

EUROMOD

COUNTRY REPORT



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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 28 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 G3.0. 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:
<https://www.euromod.ac.uk>

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This programme is managed by the Directorate-General for Employment, Social Affairs and Inclusion 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-28, 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 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 (from 2011 onwards: below 24) and in full time education and a yearly taxable income of max. € 9,000 (from 2011 onwards € 10,000 or disabled. The definition is based on the eligibility criteria of the 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. From 2011 on, to be eligible for the single earner tax credit, the child tax credit must be received for at least one child for more than 6 months of 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) from 2008 on was below €55,000, in 2007 from the 3rd child on a multiple children supplement of €36.40 per month (from 2011 on €20.00) is granted.
- 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-favoured pension provision, premium-favoured 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, for most years 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.

1.2 Social Benefits¹

1) Maternity benefit (*Wochengeld: bma*): The maternity benefit is a replacement income for female employees during the legal retention period before and after the birth of a child. At the beginning of the legal retention period the applying mother has to be compulsory insured in the health insurance. 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. 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. The maternity benefit is exempted from tax.

2) Maintenance payments by the state (*Staatlicher Unterhaltsvorschuss: ypt*): Maintenance payments by the state should secure the maintenance of children in case on parent does not fulfil his/her obligations. 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. 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. There is no means-test. The maintenance payment by the state is exempted from tax.

3) Study allowance (*Studienbeihilfe: bed*): The study allowance should enable students from families with low incomes to complete their studies. Pre-condition to an entitlement are orderly studies. The proof of successful studies is necessary. Foreigners and stateless persons are equated with Austrian citizens under certain conditions. 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. Basically the study allowance is granted at most for the legally stipulated study duration plus an additional semester per studies section. The amount

¹ Benefits not simulated. For simulated benefits see chapter 2. Policy descriptions are mainly based on Kammer für Arbeiter und Angestellte 2007-2013a.

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. The study allowance is exempted from tax.

4) Pupil allowance (*Schülerbeihilfe und Heimbeihilfe: bed*): 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. 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. Decisive for granting the allowances are income, family status and family size of the pupil, his/her parents and his/her marriage partner. 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. The allowances are exempted from tax.

5) Pension advancement (*Pensionsvorschuss: bunct, bunnc*): The pension advancement represents a financial security for persons who applied for a pension during receipt of unemployment benefit or assistance. 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. The means-test refers to the means-test of the underlying unemployment benefit or assistance. 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 with certain ceilings. In case of underlying pre-conditions there is entitlement to family supplements. The pension advancement is exempted from tax (however, see „progression adjustment“).

6) Transitory payment (*Übergangsgeld: bunct*): The transitory payment should bridge financially the time gap due to the increase of the pension age. 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. From January 2011 on the entitlement age is increased by 3 months by each half year until it reaches 59 years and 9 months for women and 64 years and 9 months for men in the first four months in 2015. Beside the transitory payment the unemployed person is only allowed to have a minor employment. For the transitory payment the basic amount of the unemployment benefit increased by 25% plus potential family supplements are granted. The transitory payment is exempted from tax (however, see „progression adjustment“).

7) Sickness benefit (*Krankengeld: bh*): The sickness benefit represents a replacement income for the income loss due to incapacity to work for employees liable to health insurance contributions. The sickness benefit is 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. There is no means-test. The sickness benefit is granted from the 4th day of incapacity to work. Basically it is paid for max. 26 weeks. Basically, the amount of the sickness benefit depends on the prior period of contributions and on the duration of the incapacity to work. 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%.

8) Accident pension (*Versehrtenrente UV: bac00*): 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. 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 %). There is no means-test. Basically the accident pension is granted for the duration of the impairment of the capacity to work (at least by 20%). The amount depends on the degree of the impairment of the capacity to work and on the assessment base. The accident pension is paid 14 times per year. It is exempted from tax.

9) Accident survivor's pension (*Hinterbliebenenrenten UV: bac01*): The accident survivor's pension represents a transfer money of entitlements based on compensation for damages vis-à-vis the author of damage. The following persons are potentially entitled to accident survivor's pension: spouse, children, parents in need and non-provided siblings of accident insured persons. There is no means-test. The widow/er pension is granted up to the death of the widow/er or his/her re-marriage. 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. The survivor's pension from the accident insurance is exempted from tax and paid without any deductions.

10) Care benefit (*Pflegegeld: bdi*): The care benefit should cover care-related additional expenditures across-the-board. 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 (from 2011 on 60 hours) due to a disability for a minimum period of six months. There is no means-test. 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. The care benefit is exempted from tax and paid without any deductions.

11) Regular old age pension (*Normale Alterspension PV: poa00*): The old age pension represents a replacement income for the insurance case old age. 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). There is no means-test. 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. The gross pension is reduced by the health insurance contribution and by income tax.

12) Early retirement pension (*Vorzeitige Alterspension bei langer Versicherungsdauer PV, „Hacklerregelung“ PV, „Korridorpension“ PV: poa00*): 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. A certain age and an appropriate duration of pension insurance has to be fulfilled. 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. The gross pension is reduced by the health insurance contribution and by income tax.

13) Invalidity pension (*Invaliditäts- oder Berufsunfähigkeitspension PV: poa00*): 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. 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. In case the pensioner has an employment income above minor employment, the invalidity pension is granted as partial pension. 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.

14) Widow/ers' pension (*Hinterbliebenenpensionen PV : psu*): 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). 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. 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. 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. The gross pension is reduced by the health insurance contributions and by income tax.

15) Orphans' pension (*Waisenpension PV : psu*): 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. 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. There is no means-test. 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. From the gross pension only income tax but not health insurance contribution is deducted.

16) Civil servants' pension (*Ruhegenuss PG: poacs*): Civil servants' pension is a replacement income for civil servants after dislocation into the retirement status due to old age or disability for service. 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. There is no means-test. 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.

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

17) Housing allowance („Wohnbeihilfe“: bho): 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. 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. The granting of housing benefits is means-tested. The benefit amount depends on family income, family size and the concrete regulations in each Federal State. Housing benefits are exempted from social insurance contributions and income tax.

- *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).

Severance pay (“Abfertigung”): 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).

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. Since EU-SILC 2012 data, information on companies is no longer available but company pensions are partly included in poa00.

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.

1.3 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.

1.4 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.

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 (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 2010.

Table 1. Simulation of benefits in EUROMOD

	Variable name(s)	Treatment in EUROMOD						Why not fully simulated?
		2010	2011	2012	2013	2014	2015	
Maternity benefit	bma	I	I	I	I	I	I	No data on contribution history
Maintenance payments state	ypt	I	I	I	I	I	I	No data on extent of eligibility
Study allowance	bed	I	I	I	I	I	I	No data on eligibility criteria
Pupil allowance	bed	I	I	I	I	I	I	No data on eligibility criteria
Pension advancement	bunct, bunc	I	I	I	I	I	I	No data on contribution history
Transitory Payment	bunct	I	I	I	I	I	I	No data on contribution history
Sickness benefit	bhl	I	I	I	I	I	I	No data on contribution history
Accident pension	bac00	I	I	I	I	I	I	No data on contribution history
Accident survivor' pension	bac01	I	I	I	I	I	I	No data on contribution history
Care benefit	bdi	I	I	I	I	I	I	Information on care degree only in the data
Regular old age pension PV	poa00	I	I	I	I	I	I	No data on contribution history
Early retirement pensions PV	poa00	I	I	I	I	I	I	No data on contribution history
Invalidity pension PV	poa00	I	I	I	I	I	I	No data on contribution history
Widow/er's pension	psu	I	I	I	I	I	I	No data on contribution history
Orphan's pension	psu	I	I	I	I	I	I	No data on contribution history
Civil servants pension PG	poacs	I	I	I	I	I	I	No data on contribution history
Housing benefits	bho	I	I	I	I	I	I	No information on eligibility conditions in the data
Unemployment benefit	bunct_s	PS	PS	PS	PS	PS	PS	Contribution history is assumed
Unemployment assistance	bunnc_s	PS	PS	PS	PS	PS	PS	Contribution history is assumed
Family supplement	bunmt_s	PS	PS	PS	PS	PS	PS	Contribution history is assumed

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Minimum pension top-up PV	pmmtu_s	(S)	(S)	(S)	(S)	(S)	(S)	simulated, but already included in poa00; thus not in dispy
Minimum pension top-up civil servants PG	pcstu_s	(S)	(S)	(S)	(S)	(S)	(S)	simulated, but already included in poacs; thus not in dispy
Child bonus pensioners PV	(pch00_s)	(S)	(S)	(S)	(S)	(S)	(S)	can be simulated, but already included in poa00
Child bonus for civil service pensioners PG	(pchcs_s)	(S)	(S)	(S)	(S)	(S)	(S)	can be simulated, but already included in poacs
Child care benefit	bcc00_s	S	S	S	S	S	S	-
Child care benefit supplement	bcctu_s	-	-	-	-	-	-	in force till 2009
Child care benefit allowance	bcctu_s	S	S	S	S	S	S	in force since 2010
Social assistance Vienna	bsa_s	S	S	S	S	S	S	-
Family bonus Vienna	bfamt_s	S	S	S	S	S	S	-
Family allowance	bch00_s	S	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. Simulation of taxes and social contributions in EUROMOD

