.4 % of his gross earnings (pension).

Exempted from the additional contributions are spouses who care for the upbringing of children in the common household or have done this in the past for at least 4 years, for relatives receiving care benefit at least in degree 4 and for relatives who care for the insured person entitled to care benefit of at least degree 4.

Children (incl. step children, grandchildren in case they live in the common household (or are temporarily out of the household due to occupational education or health care) with the insured person are basically co-insured without additional contributions below 18 years of age. In case of full-time education children and grand-children are also co-insured for free below 27 years of age when their studies are successful. This is also the case for max. 24 months during unemployment spells after reaching 18 years of age respective after completing a school or occupational education. The co-insurance is for free without age-limit in case the child is not capable to work and the underlying health problem has occurred below 18 years of age or during school or occupational education.

EUROMOD Notes:

As we don't have exact information on the criteria for whom the co-insurance contribution has to be paid (e.g., women who have never raised a child) we **don't model** the co-insurance payments.



2.5 Personal income tax (tin_s)⁷

2.5.1 Tax unit

Personal income tax system in Austria is an individual system. Generally, the tax unit is an individual who has received income. However, the child tax allowance (“Kinderfreibetrag”) can be divided equally into two parts between parents.

2.5.2 Exemptions

With the exception of public pensions (paid by the pension insurance), pensions of civil servants, private pensions and sickness benefit, all benefits are exempted from income tax in Austria. However, for benefits from the unemployment insurance the progression adjustment has to be taken into account (see below).

2.5.3 Tax allowances

(Social insurance) contributions [tscee_s, tscer_s, tscse_s]

When calculating income tax, the first deduction used is the deduction for social insurance contributions. All (social insurance) contributions of employees, self-employed and pensioners listed above are tax deductible.

Cost of earnings deduction (“Werbungskostenabzug”, [tintace_s])

The amount of deduction from employment income (gross wages minus social insurance contributions) is € 132 annually. The cost of earnings deduction reduces the taxable income. Every employee is eligible (not: self employed).

Exceptional costs deduction („Sonderausgabenpauschale“, [tintaee_s])

Also in case of no exceptional deduction, automatically a lump sum of € 60 per year is subtracted from the incomes. Every person liable to tax is eligible.

Self assessment income tax-free allowance (“Freibetrag fuer zu veranlagende Einkommensarten”, tintatb_s)

An employee whose employment income is liable to wage tax (part of income tax) is allowed to have other taxable incomes up to € 730 per calendar year exempted from tax. Other taxable incomes are for example:

- Incomes from agriculture and forestry,
- self employment income,
- incomes from service contracts („Werkverträge“),
- incomes from renting and leasing.

In case these other incomes exceed € 730 per year (and the sum of taxable incomes amounts to € 10,900 per year at least) the tax exempted amount is reduced by the amount the other incomes exceed € 730. In case of other incomes of € 1,460 € or more, no tax-free allowance is subtracted anymore and thus, these incomes are completely liable to tax.⁸

⁷ Policy descriptions are mainly based on BMF 2008-2011 and www.ris.bka.gv.at.

⁸ Due to wage earners’ tax credit and commuter’s tax credit for employees a yearly taxable income up to 10,900 (2009: 11,945; 2010: 12,000) is tax-free (for self employed: 10,000 [2009: 11,000]). Thus, if other income is > 730 but total taxable income is < 10,900 the employee is exempted from income tax completely.



since 2009: child tax allowance (“Kinderfreibetrag” [tintach s])

The child tax allowance considers the reduced economic capacity of persons liable to tax with maintenance obligations towards children.

It is granted for children for whom there is entitlement to the child tax credit or maintenance tax credit for more than 6 months in the calendar year.

If only one person liable to tax claims the child tax allowance, it amounts to € 220 per child and year. In case both partners claim the child tax allowance for the same child, it amounts to € 132 per child and claiming person per year.

The child tax allowance can only be claimed via the annual tax declaration and reduces the taxable income.

EUROMOD notes

Limited expenditure deduction ("eingeschränkt abzugsfähige Sonderausgaben", Church tax deduction ("Kirchensteuerabzug), Charitable donations deduction ("Abzug von Spenden an begünstigte Institutionen"), Exceptional costs deduction ("Aussergewöhnliche Belastungen"), Disability tax-free allowance ("Behindertenfreibetrag), Tax-free allowance for agricultural workers ("Landarbeiterfreibetrag", Tax free childcare allowances by employer ("steuerfreier Zuschuss von Arbeitgeber/Innen für die Betreuung von Kindern") are not considered in the model as relevant information for modelling is lacking in the underlying data.

2.5.4 Tax base

The income tax law lists seven income types, which are taxable:

1. Incomes from agriculture and forestry
2. Incomes from self-employed work
3. Incomes from business enterprises
4. Incomes from non-self employed work

This includes also:

- Pensions both of civil servants and non-civil servants (exempted from tax are all benefits/rents by the accident insurance as well as allowances based on the laws for war victims, [civil] victims, military provision, vaccination damage and crime victims),
- Child bonuses for pensioners and civil servant pensioners,
- Payments from pension funds (payments and pensions, which are based on contributions by the employer, are fully taxable; of payments and pensions, which are based on contributions by the employee, only 25% are taxed. Pensions from a premium-favored pension provision, premium-favored future provision and of the new severance pay system are exempted from tax).
- Sickness benefits⁹

5. Incomes from capital assets
6. Incomes from rent and leasing
7. Other income

⁹ Unemployment benefit, unemployment assistance, pension advancement, transitory payment („Übergangsgeld“) and family supplement in the unemployment assistance are in fact exempted from tax. However, it has to be considered in the framework of the progression adjustment (“Progressionsvorbehalt”; see below).



The yearly tax base is calculated as follows:

- Yearly Gross income (excl. special payments 13th, 14th) –
- (social insurance) contributions (employees, pensioners, self-employed) –
- lump sum cost of earnings deduction („Werbungskostenpauschale“) (employees) –
- lump sum exceptional cost deduction („Sonderausgabenpauschale“) (all persons liable to tax) –
- self assessment income tax-free allowance ("Freibetrag für zu veranlagende Einkommensarten") (employees) –
- child tax allowance (“Kinderfreibetrag”) (all persons liable to tax)
- = yearly tax base

2.5.5 Tax schedule

Common Tax Schedule for regular earnings

The table below includes income brackets and tax rates for the years 2007 and 2008.

Income brackets and tax rates income-tax 2007-2008

Income brackets (taxable €/year)	Tax rates
<10,000	0%
10,000-25,000	38.333%
25,000-51,000	43.596%
>51,000	50%

Income brackets and tax rates income-tax 2009-2010 (since 1.1.2009)

Income brackets (taxable €/year)	Tax rates
<11,000	0%
11,000-25,000	36.5%
25,000-60,000	43.21%
>60,000	50%

2.5.6 Tax credits

The tax credits have to be applied in the order listed below (exemption: child/maintenance tax credit, which application is flexible due to its non-income dependent nature). To better understand the possibilities of negative tax, the following sequence should be considered:

1. Single earners' tax credit: if conditions fulfilled and at least 1 child: always paid also as negative tax **or** Lone parent tax credit: if conditions fulfilled always paid also as negative tax;
2. if income tax after single earners' / lone parent tax credit negative, no further negative tax possible;
3. if income tax after single earners' / lone parent tax credit positive, apply commuters' and wage earner tax credit if conditions fulfilled;
4. commuters' and wage earner tax credit can reduce income tax at most to 0;
5. if income tax after commuters' and wage earner tax credit is 0 (=not positive), then negative tax within wage earner tax credit is applied if conditions fulfilled



6. (child tax credit: always paid as negative tax without any additional conditions apart from having a child; paid together with family allowance like a cash benefit)

Single earners' tax credit ("Alleinverdienerabsetzbetrag", [tintcsw s])

- *Definitions*

The single earners' tax credit takes into account the reduced economic capacity of persons liable to tax and with maintenance obligations towards the (marriage)-partner and towards children.

- *Eligibility conditions*

Single earners are persons liable to tax who are married for more than 6 months in the calendar year and who are not permanently separated. The income of the spouse must not exceed a certain yearly income limit. Also in case of cohabitation there is entitlement to the tax credit. However, in this case as additional pre-condition for at least one child the child tax credit must be granted for more than 6 months in the calendar year.

- *Income test*

The income of the spouse is considered. The income limit of the spouse amounts to € 2,200 per year without children and € 6,000 per year with children.

(Self) Employment incomes are:

- gross incomes liable to tax –
- (social insurance) contributions –
- lump sum cost of earnings deduction (employees) –
- tax exempted other incomes (e.g. 13th, 14th up to the “Freigrenze” of € 2,000 [2009+2010: € 2,100]).

Incomes of running an enterprise are operating revenues minus operating expenditures.

To be considered are also:

- maternity benefit,
- severance pay or pension compensations,
- incomes from capital assets (e.g., interest, dividends from company shares), even when they were already taxed.

Most of the tax exempted incomes are **not** considered, e.g.,

- family allowance, childcare benefit,
- unemployment benefit and unemployment assistance,
- maintenance payments, etc.

In case of multiple incomes the total amount of all incomes is decisive.

- *Amount of the tax credit*

The single earners' tax credit reduces the income tax. Without a child the tax credit amounts to € 364 per year. In case of 1 child the tax credit amounts to € 494 per year, in case of 2 children to € 669 per year. For the 3rd and each further child the tax credit is increased by € 220 per year. In case of low incomes the tax credit is also paid as negative tax if at least for 1 child family allowance is received.



Lone parent tax credit ("Alleinerzieherabsetzbetrag", [tintclp_s])

- **Definitions**

The lone parent tax credit considers the reduced economic capacity of persons liable to tax with maintenance obligations towards children.

- **Eligibility conditions**

The person liable to tax, who receives for at least 1 child for at least 7 months in the calendar year family allowance, is considered as lone parent as long he/she does not cohabit for more than six months in the calendar year.

- **Amount of the tax credit**

The lone parent tax credit reduces the income tax. In case of 1 child the tax credit amounts to € 494 per year, in case of 2 children to € 669 per year. For the 3rd and each further child the tax credit is increased by € 220 per year. In case of low incomes the tax credit is also paid as negative tax.

Commuters' tax credit ("Verkehrsabsetzbetrag", [tintcox_s])

The costs of commuting between residence place and working place for employees are compensated cross-the-board by the commuters' tax credit. The tax credit amounts to € 291/year. The tax unit is the individual. The commuters' tax credit reduces the income tax (at most to 0).

Wage earners' tax credit ("Arbeitnehmerabsetzbetrag", [tintcee_s])

Employees are also entitled to a wage earners' tax credit of € 54/year. The tax unit is the individual. The wage earners' tax credit reduces the income tax (at most to 0).

In case of eligibility to the wage earners' tax credit and no (positive) income tax liability after applying the tax schedule and the tax credits above incl. the wage earners' tax credit, a negative tax up to € 110 (since 1.1.2008: in case of commuters € 240)/year is refunded. However, this refunding is limited with 10% (since 1.1.2008: in case of commuters 15%) of annual social insurance contributions paid by the concerned person.¹⁰

Pensioners' tax credit ("Pensionistenabsetzbetrag", [tintpe_s])

A person receiving a pension (pension insurance, civil servants' pension, pension fund) is entitled to the pensioners' tax credit. It is only granted in case there is **no** entitlement to the commuters' and **no** entitlement to the wage earners' tax credit. Pensioners have a tax credit of € 400/year. For taxable pension-incomes between € 17,000 and 25,000/year the deduction is tapered (at 25,000 it is tapered to 0). The tax unit is the individual. The pensioners' tax credit reduces the income tax (at most to 0).

Within the tapering zone the pensioners' tax credit is calculated as follows:
 (25.000 minus yearly pension income*) x 5%

- *Yearly pension income =
- Yearly gross pension income –
- (social insurance) contributions –
- exceptional costs deduction (lump sum) –
- child tax allowance

¹⁰ Example: If the annual SIC amount to € 800, then the maximum amount of the negative tax is € 80.



Child tax credit, maintenance tax credit ("Kinderabsetzbetrag"; "Unterhaltsabsetzbetrag", [tintch_s])

- ***Definitions***

Child and maintenance tax credit consider the reduced economic capacity of persons liable to tax with maintenance obligations towards children.

- ***Entitlement conditions***

a) child tax credit: the person liable to tax receives family allowance for 1 child, who has his permanent place of residence in Austria.

b) maintenance tax credit: the person liable to tax is obliged to pay maintenance payments for a child who does not live in the same household. For this child the person liable to tax or his/her spouse in the same household does not receive family allowance. Another pre-condition is that the child has his permanent place of residence in Austria or in a EU- or EEA-state.

- ***Amount of the tax credit***

The amount of child tax credit (for children in the same household) is € 50.9 (since 1.1.2009 € 58.4)/month and child. The child tax credit is paid jointly with the family allowance directly in cash (independent from income and tax liability; also as negative tax in case of low incomes).

For children, for whom maintenance payments are made, the amount of credit is € 25.5 (since 1.1.2009 € 29.2)/month for the first child, € 38.2 (since 1.1.2009 € 43.8) for the second and € 50.9 (since 1.1.2009 € 58.4) month for each further child. The maintenance tax credit can only be applied for via the annual tax declaration.

EUROMOD notes

If there are maintenance payments (made to other children) then in the model it is assumed that they are made for one child (but this child doesn't increase the number of children in the household for the purpose of computing the child tax credit).

The child/maintenance tax credit is handled like a universal benefit in reality. It is paid (also as negative tax) independently from the income situation and does not influence income tax due. Thus, the (order of) simulation regarding the income/maintenance tax credit is quite flexible.

2.5.7 Progression adjustment (“Progressionsvorbehalt”)

In case the person liable to tax receives benefits by the unemployment insurance only for a part of the calendar year, the incomes received in the remaining year (self employment income, business enterprise or agriculture and forestry, and non-self employed incomes) are to be recalculated into a total yearly amount in order to assess the tax rate for the actual taxable income. However, the resulting tax must not be higher than in case of the taxation of all incomes. Tax credits (see above) remain the same as if no unemployment benefits were received.

For the income types subject to income tax see 2.5.4. (“tax base”). The tax rate (taken into account progression adjustment) is calculated as follows:

- Yearly Gross income (excl. special payments 13th, 14th) –
- (social insurance) contributions –
- lump sum cost of earnings deduction („Werbungskostenpauschale“) (employees) –
- lump sum exceptional cost deduction („Sonderausgabenpauschale“)-



- self assessment income tax-free allowance ("Freibetrag für zu veranlagende Einkommensarten") (employees) –
- child tax allowance ("Kinderfreibetrag") –
- = yearly tax base (determining "gross" tax rate –

Progression adjustment:

- yearly tax base (determining "gross" tax rate) +
- unemployment benefits
- =taxable income

EUROMOD notes

Calculating the tax burden:

- 1) Apply the progressive income tax (see 2.5.5 for tax schedule) in order to calculate the tax burden
 - a. If income tax is larger than the tax credit for lone parent or single earner...
 - subtract all tax credit (without the child tax credit) by applying a minimum of 0
 - b. If income tax is smaller than the tax credit for single earner and the individual received family allowance ...
 - subtract only single earner tax credit without applying a minimum of 0: calculate negative income tax
 - c. If income tax is smaller than the tax credit for single earner and the individual did NOT receive family allowance ...
 - subtract only single earner tax credit by applying a minimum of 0: no entitlement for negative tax
 - d. If income tax is smaller than the tax credit for lone parent ...
 - subtract only lone parent tax credit without applying a minimum of 0: calculate negative income tax
- 2) Calculating final tax burden
 - a. If calculated income tax is positive ...
 - then calculate average tax rate after applying all tax credits (except for the child tax credit) and the progression adjustment
 - b. If calculated income tax is equal to 0 or negative ...
 - then income tax stays the same
 - c. If calculated income tax is 0...
 - Then the person is eligible to a negative tax equal to 10% of the social insurance contributions up to a maximum of 110 EUR per month.

2.6 Preferential tax of other earnings (13th, 14th; "Sonstige Bezuege")

The tax base of other earnings is calculated as follows:

- Gross amount other earnings (yearly amount) –
- (social insurance) contributions other earnings
- = tax base (taxable income) other earnings

“Other Earnings” (“Sonstige Bezüge”) include 13/14th monthly payments for employees, pensioners and receivers of sickness benefit, which are exempted from taxation at the normal tax rates.

- (Independent from the amount of the total taxable income) on other taxable earnings below € 620/year (“Freibetrag”) for employees and pensioners no tax is paid, amounts above € 620 are taxed with 6%.
- However, if other earnings are below gross € 2,000 (2009+2010: € 2,100)/year, then they are not taxable at all (“Freigrenze”).



- The upper limit of preferential tax rate (6%) is 1/6 of annual gross income excluding other earnings. Other earnings above this limit are taxed under the regular scheme.
- However, the tax amounts to max. 30% of the tax base exceeding € 2,000 (2009+2010 € 2,100).

2.7 Other taxes

Capital gains tax (“Kapitalertragssteuer” [tiniy s])

The capital gains tax is 25%. It is paid on the individual level.

Subject to the tax are:

- dividend earnings from domestic capital companies,
- foreign dividends, which are paid out by a domestic bank,
- interest earnings in the broader sense,
- substance profits („Substanzgewinne“) of domestic funds on funds level.