	Variable name(s)	Treatment in EUROMOD						Why not fully simulated?
		2010	2011	2012	2013	2014	2015	
Income tax	tin_s	S	S	S	S	S	S	-
Capital gains tax	tin_y_s	S	S	S	S	S	S	-
Accident insurance ER	tscer_s	S	S	S	S	S	S	-
Accident insurance SE	tscse_s	S	S	S	S	S	S	-
Health insurance EE	tscee_s	S	S	S	S	S	S	-
Health insurance pensioners	tspe_s	S	S	S	S	S	S	-
Health insurance ER	tscer_s	S	S	S	S	S	S	-
Health insurance SE	tscse_s	S	S	S	S	S	S	-
Pension insurance EE	tscee_s	S	S	S	S	S	S	-
Pension insurance pensioners (civil servants)	tspe_s	S	S	S	S	S	S	-
Pension insurance ER	tscer_s	S	S	S	S	S	S	-
Pension insurance SE	tscse_s	S	S	S	S	S	S	-
Unemployment insurance EE	tscee_s	S	S	S	S	S	S	-
Unemployment insurance ER	tscer_s	S	S	S	S	S	S	-
Contribution housing benefit EE	tscee_s	S	S	S	S	S	S	-
Contribution housing benefit ER	tscer_s	S	S	S	S	S	S	-
Union contribution EE	tscee_s	S	S	S	S	S	S	-
Contribution family benefits fund ER	tscer_s	S	S	S	S	S	S	-
Contribution insolvency fund ER	tscer_s	S	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

The following table shows the order in which the main elements of the Austrian system 2010-2014 are simulated. As the system features few structural changes within this period, we use one table to display policy simulations over the five 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 3. EUROMOD Spine: order of simulation

Policy	Description of the instrument and main output
SIC employer	tscer_s
SIC employee	tscee_s
SIC self employed	tscse_s
Family allowance (main child benefit)	temporary calculation; bch00_s
Child bonus for pensioners	Policy is switched off; pch00_s
Child bonus for civil servant pensioners	Policy is switched off; pchsc_s
Unemployment benefit	temporary calculation; bunct_s
Minimum Pension top-up	1 st run with bunnc_s=0; pmmtu_s
Minimum Pension top-up civil servants	1 st run with bunnc_s=0; pccstu_s
SIC pensioners	1 st run with bunnc_s=0; tscep_s
Family allowance (main child benefit)	2nd run with ils_sicpe>0; bch00_s
Income tax	1st run with bunnc_s=0; tin_s
Unemployment assistance	temporary calculation of bunnc_s; bunnc_s
Unemployment benefit	final calculation of bunct_s and bunmt_s (family supplements) which involved bunnc_s; bunct_s
Unemployment assistance	final calculation of bunnc_s; bunnc_s
Minimum Pension top-up	2 nd run with bunnc_s simulated; pmmtu_s
Minimum Pension top-up civil servants	2 nd run with bunnc_s simulated; pccstu_s
SIC pensioners	2 nd run with bunnc_s simulated; tscep_s
Income tax	2 nd run with bunnc_s simulated; tin_s
Tax on investment income	tiniy_s
Child Care Benefit	bcc00_s
Child Care Benefit Supplement/Allowance	bcctu_s
Family bonus Vienna	bfamt_s
Social Assistance	bsa_s

2.3 Policy switches

Child bonus for pensioners, Child bonus for civil servant pensioners, Minimum Pension top-up and Minimum Pension top-up civil servants are switched off as their values are already included in the original pension variables in the SILC data.

2.4 Simulated social benefits

2.4.1 Unemployment benefit (*Arbeitslosengeld: bunct_s*)

- *Definitions*

The unemployment benefit should compensate for 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.
- 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 € 374.02 (14 times; 2012: 376.26; 2013: 386.80; 2014: 395.31; 2015: 405.98). 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 € 374.02 (2012: 376.26; 2013: 386.80; 2014: 395.31; 2015: 405.98) 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 (until 2014: 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);
- 78 weeks after completion occupational measures of rehabilitation, which started after 31.12.2010.

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 € 45.53 (2012: 46.36; 2013: 47.19; 2014: 48.02; 2015: 48.30).

- In case the unemployment benefit (basic amount plus family supplements) are lower than daily €26.44 (2012: 27.16; 2013: 27.92; 2014: 28.59; 2015: 29.08), a complement amounting to the difference is granted.
- However, the sum of the basic amount and complement must not exceed 60% of the daily net income.
- In case of entitlement to family supplements, the sum of the basic amount, the family supplements and the 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.

EUROMOD Notes:

If the ceiling of 80% for the sum of basic amount plus family supplements plus complement is exceeded, the unemployment benefit is cut accordingly in the model whereas the family supplement remains unchanged.

2.4.2 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 €374.02 per month (14 times; 2012: 376.26; 2013: 386.80; 2014: 395.31; 2015: 405.98). 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) Married partner:

The partner has an amount of exemption of €501 (2012: 515; 2013: 529; 2014: 542; 2015: 551) per month.

- The amount of exemption is increased by €250.50 (2012: 257.5; 2013: 264.50; 2014: 271; 2015: 275.50) 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 % (€1,002; 2012: 1,030; 2013: 1,058; 2014: 1,084; 2015: 1,102), as well as the increase of the amount of exemption for persons entitled to maintenance (€ 501; 2012: 515; 2013: 529; 2014: 542; 2015: 551).
- 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 €1,503 (2012: 1,545; 2013: 1,587; 2014: 1,626; 2015: 1,653), the increase of the amount of exemption for persons entitled to maintenance amounts to €751.50 (2012: 772.5; 2013: 793.50; 2014: 813; 2015: 826.50).
- 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%.
- From 2011 on the consideration of the income is only effective up to the minimum standard rate of €1,129.41 per month for 2 persons (2012: 1,159.90; 2013: 1,192; 2014:

1,220.44; 2015: 1,241). This limit is increased by every child in the household entitled to family allowance by €200 per month and child (2012: 208.78). Since 2013 the limit is increased by €143 per month for the first three children (2014: 147; 2015: 149) and by €119 per month (2014: 122; 2015: 124) from the fourth child onwards.

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 plus from 2011 on 95% of the complement, in case the unemployment benefit does not exceed the daily upper limit of €26.44 (2012: 27.16; 2013: 27.92; 2014: 28.59; 2015: 29.08). In case the upper limit is exceeded, the person receives 92% of the basic amount of the unemployment benefit but minimum 95% of the upper limit mentioned above.
- 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 €26.44 (2012: 27.16; 2013: 27.92; 2014: 28.59; 2015: 29.08) daily. In case of prior unemployment benefit of 30 weeks the unemployment assistance (after regarding the income) must not exceed €30.83 (2012: 31.67; 2013: 32.57; 2014: 33.33; 2015: 33.90) 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 to 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.

2.4.3 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 married partners (spouses) with income below €374.02 per month (14 times; 2012: 376.26; 2013: 386.80; 2014: 395.31; 2015: 405.98) 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: the income of the married partner/spouse must not exceed €374.02 per month (14 times; 2012: 376.26; 2013: 386.80; 2014: 395.31; 2015: 405.98).

- ***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. (from 2010 on: 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“).

2.4.4 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;
- € 188.76 per month (2012: 189.89; 2013: 195.21; 2014: 199.50; 2015: 204.89) 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:

Table 4. Monthly standard rates (amounts 2011-2014)

1. Recipients of old-age and invalidity pensions (poa00)	2011	2012	2013	2014	2015
a) Singles*	793.40	814.82	837.63	857.73	872.31
b) Couples (married or not)*	1,189.5	1,221.6	1,255.8	1,286.0	1,307.8
	6	8	9	3	9
2. Recipients of widow pensions (psu)	793.40	814.82	837.63	857.73	872.31
3. Recipients of orphan's pensions (psu)					
a) half orphan, <24 years	291.82	299.70	308.9	315.48	320.84
b) half orphan, >23 years (and <27 or disabled)	518.56	532.56	547.47	560.61	570.14
c) full orphan, <24 years	438.17	450.00	462.60	473.70	481.75
d) full orphan, >23 years (and <27 or disabled)	793.40	814.82	837.63	857.73	872.31

* For each child, for whom there is entitlement to the child bonus for pensioners (simulated), an increase of the standard rate by €122.41 (2012: 125.72; 2013: 129.24; 2014: 132.34; 2015: 134.59) is granted.

- *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 but not included in dispy.

2.4.5 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, which 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 partner (married or registered) 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:

Table 5. Monthly standard rates (amounts 2011-2014)

1. Recipients of old-age and invalidity pensions (poacs)	2011	2012	2013	2014	2015
a) Singles*	793.40	814.82	837.63	857.73	872.31
b) Couples (married or not)*	1,189.56	1,221.68	1,255.89	1,286.03	1,307.89
2. Recipients of widow pensions (psu)	793.40	814.82	837.63	857.73	872.31
3. Recipients of orphan's pensions (psu)					
a) half orphan, <24 years	291.82	299.70	308.9	315.48	320.84
b) half orphan, >23 years (and <27 or disabled)	518.56	532.56	547.47	560.61	570.14
c) full orphan, <24 years	438.17	450.00	462.60	473.70	481.75
d) full orphan, >23 years (and <27 or disabled)	793.40	814.82	837.63	857.73	872.31

* 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 €122.41 (2012: 125.72; 2013: 129.24; 2014: 132.34; 2015: 134.59).

- ***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 but not included in dispy.

2.4.6 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 (2011-2015) 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.

2.4.7 Child Bonus for Civil Servant Pensioners ("Kinderzulage PG": pches_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 €374.02 per month (14 times; 2012: 376.26; 2013: 386.80; 2014: 395.31; 2015: 405.98).

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 €374.02 (employment, self employment, agriculture, capital, rent income, etc.) per month (14 times a year; 2012: 376.26; 2013: 386.80; 2014: 395.31; 2015: 405.98), there is no entitlement for the child bonus.

- ***Benefit amount***

The monthly amount of the benefit is €14.5 (14 times a year) (from 2012 on: 15.60).

- ***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.

2.4.8 Family allowance (“Familienbeihilfe”: bch00_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 (from 1 July 2011 on: 24) of age. Starting with the calendar year following the completion of 18 years of age (on average with 19 years) (from 1 January 2013 on completion of 19 years of age; on average with 20 years), 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 (from 1 July 2011 on: 25) of age, the family allowance can be received without age limit.

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

- *Income test*

The income of the parents is not considered.

In the calendar year following completion 18 years of age (from 1.1.2013 on 19 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 € 10,000 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. Since 1.1.2013: in case the taxable income exceeds the amount of €10,000 the family allowance is only reduced by the exceeding amount.

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 2 children the total amount is increased by €12.80 per month (2014: €13.40), for 3 children by €47.80 per month (2014: €49.80), for 4 children by €97.80 per month (2014: €102) and for each further child again by €50 per month (2014: €52). Per month (12 times) the family allowance amounts to:

Table 6. Family allowance 2011-30.6.2014

From 1.1.2008 onwards	1st child (basic amount)	2nd child	3rd child	4th child and further children
0-2 years	€105.40	€118.20	€140.40	€155.40
3-9 years	€112.70	€125.50	€147.40	€162.70
10-18 years	€130.90	€143.70	€165.90	€180.90
19-25 years (from 1 July 2011: 19-23 years)	€152.70	€165.50	€187.20	€202.70

Table 7. Family allowance from 1.7.2014 on

From 1.1.2008 onwards	1st child (basic amount)	2nd child	3rd child	4th child and further children
0-2 years	€109.70	€123.10	€146.10	€161.90
3-9 years	€117.30	€130.70	€153.70	€169.50
10-18 years	€136.20	€149.60	€172.60	€188.40
19-25 years (from 1 July 2011: 19-23 years)	€158.90	€172.30	€195.30	€211.10

To avoid disadvantages for families in case of direct payment to full age children, since 1.9.2013 the supplements for more children are allocated to the basic amount per child (resulting total amounts remain unchanged).

- 2 children	€6.40 per child (2014: €6.7)
- 3 children	€15.94 per child (2014: €16.6)
- 4 children	€24.45 per child (2014: €25.5)
- 5 children	€29.56 per child (2014: €30.8)
- 6 children	€32.97 per child (2014: €34.3)
- 7 children	€35.40 per child (2014: €50)
- 8 children	€37.23 per child (2014: €50)
- 9 children	€38.65 per child (2014: €50)
- 10 children	€39.78 per child (2014: €50)
- 11 children	€40.71 per child (2014: €50)
- 12 children	€41.49 per child (2014: €50)
- 13 children	€42.14 per child (2014: €50)
- 14 children	€42.70 per child (2014: €50)
- 15 children	€43.19 per child (2014: €50)
- 16+ children	€50 per child (2014: €50)

In addition, for families with three and more children in case a certain income limit is kept, an additional amount is granted per child (multiple children supplement). If the yearly taxable family income (applying person plus spouse) in the previous year was below €55,000, from the 3rd child on a multiple children supplement of €20 per month (12 times) and child 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 (2014: €150) (12 times).

For each child in compulsory school age (6-15 years) €100 are paid in addition 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, 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.

2.4.9 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) the child is entitled to the family allowance,
- 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 €16,200 (per calendar year) or 60% of the income prior to the birth.

2) Income dependent childcare benefit:

- 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 (from 2012 on: 6,100; 2014: 6,400; 2015: 6,400) and does not receive unemployment benefit.

- ***Income test***

1) Flat rate models:

1a: Income limit of yearly €16,200

All incomes, underlying income tax are considered. Exception: ancillary incomes from renting and leasing, from capital income and other incomes are not considered. 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:
 - o gross incomes (employment, sickness benefit; pensions) of this time period –
 - o social insurance contributions –
 - o special payments (13th, 14th) –
 - o tax-free payments –
 - o flat rate for professional expenses (yearly €132) +
 - o unemployment benefits.
 - o the resulted sum has to be increased by 30%,
 - o 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).
 - o the result has to be lower or equal to €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 €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: 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 (2011-2015)

The incomes may not exceed €5,800 per calendar year (from 2012 on: 6,100; 2014: 6,400; 2015: 6,400). This corresponds to a monthly gross income of €374 (per month [14 times] for employees; 2012: 376; 2013: 386.80; 2014: 395; 2015: 405,98). 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.

There are the alternatives 30+6, 20+4, 15+3 and 12+2 months. The amount of the benefit depends on the respective model:

Table 8. Flat rate child care benefit alternatives 2011-2014

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

In case of multiple births there is a supplement of 50% to the flat-rate models for the 2nd and each further child.

2) Income dependent childcare benefit

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):

- For the different schemes we generated random numbers to replicate the empirical distribution of beneficiaries. With these numbers we assigned families to the different schemes in a way that the given empirical distribution is met. The random approach was taken because it is not possible to model the decision making within the different families.
- We disregard all eligibility conditions apart from having a small child and fulfilling the income condition (exception: we put all families with zero year old children on receiving child care benefit. The approach can be justified by empirical data showing that almost every mother with a child below 1 year of age receives child care benefit).

The following table summarises the approach for the option 30+6 taken for children of all respective age groups (below 3 years):

Table 9. Implementation of child care benefit for option 30+6

Youngest child aged	Treatment
0	receipt of child care benefit for twelve months, if mother did not receive maternity benefit (“Wochengeld”) according to the 2012 SILC-data receipt of child care benefit for ten months, if mother received maternity benefit (“Wochengeld”) according to the 2012 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	receipt of child care benefit for twelve months, if earnings of mother are below earnings limit and not already receiving benefit for 0 year old child (otherwise no receipt).
2	receipt of child care benefit for six months, if earnings of mother are below earnings limit and not already receiving benefit for 0 year old child (otherwise no receipt); receipt of child care benefit for another six months, eligible if father is below income limit and not already receiving benefit for a younger child

For all other flat-rate models the modelling was done accordingly, e.g., 20+4 model: age 0 exactly as 30+6 model; age 1: receipt of child care benefit for eight months, if earnings of mother are below earnings limit and not already receiving benefit for 0 year old child (otherwise no receipt); receipt of child care benefit for another four months, eligible if father’s earnings are below income limit and the family has not already been receiving benefit for a younger child.

In the income-dependent model, when the child is 0 years old, the mother receives 80% of her former net income. When the child is 1 year old and father’s earnings are below the income limit, he receives 80% of his former net income for another 2 months.

2.4.10 Childcare benefit allowance („Beihilfe zum pauschalen Kinderbetreuungsgeld“: bcctu_s)

- *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 (from 2012/2013: 6,100; 2014/2015: 6,400) of relevant incomes (monthly around gross € 374 [14 times per calendar year]; 2012: 376; 2013: 386.80; 2014: 395; 2015: 405,98) during the receipt of the allowance.
- Married parents or parents in cohabitation: the receiving parent is not allowed to earn more than €5,800 (from 2012/2013: 6,100; 2014/2015: 6,400), 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 (or €181 monthly).

- *Treatment*

The allowance is exempted from social insurance contributions and tax.