3. DATA¹¹

3.1 General description

The Austrian database consists of the Austrian part of the European Union Statistics on Income and Living Conditions (EU-SILC). EU-SILC in Austria uses an integrated rotational design which means that each year about one fourth of the sample is replaced by a new quarter. Sampling units are dwelling units registered in the central residence register (ZMR). The sampling frame consisted of all accommodations with at least one person aged 16 or older who has her/his main residence in these accommodations. The following units were excluded: institutional housing facilities, dwelling units, in which all persons with their main residence in this unit were younger than 16 years. The fieldwork for the EU-SILC 2008 operation started in May 2008 and ended in September 2008. The overall individual non-response rate amounted to 28.9% in total. The data is provided by Statistics Austria.

Table 3.1 EUROMOD database description

EUROMOD database	AT_2008_a1
Original name	EU-SILC 2008
Provider	Statistics Austria
Year of collection	2008
Period of collection	May – Sept 2008
Income reference period	Year 2007
Sampling	two phase stratified probability sample
Unit of assessment	dwelling units
Coverage	private units
Sample size	13,631 IND 5,711 HH
Response rate	71.1%

¹¹ This section is mainly based on Statistics Austria 2009.



The sampling of the first wave households was conducted according to a stratified sampling design. It was planned to select 3,052 addresses for the first wave rotational group of 2008 (R4/08). The number of selected households was determined as approximately 0.088% of all eligible addresses (3,052/3,474,743).

The first wave sampling process was carried out in two phases. In the first phase 15,000 households were sampled. In order to establish a preferably homogenous distribution of sample households, the sample was stratified by federal states (NUTS 2 regions). The number of selected households was determined in proportion to the number of households in the federal states. This provided a smaller version of the basic population which facilitated the implementation of the second phase of the sampling process.

In the second phase the sample was stratified by geographical and socio-economic criteria. First, the sample was again stratified by federal states. Then the sample was divided into two parts, one that consisted of interviewer units (Sprenkel) with less than 10,000 households and one that contained all interviewer units with 10,000 households or more. The purpose of this stratification was to assure a homogenous distribution of sampled households across the interviewer units. The whole country was divided into these interviewer units on a level below the NUTS 2 regions. Each interviewer of the first wave of EU-SILC 2008 was assigned to one of these interviewer units.

Due to higher response-rates in 2006 and 2007 5,302 households were available for follow-up in EU-SILC 2008. Due to budgetary restrictions, the follow-up sample 2008 was reduced to 4,832 households. This diminution of the follow-up sample was calculated according to the required effective sample size of 4,500 in the cross-section.

For the sampling procedure of EU-SILC 2008 the reference date for the ZMR was the 31st December 2007.

3.2 Sample quality and weights

3.2.1 Non-response

The total sample of the EU-SILC 2008 survey consisted of 8,099 addresses. In the first wave sample 5.1% addresses were ineligible, in the follow-up sample 1.1% of addresses moved out of scope according to the follow-up rules. This results in 7,889 valid addresses.

99.4% of first wave addresses have been localised. Follow-up addresses show a lower localisation rate with 96.3 to 96.6% due to tracking problems. On the other hand successful interviews of localised households are more likely in the follow-up sample, as most reluctant households have already dropped out in earlier waves. The highest rate can be observed in rotational group 1 in its fourth wave with 81.2%, of rotational group 3 in second wave 79.0% of localised households could be interviewed. Accordingly first wave interviews have the lowest response rate of localised addresses with 64.6%. The overall non-response rates of eligible addresses are 35.8% for first wave addresses and from 23.7% to 21.8% in follow-up waves, resulting in 5,711 successful interviews.

Unit non-response of personal interviews occurred in total for 1.7% of all eligible persons with little variation over rotational groups. To estimate the individual non-response rate for the whole sample the individual non-response rate of successful interviews is combined with the overall household non-response rate. This results in an overall individual non-response rate of 28.9% in total, 36.8% for first wave respondents and 23.2 to 25.3% for persons in the panel. Missing interviews in interviewed households were fully imputed. The individual non-response rate is higher than in the last surveys (e.g. 2007: 0.2%). This is partly the result of actions taken to raise the overall response-rate where many of the conducted interviews were completed on a single call and no appointments for temporarily absent household members could be made, partly an effect of the implementation of CATI (computer assisted telephone interview) mode because personal telephone numbers had not been collected systematically in the surveys before. To compensate for the missing information short paper questionnaires were sent to 288 household members with missing personal interviews, for returned questionnaires an additional incentive could be obtained.



3.2.2 Weights

The calculations comply in general with the EUROSTAT recommendations on the calculation of weights. Main document of reference was the current version of EU-SILC Doc. 65 (2008 operation).

2008 was the fifth year of the integrated cross-sectional and longitudinal survey. The Austrian EU-SILC follows the EUROSTAT recommendation for a rotational design with four subsamples (upon its full implementation). Each subsample had to be weighted separately first and special treatment in a final step was required to reach a combined cross sectional weight.

The cross sectional sample consisted of all four subsamples: one cross-sectional sample in 2008 and three longitudinal samples which were traced from the samples introduced in 2005, 2006 and 2007. The main objective of the weighting procedure was to make sure that the combined sample was representative of the total cross-sectional target population living in private households in Austria in the reference period.

Table 3.2 Descriptive Statistics of the Grossing-up weight

Number	13,563
Mean	604.8
Median	537.6
Maximum	5,304.5
Minimum	119.8
Max/Min	44.3
Decile 1	323.9
Decile 9	942.5
Dec 9 / Dec1	2.9

3.2.3 Item non-response and under-reporting

As far as item non-response is concerned, Statistics Austria in general only imputes net income variables, missing gross variables are calculated by the net-gross conversion. Item non-response of income variables occurs because of three reasons: either the information whether an income of a particular type is received or not is missing, or the information about the months an income component is received is missing, or the amount of the income is missing.

The distributions of the WTS (wage tax statistics) and EU-SILC for the employees' income 2007 fit together quite well. In EU-SILC fewer employees are recorded than in the WTS, the number of employees is about 5% lower. This under reporting of employees is maybe due to coverage differences between EU-SILC and the WTS as well as a possible underestimation of short employment spells in EU-SILC. The income distributions of EU-SILC match the income distribution of the WTS, though greater differences can be observed at the lower end of the income distribution. Below the 40% percentile the incomes in EU-SILC are higher than in the WTS, above this value, the incomes in EU-SILC are lower. EU-SILC overestimates small incomes and underestimates higher incomes, which makes the EU-SILC income distribution more equal.

Similar to previous years, the difference between national accounts and EU-SILC is still considerable, though the difference decreased compared to EU-SILC 2007. If property incomes are not considered, the difference is characteristically smaller which hints to the problem of collecting and estimating property incomes in EU-SILC.



3.3 Data adjustment

Adjustments to variables are kept to a minimum. There is some minor data cleaning that is done to make sure that the households and relationships of individuals within households, are coherent (for example, that young children are not living alone or family relations are coherent).

In order to guarantee consistency between demographic variables and income variables which refer to the previous year (and on which EUROMOD simulation are based), all children born between the end of the income reference period and the data of interview have been dropped from the sample.

3.4 Imputations and assumptions

3.4.1 Time period

The EU-SILC information on socio-demographic variables both on the individual and household level (e.g., marital status, social status, employment status, number of hours worked per week, type of occupation, industry of employment, education, tenure status household composition, living conditions, etc.) refers to the time of data collection (May-Sept, 2008). The only exception is the main activity per month which refers to the year 2007.

The EU-SILC information on incomes and expenditures refers to the calendar year of 2007, based on a 12-month receipt period. Additional information on the number of income payments per year and monthly amounts has been obtained from a special disaggregated SILC dataset provided by Statistics Austria. This has been used for selective income sources (unemployment benefit, unemployment assistance, old age part-time benefit, sickness benefit, accident rent, care benefit, maternity benefit). All monetary incomes in the EUROMOD database are converted into monthly terms. In the EUROMOD calculations we multiply the monthly income by the number of months received according to SILC and then calculate monthly averages by dividing by twelve. Thus, as there is no other possibility due to lacking information, it is implicitly assumed that income is received at the same rate throughout the year.

3.4.2 Gross incomes

Statistics Austria in general only imputes net income variables, missing gross variables are calculated by the net-gross conversion. If an income variable is missing but either the gross or the net amount is declared, the corresponding missing value is computed according to a model based on Austrian tax data. Missing values for incomes from self-employment (PY050) were calculated on the basis of the tax payments and social contributions stated by the respondents, missing values for income from employment (PY010) or pension incomes (PY100) are calculated on the basis of the wage tax statistics. Thus, the EU-SILC data contained all necessary information on both gross and net monetary incomes, if applicable.