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

- *Definitions*

The Viennese Family Bonus supports families with young 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 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 base amount with the sum of weight factors:

- 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):

Table 10. Family bonus 2010-2014

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.

2.4.12 Minimum Income Benefit

- *Definitions*

The minimum income benefit was introduced in all Federal States between September 2010 and April 2011 and replaced the monetary social assistance scheme. Still it represents the 2nd safety net of social security. Although standard rates and means tests have been harmonized to a great extent, some Federal State specific differences (Federal States can increase countrywide minimum standards, etc.) still exist. We refer to the regulations in Vienna.

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), person with care responsibilities for children below 3 years of age if no adequate childcare is available, persons who care for relatives with a care degree of 3 or more; under certain conditions persons in education.

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: taken into account for an existing employment contract during a period of 18 months. In 2011 it amounts to €55 per month (2012: 57; 2013: 60; 2014: 56.98; 2015: 60) in case of incomes below gross 374.02 (2012: 376.26; 2013: 386.80; 2014: 395.31; 2015: 405.98) and €130 per month (2012: 139; 2013: 135; 2014: 138.38; 2015: 140) for higher incomes.

From assets, an amount of €3,764.70 (2012: 4,074.10; 2013: 3,974.55; 2014: 4,069.95; 2015: 4,139.11) can be disregarded.

Generally, third persons are obliged to reimburse, if the receiver of the minimum income benefit had corresponding entitlements toward third persons in the same period (persons, who would have been obliged for maintenance payments). 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:

Table 11. Standard rates per month 2011-2014

	2011	2012	2013	2014	2015
1. Minimum standards (for persons <60/65 and capable to work amounts paid 12 times a year; for persons >59/64 or not capable to work 14 times a year)					
a) Singles und Alleinerzieher/Innen	752.94	773.26	794.91	813.99	827.82
b) Person in non-single households for whom no family allowance is received (adults)	564.71	579.95	596.18	610.49	620.87
c) Full age children with entitlement to family allowance			397.46	407.00	413.91
d) Minor children in non-single households (for whom family allowance is received)	203.29	208.78	214.63	219.78	223.51
2. Basic amounts for covering housing need included in the standard rates above					
a) Singles und Alleinerzieher/Innen: <60/65 and capable to work	188.24	193.32	198.73	203.50	206.96
b) Singles und Alleinerzieher/Innen: >59/64 or not capable to work	101.64	104.40	107.32	109.88	111.76

c) Person in non-single households for whom no family allowance is received (adults); do not fall under d) or e)	141.18	144.99	149.05	152.62	155.22
d) Full age children with entitlement to family allowance			99.37	101.75	103.48
e) Person in non-single households for whom no family allowance is received (adults); >59/64 or not capable to work, in hh with persons who do not fulfil these conditions	76.24	78.29	80.48	82.42	83.82
f) Person in non-single households for whom no family allowance is received (adults); >59/64 or not capable to work, in hh with at least another person who fulfils these conditions	50.82	52.20	53.66	54.94	55.88
g) Person in non-single households for whom family allowance is received (children)	0.00	0.00	0.00	0.00	0.00

Table 12. Housing allowances per month in € 2011-2014

	2011	2012	2013	2014	2015
1. Head of household in employment age (<60/65) and capable to work (amounts paid 12 times a year)					
a) 1-2 persons	282	289	297.09	304.22	309.39
b) 3-4 persons	295	303	311.48	318.96	324.38
c) 5-6 persons	313	321	329.99	337.91	343.65
d) 7+ persons	330	338	347.46	355.80	361.85

* Housing allowances are paid up to the actual amount unless they do not exceed the maximum amounts stated in the table minus basic amounts for covering housing need included in standard rates minus (general) housing allowances

EUROMOD Notes:

Minimum income benefit rules are partly different in all federal states, the (formal!) differences in the systems are mainly in the amount of housing allowances. We model only the system of Vienna, where the majority of receivers is located. 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).

2.5 Social contributions

2.5.1 Employee social contributions

Table 13. Employee social contribution rates 2010-2014

	2010	2011	2012	2013	2014	2015
1. Blue collar employees						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	405.98 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650 €
Health insurance	3.95%	3.95%	3.95%	3.95%	3.95%	3.95%
Pension insurance	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Unemployment ins.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Housing benefit*	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Union contributions*	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
2. White collar employees						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	405.98 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650 €
Health insurance	3.82%	3.82%	3.82%	3.82%	3.82%	3.82%
Pension insurance	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Unemployment ins.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Housing benefit*	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Union contributions*	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
3. Agricultural workers						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	405.98 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650 €
Health insurance	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%
Pension insurance	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Unemployment ins.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Union contributions*	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
4. Freelancer (“Freie Dienstnehmer/Innen”)						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	405.98 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650 €
Health insurance	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%
Pension insurance	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Unemployment ins.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Union contributions*	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5. Civil Servants						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	405.98 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650 €
Health insurance	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Pension insurance**	See text	See text	See text	See text	See text	See text
Housing benefit*	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

6. Pensioners						
Health ins.***	5.1% (former farmer: 5.6%)	5.1% (former farmer: 5.6%)	5.1% (former farmer: 5.6%)	5.1% (former farmer: 5.6%)	5.1% (former farmer: 5.6%)	5.1% (former farmer: 5.6%)
7. Pensioners Civil Servants						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	405.98 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650 €
Health insurance	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%
Pension insurance****	3.1%	3.1%	3.1%	3.43%	3.36%	3.29%

Note: Lower and upper contribution limits are monthly values and refer to 1/14 of the annual amount. * 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, rates) see text below. *** no information whether former farmer; thus, 5.6% not modelled. **** 2013-2015: mixed rate weighted for no. of different types of civil servant pensioners.

Employees' contributions to health insurance [tscee_s]

(1) (Active) civil servants pay a rate of 4.1% of the contribution base (gross salary). For lower and upper income thresholds see the table above.

(2) Non-public sector blue-collar workers pay a basic rate of 3.95% of the gross wage. White-collar workers pay 3.82%. Agricultural workers and free lancers pay 3.87%. For lower and upper income thresholds see the table above. 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 4.90% of the contribution base (gross pension). For the lower and upper income thresholds see the table above.

(2) The health-insurance contribution for non-civil servant pensioners is 5.1% of the gross pension (regular and special payments), without any base-limits and upper limits. For former farmer the rate is higher by 0.5pp but for pensioners there is no information on the respective group-affiliation in the data.

Employee contributions to pension insurance [tscee_s]

(1) According to the birth year, for yearly gross salaries below 14 times the upper contribution limit (see table above) civil servants pay between 10.25% (born 1984 and later) and 12.55% (born 1954 and earlier), for yearly gross salaries above 14 times the upper contribution limit (see table above) they pay between 0.00% (born 1984 and later) and 12.55% (born 1954 and earlier) as pension contribution.

Table 14. Pension contributions civil servants by birthyear; 2009-2013

Birth year	Rate below ceiling of 14 times monthly upper contr. limit	Rate above ceiling of 14 times monthly upper contr. limit
1984 and later	10.25 %	0.00 %
1983	10.32 %	0.98 %
1982	10.34 %	1.23 %
1981	10.36 %	1.47 %
1980	10.37 %	1.72 %
1979	10.39 %	1.96 %
1978	10.41 %	2.21 %
1977	10.43 %	2.46 %
1976	10.45 %	2.70 %
1975	10.68 %	5.90 %
1974	10.69 %	6.12 %
1973	10.71 %	6.35 %
1972	10.73 %	6.57 %
1971	10.74 %	6.79 %
1970	10.76 %	7.01 %
1969	10.77 %	7.23 %
1968	10.79 %	7.45 %
1967	10.81 %	7.67 %
1966	10.82 %	7.89 %
1965	10.84 %	8.11 %
1964	10.85 %	8.33 %
1963	10.87 %	8.56 %
1962	10.89 %	8.78 %
1961	10.90 %	9.00 %
1960	10.92 %	9.22 %
1959	12.21 %	10.72 %
1958	12.26 %	10.79 %
1957	12.31 %	11.22 %
1956	12.35 %	11.47 %
1955	12.40 %	11.73 %
1954 and earlier	12.55 %	12.55 %

(2) The contribution of employees in the private sector is 10.25% of the gross wage (regardless of the occupation; incl. free lancers). For lower and upper contribution limits see the table above.

Pensioner's pension contributions [tscee_s]

Only civil servant pensioners also pay a pension contribution: in most cases 3.1% of their gross pensions (in 2013-2015 we modelled an average contribution rate based on the year of retirement and group (regular civil servants or Austrian Federal Railways), without any base-limits and upper limits.