As we could use also disaggregated income data provided by Statistics Austria, no imputations of income variables were necessary.

3.4.3 Other imputed variables

Two major imputations were necessary during the data preparation process for EUROMOD:

Hours worked per week

In 96 cases, information for hours worked per week was missing. 3 methods have been applied to impute the values:



- If an individual works as both employee and self-employed, the missing value is imputed according to the median sum of employment and self employment income per hour (6 changes were made)
- If an individual works only as an employee, the missing value is imputed according to the median employment income per hour (78 changes were made)
- If an individual works only as a self employed, the missing value is imputed according to the median self employment income per hour (11 changes were made)

Months receiving employment income per year

In 96 cases persons had positive information on income from employment but no information on months in employment. For these cases the median number of months in employment of all employed persons in the sample was imputed.

In 24 cases persons had positive information on income from self-employment but no information on months in self-employment. For these cases the median number of months in self-employment of all self-employed in the sample was used for the imputation.

3.5 Updating

The factors that are used to update monetary variables from 2007 to 2010 are shown in the table below. For updating factors not available (2010) so far the consumer price index is used as default (difference 2009-2010 in italics). No other updating adjustments are used. Thus, the distribution of characteristics (such as employment status and demographic variables) as well as the distribution of each non-simulated income source remains on the status in 2007.



Table 3.3 Updating factors (2009 and 2010 cumulated compared to 2007)

Index	Income Source/index type	2008	2009	2010
<i>default</i>	Consumer price index	1.039	1.038	1.059
<i>yem</i>	Employment income	1.027	1.035	1.056
<i>yemxp</i>	Employment income, special payments	1.027	1.035	1.056
<i>powpt</i>	Old age part-time benefit	1.027	1.035	1.056
<i>yse</i>	Self employment income	1.007	1.006	1.026
<i>ypt</i>	Maintenance income	1.027	1.035	1.056
<i>yop</i>	Private Transfers	1.027	1.035	1.056
<i>yyot</i>	Other income	1.027	1.035	1.056
<i>yyi</i>	Investment income	1.042	1.076	1.098
<i>ypr</i>	Property income	1.039	1.038	1.059
<i>xhcrt</i>	Housing cost expenditure	1.039	1.038	1.059
<i>xhcmomi</i>	Mortgage interest	1.042	1.033	1.054
<i>xpp</i>	Pension contributions	1.027	1.035	1.056
<i>bunct</i>	Unemployment benefit	1.020	1.080	1.108
<i>bunnc</i>	Unemployment assistance	1.016	1.041	1.098
<i>bhl</i>	Sickness benefit	1.027	1.035	1.056
<i>bma</i>	Maternity benefit	1.027	1.035	1.056
<i>bdi</i>	Care benefit	1	Degrees 1+2: 1.04 Degrees 3, 4, 5: 1.05 Degrees 6+7: 1.06	Degrees 1+2: 1.04 Degrees 3, 4, 5: 1.05 Degrees 6+7: 1.06
<i>ypp</i>	Private pensions	1.039	1.038	1.059
<i>poa</i>	Old age pension	1.020	1.055	1.071
<i>poaot</i>	Other pension	1.020	1.055	1.071
<i>poacs</i>	Civil Servants pension	1.020	1.055	1.071
<i>peu</i>	Early Retirement pension	1.020	1.055	1.071
<i>pob</i>	Pension, special payments	1.020	1.055	1.071
<i>bac</i>	Accident pension	1.020	1.055	1.071
<i>psu</i>	Survivor pension	1.020	1.055	1.071

Notes: *yem*, *yemxp*, *ypt*, *yop*, *yyot*, *xpp*, *bhl*, *bma*, *powpt*: median yearly gross income employees; *yse*: Total incomes non-employees/no. of non-employees; *yyi*: rendits secondary market (cumulated); *xhcmomi*: rendits secondary market (not cumulated); *bunct*: average daily amount unemployment benefit; *bunnc*: average daily amount unemployment assistance; *bdi*: standard rates care benefit; *ypp*: CPI; *poa*, *poaot*, *peu*, *pob*, *bac*, *psu*: yearly (average) pension increase

Sources: AMS 2011; BMASK 2010; Hauptverband 2011a; Kammer für Arbeiter und Angestellte 2007-2011a; Statistik Austria 2010a; Statistik Austria 2010c; Statistik Austria, www.statistik.at



4. VALIDATION

4.1 Aggregate Validation

There are no differences in the definition of disposable income between EUROMOD and EU-SILC.

Table 4.1 Components of disposable income

	EUROMOD [year]	EU-SILC [year]
	ils_dispy	HY020
Employee cash or near cash income	+	+
Employer's social insurance contribution	-	-
Contributions to individual private pension plans	NO	NO
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	+	NO
Unemployment benefits	+	+
Old-age benefits	+	+
Survivor' benefits	+	+
Sickness benefits	+	+
Disability/Accident benefits	+	+
Education-related allowances	+	+
Income from rental of a property or land	+	+
Family/children related allowances	+	+
Social exclusion not elsewhere classified	+	+
Housing allowances	+	+
Regular inter-household cash transfer received	+	+
Interests, dividends, etc.	+	+
Income received by people aged under 16	+	+
Regular taxes on wealth	NO	NO
Regular inter-household cash transfer paid	-	-
Tax on income and social contributions	-	-
Repayments/receipts for tax adjustment	NO (via simulation)	+/-



4.1.1 Validation of incomes inputted into the simulation

The difference in the number of employed and unemployed persons between EUROMOD and the reference statistics is due to the fact that the latter comprise of a yearly average.

Table 4.2 Number of employed & unemployed (in 1,000)

	Input dataset (I)		External Source (II)			Ratio (I/II)			
	2007	2007	2008	2009	2010	2007	2008	2009	2010
Number of employed	3,671	3,450	3,528	3,532	3,533	1.06	1.04	1.04	1.04
Number of unemployed	288	222	212	260	251	1.30	1.36	1.11	1.15

Notes: Number of employed and unemployed computed based on months in employment/unemployment. Numbers computed as averages of monthly data over the year.

Sources: Statistik Austria 2010a; Statistik Austria, www.statistik.at

Related to the number of recipients of market income the number of persons with employment incomes in SILC fits quite well to external statistics. The overestimation of persons with self-employment in SILC might be due to the restricted counting of self-employed in the income tax statistics. For lacking figures reference statistics are not available yet.

Table 4.3 Market Income-Number of recipients (in 1,000)

	Input database (I)	Original data (II) (optional) ¹²	Ratio (optional) (I/II)	External Source (III)				Ratio (I/III)			
				2007	2008	2009	2010	2007	2008	2009	2010
Original income											
Employment income	3,713	3,713	1.00	3,832	3,916	3,912		0.97	0.95	0.95	
Self-employment income	712	712	1.00	516	534			1.38	1.33		

Sources: Statistik Austria 2009-2011d; Statistik Austria, 2010-2011c

Related to the aggregate amounts of market income again employment income in SILC fits very well to external statistics both by taking into account the mean and the total sum. Self employment incomes are slightly overestimated in SILC which might be due to the restricted counting of self-employed in the income tax statistics. Investment income and property income are underestimated in SILC which is regularly the case in surveys. For lacking figures reference statistics are not available yet.

¹² The column should be filled in when there are important differences between the income variables in the original dataset and the input dataset (as a result of imputations or other “adjustments” having been carried out).



Table 4.4 Market Income-Aggregate amounts (in million €; except mean employment income)

	Input (I)	Orig. (optional) ¹³ (II)	Ratio (optional) (I/II)	External source (III)	Ratio (I/III)	Uprated input (I)			External source (III)			Ratio(I/III)		
	2007	2007	2007	2007	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010
Original income														
Employment income - mean	27,699	27,699	1.00	27.458	1.01	28,447	28,668		28,262	28,537		1.01	1.00	
Employment income - total	102,854	102,854	1.00	103,063	1.00	105,631	106,454	108,613	108,596	109,562		0.97	0.97	
Self-employment income	14,404	14,404	1.00	11,673	1.23	14,505	14,490	14,779	12,055			1.20		
Investment income	1,247	1,247	1.00	5,636	0.22	1,299	1,342	1,369	6,532	5,612		0.20	0.24	
Property Income	1,284	1,284	1.00	1,407	0.91	1,334	1,333	1,360	1,457			0.92		

Notes: * ref. includes also holiday compensations

Sources: Statistik Austria 2010a; Statistik Austria 2009-2011d; Statistik Austria, 2010-2011c; Statistik Austria 2011e; Statistik Austria, www.statistik.at

The number of recipients of direct pensions of non-civil servants and survivor’s pension are slightly underestimated in SILC as well as accident pensions. The underestimation of civil servants pension in SILC is due to the fact that in case of survivor pension it cannot be distinguished whether the pension stems from a civil servant or not. The high overestimation of receivers of sickness benefit and maternity benefit in SILC is due to the fact that the reference figures comprise only of a yearly average. The underestimation of care benefit in SILC might be due to the fact that only persons outside institutions are surveyed. The reference figures for maintenance payments include maintenance payments by the state only. Reference figures for education allowances include study allowance, pupil allowance and further education benefit. For lacking figures reference statistics are not available yet.