Employee contributions to unemployment insurance [tscee s]

Employees (non-civil-servants) pay a contribution of 3% on gross wages. For lower and upper contribution rates see the table above. If the gross wage per month is below €1,447 (2012: 1,456; 2013: 1,497; 2014: 1,530.01; 2015: 1,571) but above €1,286 (2012: 1,294; 2013: 1,330; 2014: 1,359; 2015: 1,396) the contribution rate amounts to 2%, between €1,179 (2012: 1,186; 2013: 1,219; 2014: 1,246) and €1,286 (2012: 1,294; 2013: 1,330; 2014: 1,359; 2015: 1,396) to 1% and below €1,179 (2012: 1,186; 2013: 1,219; 2014: 1,246; 2015: 1,280) it is zero (excl. special payments; =yearly income/14).

No contributions at all are due for elderly male employees (2010-2011: 58+; 2012: 59+; 2013: 60+; 2014: 61+; 2015: 62+) and elderly female employees (2010-2011: 58+; 2012: 59+; 2013-2015: 60+)² and apprentices in their first two years (assumption: employees 15 and 16 years old).

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. For lower and upper contributions limits see the table above. 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 do not pay chamber contributions at all. Non-agricultural sector employees pay 0.5% (agricultural workers: 0,75%) of their gross wages. For lower and upper contribution limits see the table above. Special payments (13th, 14th salary) are exempted from contribution payments.

2.5.2 Employer social contributions

Table 15. Employer social contribution rates 2010-2014

	2010	2011	2012	2013	2014	2015
1. Blue collar employees						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	406.00 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650.00 €
Health insurance	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
Accident insurance	1.40%	1.40%	1.40%	1.40%	1.40/1.30%	1.30%
Pension insurance	12.55%	12.55%	12.55%	12.55%	12.55%	12.55%
Unemployment ins.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Insolvency Fund	0.55%	0.55%	0.55%	0.55%	0.55%	0.45%
Housing benefit*	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Family Fund	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
2. White collar employees						
lower contr. Limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	406.00 €

² Rounded values. From 2013 on also for persons who are entitled to an old-age pension. For men we assume that this does not happen before 62 years, for women we assume that this does not happen before 60 years.

upper contr. Limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650.00 €
Health insurance	3.83%	3.83%	3.83%	3.83%	3.83%	3.83%
Accident insurance	1.40%	1.40%	1.40%	1.40%	1.40/1.30%	1.30%
Pension insurance	12.55%	12.55%	12.55%	12.55%	12.55%	12.55%
Unemployment ins.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Insolvency Fund	0.55%	0.55%	0.55%	0.55%	0.55%	0.45%
Housing benefit*	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Family Fund	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
3. Agricultural workers						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	406.00 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650.00 €
Health insurance	3.78%	3.78%	3.78%	3.78%	3.78%	3.78%
Accident insurance	1.40%	1.40%	1.40%	1.40%	1.40/1.30%	1.30%
Pension insurance	12.55%	12.55%	12.55%	12.55%	12.55%	12.55%
Unemployment ins.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Insolvency Fund	0.55%	0.55%	0.55%	0.55%	0.55%	0.45%
Family Fund	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
4. Free lancers (“Freie Dienstnehmer/Innen”)						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	406.00 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650.00 €
Health insurance	3.78%	3.78%	3.78%	3.78%	3.78%	3.78%
Accident insurance	1.40%	1.40%	1.40%	1.40%	1.40/1.30%	1.30%
Pension insurance	12.55%	12.55%	12.55%	12.55%	12.55%	12.55%
Unemployment ins.	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Insolvency Fund	0.55%	0.55%	0.55%	0.55%	0.55%	0.45%
Family Fund	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
5. Civil Servants						
lower contr. limit	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	406.00 €
upper contr. limit	4,110.00 €	4,200.00 €	4,230.00 €	4,440.00 €	4,530 €	4,650.00 €
Health insurance	3.55%	3.55%	3.55%	3.20%	3.22%	3.22%
Accident insurance**	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%
Housing benefit*	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Note: Lower and upper contribution limits are monthly values and refer to 1/14 of the annual amount. For special regulations (age limits, income limits) see text below. * not due for special payments (13th, 14th).

** lower and upper contribution limit not relevant.

Employer contributions to accident insurance [tscher_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% (from 1.7.2014 on 1.3%) of the employees' gross wages. For lower and upper contribution limits see the table above. No contributions are due for elderly employees (60+) and apprentices (15-17 years).

Employer contributions to health insurance [tscher_s]

(1) Employers of civil servants pay a basic rate of 3.55% (2013: 3.2%; 2014/2015: 3.22%) on the gross salaries/gross pensions. The contribution base includes the regular payments and special payments, as well. For the lower and upper income thresholds see the table above.

(2) Employers of non-civil servant blue-collar workers pay a basic rate of 3.7% of the gross wage. The employers of white-collar workers contribute to the health-insurance budget with 3.83% of the gross salaries, the employers of agricultural workers with 3.78%. For the lower and upper thresholds see the table above. However, if the contribution base is below the lower contribution limit but the sum of minor wages paid by the employer exceeds 1.5 times the lower contribution limit, 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.

EUROMOD Notes:

We assume that it is always the case that for each employer the sum of “minor wages” of all employees exceeds 1.5 times the lower contribution limit and thus, health insurance contributions of 3.85% are modelled for each employee with “minor employment”.

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).³ For the lower and upper income thresholds see the table above.

However, if the contribution base is below the lower contribution limit but the sum of minor wages paid by the employer exceeds 1.5 times the lower contribution limit, employers contribute to the pension insurance budget with 12.55% of the base, too.

EUROMOD Notes:

We assume that it is always the case that for each employer the sum of “minor wages” of all employees exceeds 1.5 time the lower contribution limit and thus, pension insurance contributions of 12.55% are modelled for each employee with “minor employment”.

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.

³ “Employers” of civil servants don’t pay pension contributions for them.

Employers' Contribution to Family Benefits Fund („Beitrag zum Familienlastenausgleichsfonds“, [tscher s])

The contribution is paid by all employers (except for employers of free lancers and civil servants) 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.

EUROMOD Notes:

Due to lack of information on the potential sum of gross wages below €1,460 within a company, this regulation is not taken into account.

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

Contributions to the fund are made by the employers, who pay 0.55% (2015: 0.45%) 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. No contributions have to be paid for civil servants, for elderly male employees (2010-2013: 60+; 2014: 61+; 2015: 62+), as well as for elderly female employees (2010-2011: 58+; 2012: 59+; 2013-2015: 60+).⁴

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.

2.5.3 Self-employed social contributions

⁴ Rounded values. From 2013 on also no contributions for persons who are entitled to an old-age pension. For men we assume that this does not happen before 62 years, for women we assume that this does not happen before 60 years.

Table 16. Self-employed social contribution rates 2010-2014

	2010	2011	2012	2013	2014	2015
1. Self employed and professionals (GSVG, FSVG)						
minimum contribution limit	537.78 €	537.78 €	537.78 €	537.78 €	537.78 €	537.78 €
upper contribution limit	4,795.00 €	4,900.00 €	4,935.00 €	5,180.00 €	5,285 €	5,425.00 €
Health insurance	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Accident insurance*	8.03 €/m	8.20 €/m	8.25 €/m	8.48 €/m	8.67 €/m	8.90 €/m
1a. Self employed (GSVG)						
minimum contribution limit	537.78 €	537.78 €	537.78 €	537.78 €	537.78 €	537.78 €
upper contribution limit	4,795.00 €	4,900.00 €	4,935.00 €	5,180.00 €	5,285 €	5,425.00 €
Pension insurance	16.25%	17.50%	17.50%	18.50%	18.50%	18.50%
Provision fund	1.53%	1.53%	1.53%	1.53%	1.53%	1.53%
1b. Professionals (FSVG)						
minimum contribution limit for pension insurance	818.30 €	743.20 €	654.83 €	673.17 €	687.98€	706.56€
upper contribution limit for pension insurance	4,795.00 €	4,900.00 €	4,935.00 €	5,180.00 €	5,285 €	5,425.00 €
Pension insurance	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
2. Farmers (BSVG)						
minimum contribution limit	675.99 €	690.19 €	694.33 €	713.77 €	729.47 €	749.17 €
minimum contribution limit for pension insurance	366.33 €	374.02 €	376.26 €	386.80 €	395.31 €	405.98 €
upper contribution limit	4,795.00 €	4,900.00 €	4,935.00 €	5,180.00 €	5,285 €	5,425.00 €
Health insurance	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Accident insurance	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
Pension insurance	15.00%	15.25%	15.50%	16.25%	16.5%	17.00%

Note: Lower and upper contribution limits are monthly values and refer to 1/12 of the annual amount. For special regulations (age limits, income limits) see text below. * lower and upper contribution limit not relevant.

Self-employed contribution to accident insurance [tscse_s]

(1) Farmers pay a rate of 1.9% of the contribution base (gross self-employment income). For the minimum income threshold and the upper limit of the contribution base see the table above.

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

Self-employed contributions to health insurance [tscse_s]

(1) Farmers pay 7.65% on gross earnings. For the minimum contribution limit and the upper contribution limit see the table above.

(2) Non-farmer self-employed face a basic contribution rate of 7.65% of gross self employment income. For the upper base limit and the minimum contribution limits see the table above. 100% of total self employment contributions 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 (different threshold), so we assume that nobody is a member of chamber.

Self-employed contributions to provision fund [tscseot_s]

Self-employed (only GSVG) pay 1.53% on gross earnings. For the minimum contribution limit and the upper contribution limit see the table above.

Self-Employed contributions to pension insurance [tscse_s]

(1) Farmers (“Betriebsführer/Innen”) pay pension insurance contribution of 15.25% (2012: 15.5%; 2013: 16.25%; 2014: 16.5%; 2015: 17.0%). For the minimum income limit and upper contribution limit see the table above.

(2) Professionals (lawyers, doctors, etc.; “Freiberufler/Innen”) have a different contribution rate (20%) and the limits for the contribution base are also different (see the table above).

(3) For self-employed according to GSVG the contribution rate is 17.5% (from 2013 on: 18.5%). For the minimum income limit and upper contribution limit see the table above.

EUROMOD Notes:

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

2.5.4 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 3 and for relatives who care for the insured person entitled to care benefit of at least degree 3.

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.

2.5.5 Credited insurance contributions

Contributions to health insurance for pensioners [tscer_s]

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 4.08% of the contribution base. Other insurance institutions have to pay different rates.

EUROMOD Notes:

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.

2.6 Personal income tax

2.6.1 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.

2.6.2 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).

2.6.3 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.⁵

Tax allowance for profits (self employed) ("Gewinnfreibetrag", tintase s)

In 2010 for self-employed a tax allowance for profits was introduced. Also free lancers who do not receive special payments are eligible. It reduces the tax assessment base (taxable income). For profits up to €30,000 it amounts to 13% (maximum €3,900). If the profit is higher than €30,000 it is calculated from this limit. In case of higher profits also a tax allowance for investments is available. As we do not have information on potential investments in the data, the tax allowance for investments is not modelled.

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.

⁵ Due to wage earners' tax credit and commuter's tax credit for employees a yearly taxable income up to 11,945 (from 2010 on: 12,000) is tax-free (for self employed: 11,000). Thus, if other income is > 730 but total taxable income is < 10,945 (12,000) the employee is exempted from income tax completely.

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.

2.6.4 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 also includes:

- 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 benefits⁶
- 5) Incomes from capital assets
 - 6) Incomes from rent and leasing
 - 7) Other income

The yearly tax base is calculated as follows:

⁶ 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).

<p>Yearly tax base =</p> <p>+ Yearly Gross income (excl. special payments 13th, 14th)</p> <p>- (social insurance) contributions (employees, pensioners, self-employed; excl. special payments)</p> <p>- lump sum cost of earnings deduction („Werbungskostenpauschale“) (employees)</p> <p>- lump sum exceptional cost deduction („Sonderausgabenpauschale“) (all persons liable to tax)</p> <p>- self assessment income tax-free allowance ("Freibetrag für zu veranlagende Einkommensarten") (employees)</p> <p>- Tax allowance for profits (self employed) ("Gewinnfreibetrag")</p> <p>- child tax allowance ("Kinderfreibetrag") (all persons liable to tax)</p>
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2.6.5 Tax schedule

Common Tax Schedule for regular earnings

Table 17. Income brackets and tax rates income-tax 2011-2014

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

2.6.6 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) commuters' and wage earner tax credit can reduce income tax at most to 0;
- 2) 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 (10% of yearly eeSIC but at most 110 €per year)
- 3) Single earners' and lone parent tax credit: if conditions fulfilled (single earners with at least one child eligible) always paid also as negative tax;
- 4) (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)

- **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 or cohabited 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. 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 €6,000 per year.

(Self) Employment incomes are:

- gross incomes liable to tax –
- (social insurance) contributions –
- lump sum cost of earnings deduction (employees) €132–
- tax exempted other incomes (e.g. 13th, 14th up to the “Freigrenze” of €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. 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.

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 (in case of commuters € 251)/year is refunded. However, this refunding is limited with 10% (in case of commuters 15%) of annual social insurance contributions paid by the concerned person.⁷

Pensioners' tax credit ("Pensionistenabsetzbetrag", [tintcpe_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. The (increased) pensioners' tax credit amounts to € 764/year if the person liable to tax is married or cohabits for more than 6 months of the calendar year, is not separated, and the taxable pension incomes do not exceed € 13,100 (2012: € 19,930; 2013: € 19,930; in addition between € 19,930 and € 25,000 the increased tax credit is reduced gradually to 0) in the calendar year and the incomes of the spouse do not exceed € 2,200 in the calendar year (according to the rules of the single earner tax credit) and the person liable to tax is not eligible to the single earner tax credit.

In all other cases, 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) (not relevant for the increased tax credit above). 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

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

⁷ Example: If the annual SIC amount to € 800, then the maximum amount of the negative tax is € 80.

- ***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 €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 €29.2/month for the first child, € 43.8 for the second and € 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.

2.6.7 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 2.6.4. (“tax base”). The tax rate (taken into account progression adjustment) is calculated as follows:

Yearly tax base (determining “gross” tax rate) = + Yearly Gross income (excl. special payments 13th, 14th) - (social insurance) contributions (excl. special payments) - lump sum cost of earnings deduction („Werbungskostenpauschale“) (employees) - lump sum exceptional cost deduction („Sonderausgabenpauschale“) - self assessment income tax-free allowance ("Freibetrag zu veranlagende Einkommensarten") (employees) - child tax allowance (“Kinderfreibetrag”)
--

Progression adjustment:

Taxable income = + yearly tax base (determining “gross” tax rate) + unemployment benefits

EUROMOD notes

Calculating the tax burden:

- 1) Apply the progressive income tax (see 2.6.5 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 year.

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

The tax base of other earnings is calculated as follows:

Tax base (taxable income) other earnings =
+ Gross amount other earnings (yearly amount)
- social insurance contributions 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 €2,100/year, then they are not taxable at all (“Freigrenze”). This is also still valid for the situation from 2013 on (see below).
- 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 €2,100. From 2013 on for higher incomes higher preferential tax rates have to be paid (see table below).

Table 18. Income brackets and tax rates for preferential tax of other earnings (since 1.1.2013)

Income brackets (taxable income other earnings)	Tax rates
<620	0%
620-25,000	6%
25,000-50,000	27%
50.000-83.333	35.75%
>83,333	50%

2.8 Other taxes

Capital gains tax (“Kapitalertragssteuer” [tiny 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. DATA

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 2012 operation started in March 2012 and ended in August 2012. The overall individual non-response rate amounted to 23.4% in total. For the first time, in EU-SILC 2012 also register data was included. The data is provided by Statistics Austria.

Table 19. EUROMOD database description

EUROMOD database	AT_2012_a1
Original name	EU-SILC 2012
Provider	Statistics Austria
Year of collection	2012
Period of collection	March – August 2012
Income reference period	Year 2011
Sampling	two phase stratified probability sample
Unit of assessment	dwelling units
Coverage	private units
Sample size	13,910 IND 6,232 HH
Response rate	76.6%

The use sample design comprises of a disproportional allocation per federal state. However, the number of households to be extracted does not differ much from a proportional stratification. The follow-up samples comprises of persons from households surveyed in the previous year. Thus, the follow-up samples have the character of a person sample and not of a household sample.

The sample size of EU-SILC 2012 comprises of 8,075 addresses gross, 3,021 first wave households and 5,054 follow-up households. 29 addresses did not exist. Of the 8,046 valid addresses 6,280 households could be surveyed. Due to quality problems 48 interviews had to be excluded. Thus, 6,232 household interviews could be used for the analysis.

3.2 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.

3.3 Imputations and assumptions

3.3.1 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 (March-August, 2012). The only exception is the main activity per month which refers to the year 2011.

The EU-SILC information on incomes and expenditures refers to the calendar year of 2011, 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.

3.3.2 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 Updating

To account for any time inconsistencies between the input dataset and the policy year, updating factors are used. Each monetary variable (i.e. each income component) is updated so as to account for changes in the non-simulated variables that have taken place between the year of the data and the year of the simulated tax-benefit system. Updating factors are generally based on changes in the average value of an income component between the year of the data and the policy year. For detailed information about the construction of each updating factor as well as the sources that have been used, see Annex 1.

As a rule, updating factors are provided both for simulated and non simulated income components present in the input dataset. Note however that in the case of simulated variables, the actual simulated amounts are used in the baseline rather than the updated original variables in the dataset. Updating factors for simulated variables are provided so as to facilitate the use of the model in cases when the user wishes to turn off the simulation of a particular variable. The list of updating factors as well as the sources used to derive them can be found in Annex 1.

For updating factors not available so far (mostly for years 2013 and 2014) the consumer price index is used as default. 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 2011.