¹³ The column should be filled in when there are important differences between the income variables in the original dataset and the input dataset (as a result of imputations, dropping of cases or other “adjustments” having been carried out).



Table 4.5 Non-simulated taxes and benefits-Number of recipients/payers (in 1,000)

	Input database (I)	Original data (II) (optional) ¹⁴	Ratio (optional) (I/II)	External Source (III)				Ratio (I/III)			
	2007	2007	2007	2007	2008	2009	2010	2007	2008	2009	2010
Pensions											
Old-age, early, disability pension PV	1,433	1,433	1.00	1,605	1,636	1,672	1,667	0.89	0.88	0.86	0.86
Survivor pension PV	468	468	1.00	520	517	517	516	0.90	0.91	0.91	0.91
Civil servant' pension incl. survivors	187	187	1.00	314	315	316		0.60	0.59	0.59	
Accident pension incl. survivors	87	87	1.00	106	106	105	104	0.82	0.82	0.83	0.84
Benefits											
Sickness benefit	163	163	1.00	39	41	45		4.18	3.98	3.62	
Care benefit	243	243	1.00	393	405	421		0.62	0.60	0.58	
Maternity benefit	96	96	1.00	61	61			1.57	1.57		
Maintenance payments	184	184	1.00	43	42	42	45	4.28	4.38	4.38	4.09
Education allowances	133	133	1.00	79	82			1.68	1.62		
Old age part-time benefit	19	19	1.00	28	23	19	18	0.68	0.83	1.00	1.06
Housing allowance	224	224	1.00								

Notes: * part of civil servants' pensions above

Sources: AMS 2011; BKA 2011; Hauptverband 2008-2011a; Kammer für Arbeiter und Angestellte 2009-2011a; Kammer für Arbeiter und Angestellte 2008-2011b; Statistik Austria 2010a; Statistik Austria 2010-2011b

The aggregate amounts of pensions (civil servants and non civil servants, direct and survivor pension) fit quite well between SILC and the reference statistics. Differences in the single categories are due to the fact that survivors' pension following civil servants cannot be distinguished in the data. The underestimation of care benefit in SILC might be due to the fact that only persons outside institutions are surveyed. The reference figures for maintenance payments include maintenance payments by the state only. For lacking figures reference statistics are not available yet.

¹⁴ The column should be filled in when there are important differences between the benefit & tax variables in the original dataset and the input dataset (as a result of imputations, dropping of cases or other "adjustments" having been carried out).



Table 4.6 Non-simulated taxes and benefits-Aggregate amounts (in million €)

	Input (I)	Original (II) (optional) ¹⁵	Ratio (optional) (I/II)	External source (III)	Ratio (i/III)	Updated input (I)			External Source (III)			Ratio (I/III)		
	2007	2007	2007	2007	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010
Pensions														
Old-age, early, disability pension PV	24,458	24,458	1.00	21,352	1.15	24,947	25,803	26,195	22,603	23,895	25,019	1.10	1.08	1.05
Survivor pension PV	5,320	5,320	1.00	3,697	1.44	5,427	5,613	5,698	3,826	3,918	3,989	1.42	1.43	1.43
Civil servant' pension incl. survivors	5,849	5,849	1.00	9,242	0.63	5,966	6,170	6,264	9,539			0.63		
Accident pension incl. survivors	283	283	1.00	518	0.55	288	298	303	519	548		0.56	0.54	
Benefits														
Sickness benefit	568	568	1.00	425	1.34	584	588	600	454	509	535	1.29	1.16	1.12
Care benefit	968	968	1.00	1,812	0.53	968	1,013	1,013	1881			0.51		
Maternity benefit	270	270	1.00	371	0.73	277	279	285	392	416	448	0.71	0.67	0.64
Maintenance payments	850	850	1.00	101	8.42	873	880	900	104	105	108	8.39	8.38	8.33
Education allowances	273	273	1.00			284	284	289	261			1.09		
Old age part-time benefit	157	157	1.00	411	0.38	161	162	166	358	290	255	0.45	0.56	0.65
Housing allowance	313	313	1.00	310	1.01	325	325	331	319			1.02		

Sources: Hauptverband 2008-2011a; Hauptverband 2008-2010b; Kammer für Arbeiter und Angestellte 2007-2011a; Kammer für Arbeiter und Angestellte 2008-2011b; Statistik Austria 2010a; Statistik Austria 2010-2011b

4.1.2 Validation of outputted (simulated) incomes

The under-simulation of recipients of minimum pension top-up is due to the fact that the pension top-up is already included in the original pension variables in SILC. Thus, the simulation secures a minimum level only for those who have forgotten to state also the top-up in the interview, etc. The higher simulated number of childcare benefit, unemployment benefit and unemployment assistance (for a comparison against original SILC data see below) recipients is due to the fact that the reference figures relate to a certain point in time in the year whereas EUROMOD simulates all (cumulated) recipients during the year. The higher number of recipients of childcare benefit supplement in 2008 and 2009 is due to the higher income limit and might show a higher non-take-up in these years. Family bonuses of the Federal States are only modelled according to the policy rules in Vienna. Recipient figures for social assistance in EUROMOD relate to households whereas reference figures relate to persons. Thus, the non-take-up is higher than these figures suggest. The overestimation of self-employed SIC-payers (HI, PI) is due to the overrepresentation of self employment income in SILC. The underestimation of accident insurance-payers among self employed is due to the fact that reference figures also count active family members. Reference figures for pension insurance for employees exclude civil servants.

¹⁵ The column should be filled in when there are important differences between the benefit & tax variables in the original dataset and the input dataset (as a result of imputations, dropping of cases or other “adjustments” having been carried out).



Table 4.7 Simulated taxes and benefits-Number of recipients (in 1,000)

	Input database (I)				Original data (II)	Ratio (I/II)	External source (III)				Ratio (I/III)			
	2007	2008	2009	2010	2007	2007	2007	2008	2009	2010	2007	2008	2009	2010
Benefits														
Minimum pension top-up (pmmtu_s)	105	108	108	107	n.a.	n.a.	240	243	242	238	0.44	0.44	0.45	0.45
Minimum pension top-up for civil servants (pcstu_s)	0	0	0	0	n.a.	n.a.								
Child Care Benefit (bcc00_s)	219	222	222	252	n.a.	n.a.	163	162	156	148	1.34	1.37	1.42	1.71
Child Care Benefit Supplement/Allowance (bcctu_s)	37	57	57	44	n.a.	n.a.		37	34	32	1.57	1.69	1.39	
Family Bonuses federal States (bfamt_s)	12	12	11	12	n.a.	n.a.		31	38	30	0.39	0.29	0.39	
Family allowance (bch00_s)	1,080 (families)	1,078	1,078	1,078	n.a.	n.a.		1,091 (families)	1,100	1,097	0.99	0.98	0.98	
Social assistance (bsa_s)	170	174	178	176	165	1.03	152	161			1.12	1.08		
Unemployment benefit (bunct_s)	419	419	419	419	430	0.97	114	113	146	131	3.68	3.71	2.87	3.20
Unemployment assistance (bunnc_s)	114	114	114	114	162	0.70	85	78	91	98	1.34	1.46	1.25	1.16
Taxes														
Personal income tax (tin_s), positive values	4,266	4,337	4,151	4,194	n.a.	n.a.	4,037	4,242			1.06	1.02		
Capital gains tax (tiniy_s)	2,277	2,277	2,277	2,277	n.a.	n.a.								
Social insurance contributions														



	Input database (I)				Original data (II)	Ratio (I/II)	External source (III)				Ratio (I/III)			
	2007	2008	2009	2010	2007	2007	2007	2008	2009	2010	2007	2008	2009	2010
Health insurance employees	3,713	3,713	3,713	3,713	n.a.	n.a.	3,258	3,333	3,287	3,304	1.14	1.11	1.13	1.12
Health insurance self-employed	713	713	713	713	n.a.	n.a.	459	470	480	487	1.55	1.51	1.49	1.46
HI pensioners	1,772	1,772	1,772	1,772	n.a.	n.a.	2,070	2,099	2,129	2,169	0.86	0.84	0.83	0.82
Pension insurance employees	3,507	3,509	3,503	3,503	n.a.	n.a.	2,936	3,022	2,983	3,019	1.19	1.16	1.17	1.16
Pension insurance self-employed	713	713	713	713	n.a.	n.a.	495	505	514	521	1.44	1.41	1.39	1.37
Unemployment insurance contributions employers	3,142	3,144	3,144	3,144	n.a.	n.a.	2,780	2,852	2,830		1.13	1.10	1.11	
Unemployment insurance contributions employees	2,360	2,409	2,412	2,424	n.a.	n.a.								
Contribution to accident insurance employees	3,486	3,486	3,486	3,486	n.a.	n.a.	3,158	3,231	3,189	3,201	1.10	1.08	1.09	1.09
Contribution to accident insurance self-employed	712	712	712	712	n.a.	n.a.	1,405	1,412	1,419	1,423	0.51	0.50	0.50	0.50
Housing subsidy contributions	3,713	3,713	3,713	3,713	n.a.	n.a.								
Employees' compulsory union contributions	3,713	3,713	3,713	3,713	n.a.	n.a.								
Employers' contribution to bankruptcy fund	3,601	3,604	3,604	3,604	n.a.	n.a.								
Employers' contribution to family benefits fund	3,343	3,343	3,343	3,346	n.a.	n.a.								