4. VALIDATION

4.1 Aggregate Validation

EUROMOD results are validated against external benchmarks. Detailed comparisons of the number of people receiving a given income component and total yearly amounts are shown in Annex 2. Both market incomes and non-simulated taxes and benefits in the input dataset as well as simulated taxes and benefits are validated against external official data. The main discrepancies between EUROMOD results and external benchmarks are discussed in the following subsections. Factors that may explain the observed differences are also discussed.

4.1.1 Components of disposable income

There are only minor differences in the definition of disposable income between EUROMOD and EU-SILC.

Table 20. Components of disposable income

	EUROMOD	EU-SILC 2012
	ils_dispy	HY020
Employee cash or near cash income	+	+
Employer's social insurance contribution	-	-
Company car	0	+
Contributions to individual private pension plans	0	0
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	+	0
Unemployment benefits	+	+
Old-age benefits	+	+
Survivor' benefits	+	+
Sickness benefits	+	+
Disability 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	0	0
Regular inter-household cash transfer paid	-	-
Tax on income and social contributions	-	-
Repayments/receipts for tax adjustment	0 (via simulation)	+/-

4.1.2 Validation of incomes inputted into the simulation

Table 4.2: 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 4.3: 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 estimation of persons with self-employment in SILC depends on how restricted self-employed are counted in the income tax statistics. The external statistics for persons which receive maintenance payments comprise only persons with advanced maintenance payments by the state.

Table 4.4: 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 overestimated in SILC. Incomes from rent are over-estimated in SILC compared to income tax statistics. The reference figures for maintenance payments include maintenance payments by the state only.

Table 4.5: The number of direct pensions of non-civil servants and survivor's pensions are slightly underestimated, because only pension paid out in Austria are covered. The underestimation of civil servants pensions in SILC is due to the fact that in case of survivor pensions 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 is due to the fact that only persons outside institutions are surveyed. Reference figures for education allowances include only study allowance and pupil allowance.

Table 4.6: The aggregate amount of benefit for accident is clearly under-represented in SILC but it might be that some part of the aggregated amount is classified as benefits other than the main benefit. The aggregate amounts of pensions (civil servants and non civil servants, direct and survivor pension) fit quite well between SILC and the reference statistics. In SILC only pensions paid out in Austria are covered. 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 is due to the fact that only persons outside institutions are surveyed.

4.1.3 Validation of outputted (simulated) incomes

Table 4.7: The higher simulated number of childcare benefit, unemployment benefit and unemployment assistance 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. Family bonuses of the Federal States are only modelled according to the policy rules in Vienna. Recipient figures for minimum income benefit in EUROMOD include non-take-up. 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. The underestimation of health insurance-payers among pensioners is due to the underrepresentation of pensioners in SILC.

Table 4.8: The underestimation of family allowance is due to the fact that disabled children are not easy to identify in the original SILC data (corresponds to a gap of approx. 70 million €). Family bonuses of the Federal States are only modelled according to the policy rules in Vienna. Simulated figures for minimum income benefit in EUROMOD include non-take-up which is a practical feature of this type of benefit (Fuchs 2009). The high underestimation of the capital gains tax (reference figures not shown) 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 overestimation of self-employed health and pension insurance is due to the fact that reported self-employed earnings are overestimated in SILC.

4.2 Income distribution

All income distribution results presented here 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 people aged 14+ = 0.5; additional people aged under 14 = 0.3.

4.2.1 Income inequality

Table 4.9: The simulated income distribution fits quite well to external statistics. Given non-take-up in reality, higher values for the 1st decile share are to be found in EUROMOD. Also Gini and S80/20 are a bit lower in EUROMOD.

4.2.2 Poverty rates

Table 4.10: The simulated poverty rates fit quite well to external statistics. Given non-take-up in reality, somewhat lower poverty rates in EUROMOD are to be found. The higher poverty rates in working age might be due to the fact that unemployment assistance is underestimated in EUROMOD. The lower poverty rate of elderly (65+) 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.

4.3 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 (2011) and the simulation years (2012-2014).
- 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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ANNEX 1: UPDATING FACTORS

Table 3.4. Raw indices for deriving EUROMOD updating factors

Index	Constant name	2007	2008	2009	2010	2011	2012	2013	2014	2015	Source
CPI 2005 = 100 (as of June)	\$f_cpi	103.7	107.7	107.6	109.7	113.3	115.9	118.4	120.6	122.2	Source: Statistik Austria, http://www.statistik.at/web_de/statistiken/preise/verbraucherpreisindex_vpi_hvpi/index.html
Average annual wage	\$f_yem	27458	28255	28537	28715	29017	29723	30160	30720	31120	Source: Statistik Austria (Lohnsteuer- und HV-Daten), http://www.statistik.at/web_de/statistiken/soziales/personeneinkommen/jaehrliche_personeneinkommen/
Average annual wage, previous year	\$f_yempv	26500	27458	28255	28537	28715	29017	29723	30160	30720	Source: Statistik Austria (Lohnsteuer- und HV-Daten), http://www.statistik.at/web_de/statistiken/soziales/personeneinkommen/allgemeiner_einkommensbericht/index.html
Average annual self-employment income (break in series 2009-2010)	\$f_yse	23502	23609	23657	22538	23366	23421	23534	23971	24283	Source: Statistik Austria (Einkommensteuer-/Lohnsteuer- und HV-Daten), http://www.statistik.at/web_de/statistiken/soziales/personeneinkommen/allgemeiner_einkommensbericht/index.html

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Equ. disposable income (original silc), not uprated	\$f_ydses	1	1	1	1	1	1	1	1	1	
Annual average issue yields 2006 = 100	\$f_yiy	104.3	108.6	112.2	115	118	119.8	121.1	122.4	123.8	Source: Statistik Austria (Statistisches Jahrbuch, 30.11), http://www.statistik.at/web_de/services/stat_jahrbuch/
Family benefits that are not uprated	\$f_bfa	1	1	1	1	1	1	1	1	1	
Family benefits (standard rates, based on semi-orphan base rate at age 24)	\$f_bfaam	474.5	488.2	504.8	512.4	518.6	532.6	547.5	560.6	570.1	Source: Kammer fuer Arbeiter und Angestellte Wien (2015): Sozialleistungen im Überblick. Lexikon der Ansprueche und Leistungen, OGB Verlag, p. 53, 249, 327
Average daily rate of unemployment benefit	\$f_bunct	24.91	25.43	26.88	27.62	27.66	28.07	28.81	29.35	29.73	Source: Statistik Austria (AMS-Daten), http://www.statistik.at/web_de/statistiken/soziales/sozialleistungen_auf_bundesebene/arbeitslosenleistungen/index.html
Average daily rate of unemployment assistance	\$f_bunnc	19.26	19.62	20.13	21.2	22.31	22.66	23.15	23.58	23.89	Source: Statistik Austria (AMS-Daten), http://www.statistik.at/web_de/statistiken/soziales/sozialleistungen_auf_bundesebene/arbeitslosenleistungen/index.html
Average housing costs per m2	\$f_xhcart	5.56	5.68	5.89	6.02	6.22	6.45	6.66	6.93	6.96	Source: Statistik Austria (Mikrozensus), http://www.statistik.at/web_de/statistiken/wohnen/wohnenkosten/index.html
Monthly disability benefit, rate 1	\$f_bdi1	148.3	148.3	154.2	154.2	154.2	154.2	154.2	154.2	154.2	Source: Kammer fuer Arbeiter und Angestellte Wien (2015): Sozialleistungen im Überblick. Lexikon der Ansprueche und Leistungen, OGB Verlag, p. 53, 249, 327

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Monthly disability benefit, rate 2	\$f_bdi2	273.4	273.4	284.3	284.3	284.3	284.3	284.3	284.3	284.3	Source: Kammer fuer Arbeiter und Angestellte Wien (2015): Sozialleistungen im Überblick. Lexikon der Ansprueche und Leistungen, OGB Verlag, p. 53, 249, 327
Monthly disability benefit, rate 3	\$f_bdi3	421.8	421.8	442.9	442.9	442.9	442.9	442.9	442.9	442.9	Source: Kammer fuer Arbeiter und Angestellte Wien (2015): Sozialleistungen im Überblick. Lexikon der Ansprueche und Leistungen, OGB Verlag, p. 53, 249, 327
Monthly disability benefit, rate 4	\$f_bdi4	632.7	632.7	664.3	664.3	664.3	664.3	664.3	664.3	664.3	Source: Kammer fuer Arbeiter und Angestellte Wien (2015): Sozialleistungen im Überblick. Lexikon der Ansprueche und Leistungen, OGB Verlag, p. 53, 249, 327
Monthly disability benefit, rate 5	\$f_bdi5	859.3	859.3	902.3	902.3	902.3	902.3	902.3	902.3	902.3	Source: Kammer fuer Arbeiter und Angestellte Wien (2015): Sozialleistungen im Überblick. Lexikon der Ansprueche und Leistungen, OGB Verlag, p. 53, 249, 327
Monthly disability benefit, rate 6	\$f_bdi6	1172	1172	1242	1242	1260	1260	1260	1260	1260	Source: Kammer fuer Arbeiter und Angestellte Wien (2015): Sozialleistungen im Überblick. Lexikon der Ansprueche und Leistungen, OGB Verlag, p. 53, 249, 327
Monthly disability benefit, rate 7	\$f_bdi7	1562	1562	1656	1656	1656	1656	1656	1656	1656	Source: Kammer fuer Arbeiter und Angestellte Wien (2015): Sozialleistungen im Überblick. Lexikon der Ansprueche und Leistungen, OGB Verlag, p. 53, 249, 327