Sources: Kammer für Arbeiter und Angestellte 2009-2011a; Kammer für Arbeiter und Angestellte 2008-2011b; AMS 2011; Statistik Austria 2010a; BKA 2011; Hauptverband 2009-2011a; Hauptverband 2008-2010b; Statistik Austria 2010-2011b

The under-simulation of the amount of minimum pension top-up is due to the fact that the pension top-up is already included in the original pension variables in SILC. The higher simulated amount of the childcare benefit supplement in 2008 and 2009 is due to the higher income limit and might show a higher non-take-up in these years. Family bonuses of the Federal States are only modelled according to the policy rules in Vienna. Simulated figures for social assistance in EUROMOD include high non-take-up which is a practical feature of this type of benefit (Fuchs 2009). The under-simulation of unemployment assistance (also compared to original SILC data) is due to the fact that a means-test on earnings of the person and the partner's income is



applied. However, from the data it is not clear when the individual applied for the benefit and which income is taken into account for the means-test. Hence, for the simulation of the means-test, average monthly income was used. As a result, around 30% of the individuals who fulfil the other eligibility criteria and are observed to receive the benefit in the SILC-data, did not fulfil this means-test and did not receive the benefit according to the simulation. Given the lacking information the quality of the simulation is lowered. The high underestimation of the capital gains tax is due to underreporting of this type of income in the data. The overestimation of self-employed SIC (HI, PI) is due to the overrepresentation of self employment income in SILC (see table 4.4). The underestimation of accident insurance of self employed is due to the fact that reference figures also count amounts for active family members. Reference figures for pension insurance for employees exclude civil servants. The over-simulation of health insurance contributions by self employed is due to overrepresented self employment income in the data. Simulated figures on health insurance contributions by pensioners are without contributions by the pension insurance associations.

Table 4.8 Simulated taxes and benefits- Aggregate amounts (in million €)

	Input (I)				Original (II) 2007	Ratio (I/II) 2007	External source (III)				Ratio(I/III)			
	2007	2008	2009	2010			2007	2008	2009	2010	2007	2008	2009	2010
Benefits														
Minimum pension top-up (pmmtu_s)	262	278	288	292	n.a.	n.a.	930	969	982	982	0.28	0.29	0.29	0.30
Minimum pension top-up for civil servants (pctu_s)	0	0	0	0	n.a.	n.a.								
Child Care Benefit (bcc00_s)	850	891	937	1,050	n.a.	n.a.	999	1,520	1,137	1,081	0.85	0.59	0.82	0.97
Child Care Benefit Supplement/ allowance (bctu_s)	81	127	127	99	n.a.	n.a.	78		85		1.04		1.50	
Family Bonus federal States (bfamt_s)	11	11	10	11	n.a.	n.a.		36	37	31		0.31	0.29	0.54
Family allowance ("bch00_s)	2,839	2,946	2,946	2,945	n.a.	n.a.	3,145	3,443	3,444	3,456	0.90	0.86	0.86	0.85
Social assistance (bsa_s)	680	708	729	743	257	2.65	336	363			2.02	1.95		
Unemployment benefit (bunct_s)	1,214	1,257	1,292	1,312	1309	0.93	1,196	1,198	1,658	1,626	1.01	1.05	0.78	0.81
Unemployment assistance (bunnc_s)	239	248	255	261	817	0.29	766	715	812	941	0.31	0.35	0.31	0.28
Taxes														
Personal income tax (tin_s)	24,355	25,413	23,552	24,396	n.a.	n.a.	23,863	25,749			1.02	0.99		
Capital gains tax (tiny_s)	312	325	335	342	n.a.	n.a.	3,173	3,750	3,015	2,556	0.10	0.09	0.11	0.14
Social insurance contributions														



	Input (I)				Original (II)	Ratio (I/II)	External source (III)				Ratio(I/III)			
	2007	2008	2009	2010	2007	2007	2007	2008	2009	2010	2007	2008	2009	2010
Health insurance employees	5,959	6,115	6,183	6,311	n.a.	n.a.	6,756	7,212	7,262	7,411	0.96	0.92	0.92	0.92
Health insurance self-employed	1,082	1,096	1,102	1,124	n.a.	n.a.	646	601	645	622	1.67	1.82	1.71	1.81
HI pensioners	1,704	1,738	1,797	1,824	n.a.	n.a.	2,944	3,154	3,321	3,444	0.58	0.55	0.54	0.53
Pension insurance employees and employers (excl. civil servants)	19,754	20,296	20,441	20,864	n.a.	n.a.	20,835	21,811	22,210	22,886	0.95	0.93	0.92	0.92
Pension insurance self-employed	1,968	2,009	2,086	2,149	n.a.	n.a.	2,269	2,330	2,441	2,307	0.87	0.86	0.85	0.93
Unemployment insurance contributions (employees and employers)	4,057	4,175	4,221	4,323	n.a.	n.a.	4,320	4,723			0.94	0.88		
Contribution to accident insurance	1,268	1,300	1,315	1,342	n.a.	n.a.	1,250	1,309	1,318	1,346	1.01	0.99	1.00	1.00
Housing subsidy contributions	800	821	830	847	n.a.	n.a.								
Employees' compulsory union contributions	356	366	369	377	n.a.	n.a.								
Employers' contribution to bankruptcy fund	637	654	661	674	n.a.	n.a.								
Employers' contribution to family benefits fund	3,994	4,102	4,134	4,218	n.a.	n.a.	3,915	4,399	4,624	4,731	1.02	0.93	0.89	0.89

Sources: Hauptverband 2008-2011a; Hauptverband 2008-2010b; Kammer für Arbeiter und Angestellte 2007-2011a; Kammer für Arbeiter und Angestellt 2008-2011b; Statistik Austria 2010a; Statistik Austria 2010-2011b



4.2 Income distribution

All income distribution results presented below are computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions. The weights in the OECD equivalence are: first adult=1; additional persons aged 14+ = 0.5; additional persons aged under 14 = 0.3.

4.2.1 Income inequality

The simulated income distribution fits quite well to external statistics. However, given non-take-up in reality, somewhat higher mean and median values in EUROMOD would have been expected.

Table 4.9 Income distribution

	EUROMOD (I)				External Source (II)				Ratio (I/II)			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
Decile shares												
1	10,511	10,804	11,127	11,333	10,653	11,235			0.99	0.96		
2	12,965	13,307	13,711	13,897								
3	14,927	15,251	15,794	15,991								
4	16,723	17,046	17,649	17,959								
5	18,628	19,005	19,662	19,965	19,011	19,886			0.98	0.96		
6	20,941	21,337	22,076	22,410								
7	23,321	23,759	24,567	24,923								
8	26,681	27,177	28,144	28,581								
9	32,136	32,756	33,832	34,335	33,270	34,454			0.97	0.95		
10	70,296	71,563	73,053	74,303								
Median	18,852	19,208	19,843	20,163	19,011	19,886			0.98	0.97		
Mean	21,111	21,545	22,249	22,588	21,381				0.99			
Gini	25.44	25.36	25.33	25.35	26.1	26.0			0.97	0.98		
S80/S20	3.59	3.57	3.58	3.58	3.7	3.7			0.97	0.96		

Notes: Based on household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions; computed at the individual level.

Sources: BMASK 2009, 2011



4.2.2 Poverty rates

The simulated poverty rates fit quite well to external statistics. However, given non-take-up in reality, somewhat lower poverty rates in EUROMOD would have been expected. The only greater mismatch relates to poverty rates of persons 65+. This might be due to the fact that in EUROMOD in case of pension top-up and pensions slightly above this limit, also housing allowance within social assistance is simulated, which shifts pensioners concerned above the poverty line. In reality there should be high non-take-up of housing allowance within social assistance by pensioners.

Table 4.10 At risk of poverty rates by gender and age

	EUROMOD (I)				External Source (II)				Ratio (I/II)			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
40% median HDI												
Total	2.2	2.0	2.1	2.1	2.4	3.0			0.92	0.67		
50% median HDI												
Total	5.9	5.7	5.7	5.8	5.8	6.1			1.02	0.93		
60% median HDI												
Total	11.9	11.6	11.6	11.8	12.4	12.0			0.96	0.97		
Males	11.2	10.9	10.9	11.2	11.2	10.7			1.00	1.02		
Females	12.6	12.3	12.3	12.4	13.5	13.2			0.93	0.93		
70% median HDI												
Total	20.0	19.6	19.7	19.9	20.1	20.0			1.00	0.98		
60% median HDI												
0-17 years	15.1	14.1	14.1	14.4	14.5	13.4			1.04	1.05		
18-24 years	12.9	12.6	13.2	13.1	11.2	11.9			1.15	1.06		
25-49 years	11.2	11.0	11.1	11.2	10.7	10.3			1.05	1.06		
50-64 years	11.2	11.1	11.1	11.3	11.1	11.0			1.01	1.01		
65+ years	10.0	10.1	9.5	9.9	15.0	15.1			0.67	0.67		

Notes: Computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions.

Sources: BMASK 2009, 2011



4.2.3 Validation of minimum wage

Since 2009 a minimum wage of gross € 1,000 per month (14 times per year) is stipulated in the collective agreements (for full-time work). Excluded are apprentices and trainees. Organisations which are not a member of the Austrian Economic Chamber are not subject to collective agreements and thus, are not subject to the minimum wage. Furthermore atypical employment contracts could be excluded, too.

Since the underlying SILC-data is from 2007, we applied minimum wage policy in 2009 and 2010 by adjusting the earnings in the data for this reform. After implementation, 19% of the cases with positive income from earnings were increased up to the level for the minimum wage. Given that for these 19% the gap between the wage before and after applying the minimum wage is not very high on average, the aggregated changes in outcomes are relatively small. Total disposable income, gross employee earnings, income tax and employee SICs increase slightly. Owing social assistance payments would be reduced by around 6%. While the Gini-coefficient would slightly decrease after implementing minimum wage, poverty rates would slightly go up. The latter could be explained by the fact that implementing the minimum wage would somewhat raise the median income but not of those persons below the poverty line. However, as no external reference figures are available, we cannot validate these findings.

Table 4.11 Impact of minimum wage¹⁶

	Baseline (I)				Minimum wage included (II)				Ratio (I/II)			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
Disposable income (total)	119,697	122,098	126,182	128,091	119,697	122,098	127,014	128,889	1.00	1.00	0.99	0.99
Gross employee earnings (total)	102,854	105,631	106,454	108,613	102,854	105,631	107,590	109,711	1.00	1.00	0.99	0.99
Income tax (total)	24,355	25,413	23,552	24,396	24,355	25,413	23,582	24,424	1.00	1.00	1.00	1.00
Employee SICs (total)	19,679	20,218	20,413	20,840	19,679	20,218	20,590	21,011	1.00	1.00	0.99	0.99
Social assistance (total)	680	708	729	743	680	708	684	699	1.00	1.00	1.07	1.06
Gini (Eq HDI)	25.4	25.4	25.3	25.4	25.4	25.4	25.0	25.1	1.00	1.00	1.01	1.01
At poverty risk (60% median HDI)	11.9	11.6	11.6	11.8	11.9	11.6	12.0	12.0	1.00	1.00	0.97	0.98

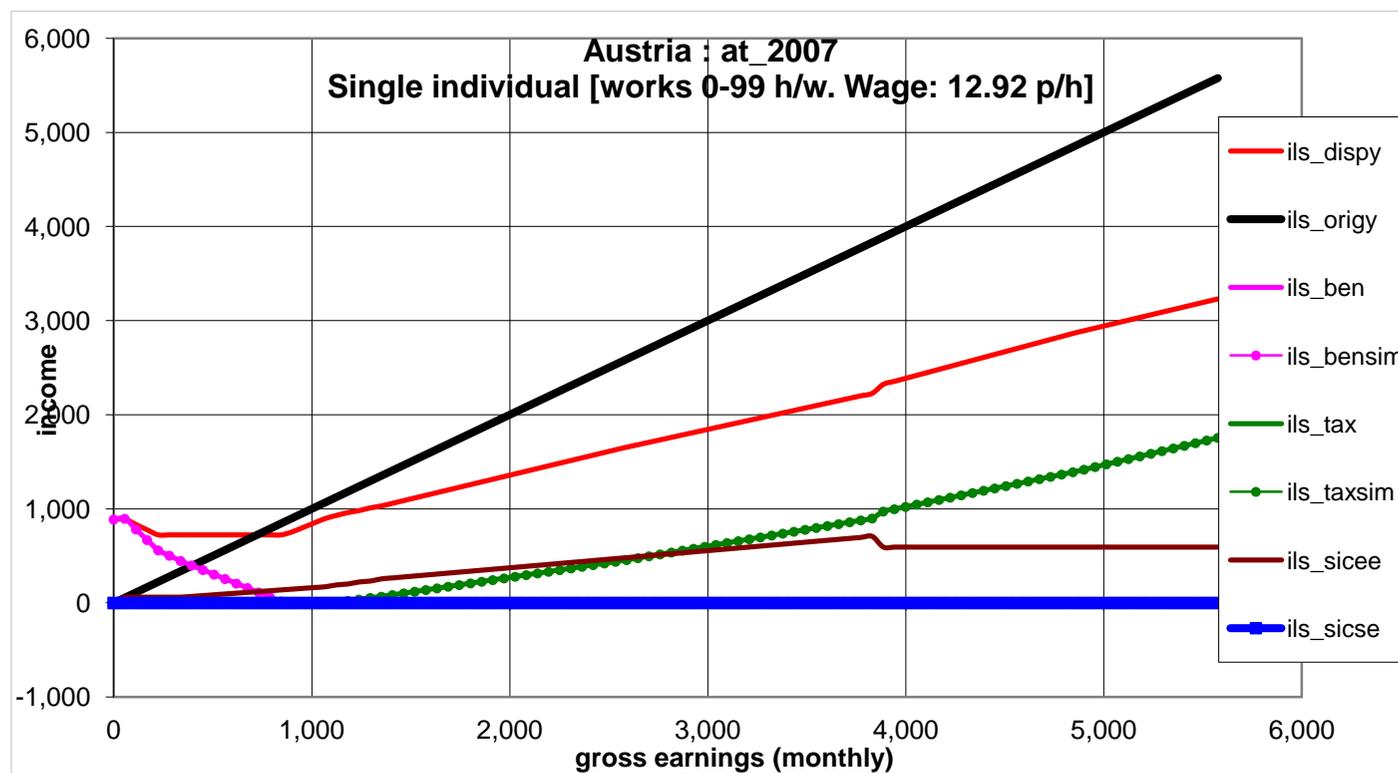
¹⁶ For 2007 and 2008 no difference as minimum wage only implemented in 2009. For baseline results see the relevant tables above.



4.3 Budget constraint charts

The charts below plot the budget constraint for the main household types (single, single earner, couple with children) by the EUROMOD budget constraint charts tool for the year 2007. These graphs are run on hypothetical data (not on the SILC input data set). Given a continuum on gross earnings, they show how social insurance contributions, income taxes, benefits and finally disposable income change.

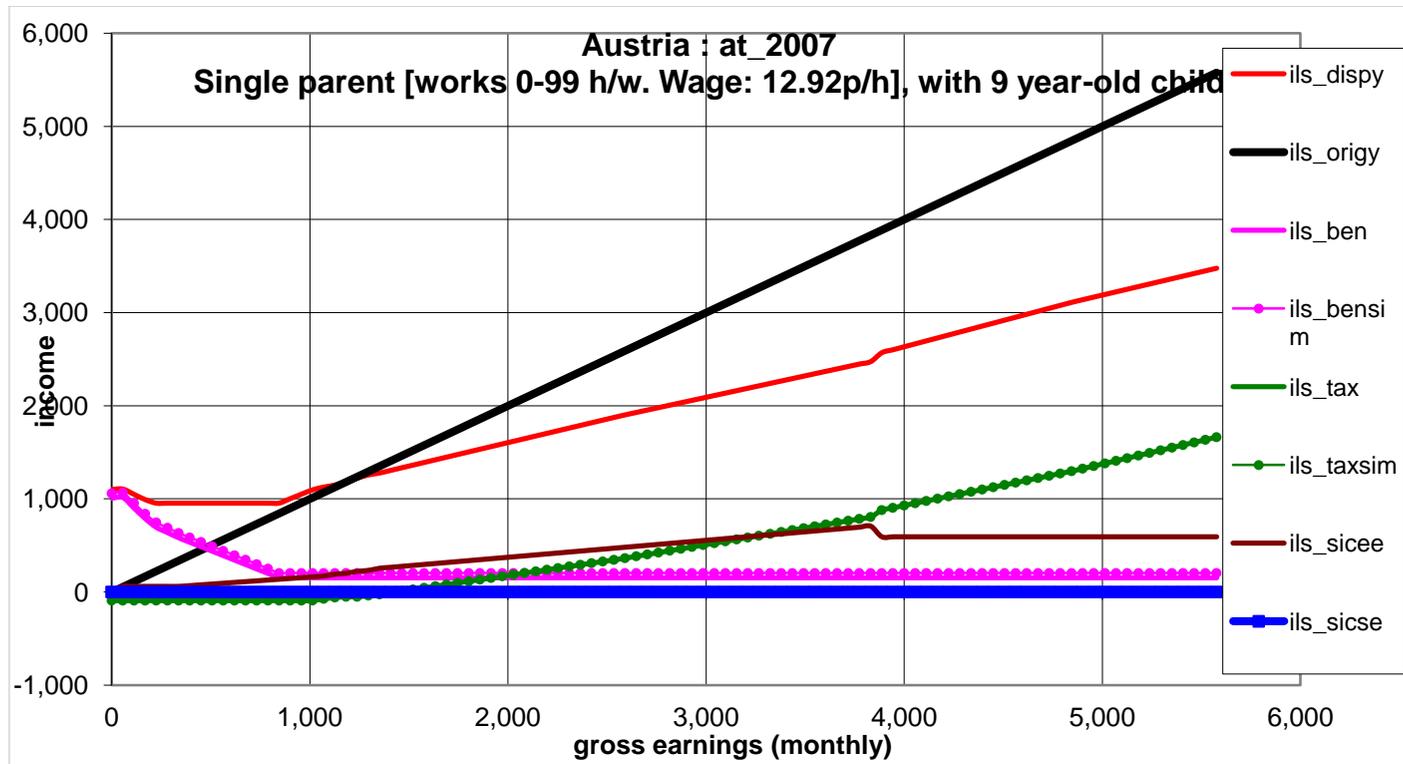
The first chart represents a single individual with a relatively low wage per hour. The bottom of the income distribution shows the area where means-tested benefits like social assistance and housing benefits (and partly negative income tax) are still received. As they are taxed away with a marginal tax rate of almost 100%, the disposable income remains stable in this area. Social insurance contributions come into play once the lower income threshold is reached. Apart from a few exceptions (e.g., lower unemployment contributions for low incomes) they rise in line with gross incomes until the upper contribution limit is reached. Passing this point theoretically (not realistic given the low hourly wage), they remain stable. Given the relatively large tax-free zone a somewhat higher income limit is required to be liable to (positive) income tax. The green line shows the progressive nature of the income tax.



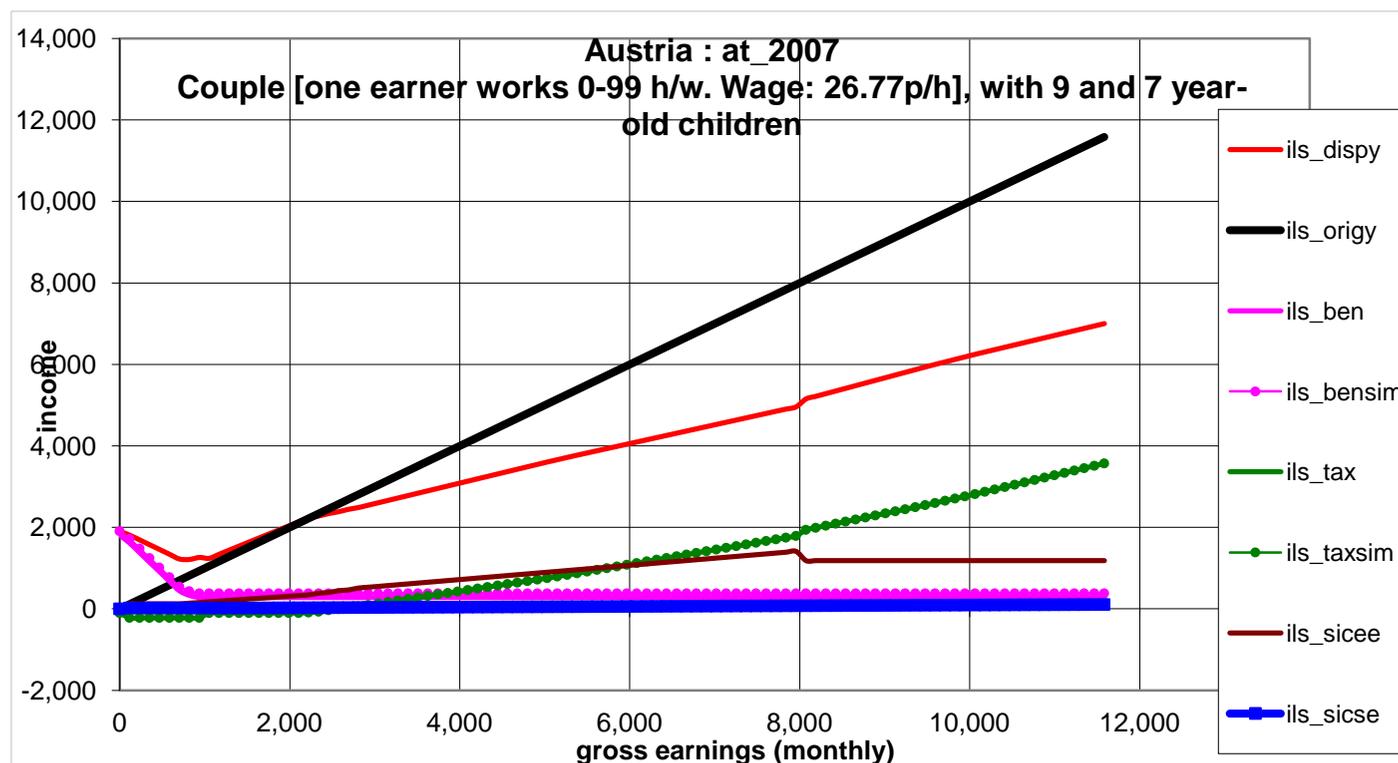
The second chart represents a single parent with a 9 year-old child again with a relatively low wage per hour. The bottom of the income distribution shows the area where means-tested benefits like social assistance and housing benefits (and partly negative income tax incl. single parent tax credit) are still received. As they are taxed away with a marginal tax rate of almost 100%, the disposable income remains stable in this area. However, given family allowance as a universal family benefit, this benefit is received independently from the gross income. Social insurance contributions come into play once the lower income threshold is reached. Apart from a few exceptions (e.g., lower unemployment contributions for low incomes) they rise in line with gross incomes until the upper contribution limit is reached. Passing this point theoretically (not realistic given the relatively low hourly wage), they remain stable. Given



the relatively large tax-free zone (further increased by the single parent tax credit) a somewhat higher income limit is required to be liable to (positive) income tax. The green line shows the progressive nature of the income tax.



The third chart represents a single-earner couple with a 9 year-old and a 7 year-old child with a higher wage per hour. The bottom of the income distribution shows (theoretically) the area where means-tested benefits like social assistance and housing benefits (and partly negative income tax incl. single earner tax credit) are still received. As they are taxed away with a marginal tax rate of almost 100%, the disposable income remains stable in this area. However, given family allowance (for 2 children) as a universal family benefit, this benefit is received independently from the gross income. Social insurance contributions come into play once the lower income threshold is reached. Apart from a few exceptions (e.g., lower unemployment contributions for low incomes) they rise in line with gross incomes until the upper contribution limit is reached. Passing this point, they remain stable. Given the relatively large tax-free zone (further increased by the single earner tax credit) a somewhat higher income limit is required to be liable to (positive) income tax. The green line shows the progressive nature of the income tax.



4.4 Summary of “health warnings”

This final section summarises the main findings in terms of particular aspects of the Austrian part of EUROMOD or its database that should be borne in mind when planning appropriate uses of the model and in interpreting results.

- The sample size is relatively small. Care should be taken especially in interpreting results for small sub-groups.
- No adjustments are made for structural changes in the characteristics of the population between the data year (2007) and the simulation years (2008-2010).
- There is a shortfall of persons with higher incomes and investment income in the sample. It is likely that the main reason is a shortfall of persons with higher incomes and these sources of income or an under-recording of these sources for people with higher incomes.
- Non-take up of benefits is not modelled. This has the effect of (a) inflating the cost of these benefits and the cost of making them more generous (especially related to social assistance), and (b) slightly diminishing the relative impact of benefits that do not show problems of non-take up.



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