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Annual discretionary indexation pensions 2006 = 100	\$f_poa	101.6	103.6	107.2	108.8	109.9	112.8	114.9	116.7	118.7	Source: Handbuch der österreichischen Sozialversicherung, http://www.sozialversicherung.at/portal27/portal/esvportal/content
Annual discretionary indexation accident pension (based on minimum income benefit, monthly base rate)	\$f_bac	726	747	772.4	784	793.4	814.8	837.6	857.7	872.3	Source: Handbuch der österreichischen Sozialversicherung, http://www.sozialversicherung.at/portal27/portal/esvportal/content
Harmonised CPI 2005 =100 (annual data, average index)	\$HICP	103.9	107.3	107.7	109.5	113.4	116.3	118.8	120.5	122.1	Source: eurostat

ANNEX 2: VALIDATION STATISTICS

Table 4.2-Number of employed and unemployed

	EUROMOD	External		Ratio							
	2011	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Number of employed	3,761,415	3,574,000	3,627,000	N/A	N/A	N/A	1.05	0.99	N/A	N/A	N/A
Number of unemployed	284,017	247,000	261,000	N/A	N/A	N/A	1.15	0.95	N/A	N/A	N/A

Table 4.4-Market income in EUROMOD -Annual amounts (in mil.)

	EUROMOD					External					Ratio				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
reported earnings	110,960	113,660	115,331	117,472	119,002	115,928	N/A	N/A	N/A	N/A	0.96	N/A	N/A	N/A	N/A
reported self-employed earnings	17,916	17,958	18,045	18,380	18,619	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
investment income	2,305	2,340	2,365	2,391	2,417	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
other income	207	212	215	219	221	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
private pension	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
private pension	1,218	1,246	1,273	1,297	1,314	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
private transfers received	1,410	1,444	1,465	1,492	1,512	110	117	129	N/A	N/A	12.81	12.34	11.36	N/A	N/A
income from rent	3,132	3,248	3,354	3,490	3,505	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
private transfers paid	1,733	1,773	1,811	1,845	1,869	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average employment income	27,695	28,369	28,786	29,321	29,703	29,017	N/A	N/A	N/A	N/A	0.95	N/A	N/A	N/A	N/A

Table 4.5-Tax benefit instruments included but not simulated in EUROMOD -Number of recipients/payers (in thousands)

	EUROMOD		External				Ratio				
	2011	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Benefits											
Benefit for accident	96,043	103,000	102,000	N/A	N/A	N/A	0.93	0.94	N/A	N/A	N/A
Benefit for accident - other than main benefit	59,445	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Disability benefit	309,895	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education benefit	130,338	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health benefit	388,585	46,000	N/A	N/A	N/A	N/A	8.45	N/A	N/A	N/A	N/A
Other health benefits	108,047	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Housing benefit	197,137	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maternity benefit	73,305	64,000	N/A	N/A	N/A	N/A	1.15	N/A	N/A	N/A	N/A
Other unemployment benefit	41,335	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployment benefir for training	210,730	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Old age pension	1,689,959	1,735,000	1,763,000	N/A	N/A	N/A	0.97	0.96	N/A	N/A	N/A
Old-age pension for civil servants	179,991	322,000	N/A	N/A	N/A	N/A	0.56	N/A	N/A	N/A	N/A
Survivor pensions	390,872	514,000	511,000	N/A	N/A	N/A	0.76	0.76	N/A	N/A	N/A

Table 4.6-Tax benefit instruments included but not simulated in EUROMOD -Annual amounts (in mil.)

	EUROMOD					External					Ratio				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Benefits															
Benefit for accident	447	459	472	483	491	579	598	N/A	N/A	N/A	0.77	0.77	N/A	N/A	N/A
Benefit for accident - other than main benefit	89	91	93	95	96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Disability benefit	1,203	1,203	1,203	1,203	1,203	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education benefit	308	315	321	327	332	237	N/A	N/A	N/A	N/A	1.30	N/A	N/A	N/A	N/A
Health benefit	599	605	620	629	640	561	581	N/A	N/A	N/A	1.07	1.04	N/A	N/A	N/A
Other health benefits	125	128	131	133	135	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Housing benefit	273	279	285	291	294	300	N/A	N/A	N/A	N/A	0.91	N/A	N/A	N/A	N/A
Maternity benefit	338	342	350	355	362	307	350	N/A	N/A	N/A	1.10	0.98	N/A	N/A	N/A
Other unemployment benefit	173	177	181	184	186	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployment benefit for training	139	143	146	148	150	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Old age pension	31,041	31,880	32,454	32,971	33,534	25,947	27,279	N/A	N/A	N/A	1.20	1.17	N/A	N/A	N/A
Old-age pension for civil servants	6,518	6,694	6,815	6,923	7,041	10,335	N/A	N/A	N/A	N/A	0.63	N/A	N/A	N/A	N/A
Survivor pensions	3,649	3,748	3,815	3,876	3,942	4,056	4,182	N/A	N/A	N/A	0.90	0.90	N/A	N/A	N/A

Table 4.7-Tax benefit instruments simulated in EUROMOD -Number of recipients/ payers (in thousands)

	EUROMOD					SILC	Ratio	External					Ratio	2011	2012	2013	2014	2015
	2011	2012	2013	2014	2015			2011	2009	2011	2012	2013						
Benefits																		
child allowance	1,081,464	1,081,464	1,059,796	1,059,796	1,059,796	0	N/A	1,078,000	1,066,000	N/A	N/A	N/A	1.00	1.01	N/A	N/A	N/A	N/A
child care benefit	192,024	189,384	188,161	187,152	185,448	0	N/A	142,000	136,000	131,000	N/A	N/A	1.35	1.39	1.44	N/A	N/A	N/A
supplement to child care benefit	10,763	9,500	9,500	8,381	8,381	0	N/A	15,000	N/A	N/A	N/A	N/A	0.72	N/A	N/A	N/A	N/A	N/A
social assistance Vienna	379,367	383,332	410,902	413,753	418,162	155,937	2.43	120,000	N/A	N/A	N/A	N/A	3.16	N/A	N/A	N/A	N/A	N/A
family bonus Vienna	16,255	15,761	15,761	15,761	13,728	19,267	0.84	24,000	N/A	N/A	N/A	N/A	0.68	N/A	N/A	N/A	N/A	N/A
unemployment assistance	141,105	139,546	140,577	140,577	144,714	259,082	0.54	98,000	N/A	N/A	N/A	N/A	1.44	N/A	N/A	N/A	N/A	N/A
unemployment benefit	603,483	603,483	603,483	603,483	603,483	627,256	0.96	125,000	N/A	N/A	N/A	N/A	4.83	N/A	N/A	N/A	N/A	N/A
family supplement to unemployment assistance	269,410	269,410	269,410	269,410	269,410	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
child tax credit	1,069,629	1,069,629	1,048,996	1,048,996	1,048,996	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Taxes and Social Insurance contributions																		
income tax	5,064,227	5,094,688	5,104,287	5,121,441	5,128,078	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
tax on investment income	4,395,297	4,395,297	4,395,297	4,395,297	4,395,297	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
credited social insurance contribution - health	1,804,981	1,805,299	1,804,981	1,804,981	1,804,981	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
employee social insurance contribution - health	3,516,121	3,529,929	3,543,840	3,541,330	3,526,379	0	N/A	3,355,000	N/A	N/A	N/A	N/A	1.05	N/A	N/A	N/A	N/A	N/A
employee social insurance contribution - old age	3,582,815	3,597,217	3,587,998	3,585,489	3,570,538	0	N/A	3,322,000	N/A	N/A	N/A	N/A	1.08	N/A	N/A	N/A	N/A	N/A
employee social insurance contribution - unemployment	2,377,234	2,432,431	2,446,178	2,458,163	2,447,250	0	N/A	2,923,000	N/A	N/A	N/A	N/A	0.83	N/A	N/A	N/A	N/A	N/A
employer social insurance contribution - accident	3,389,624	3,399,110	3,392,396	3,391,266	3,380,212	0	N/A	3,263,000	N/A	N/A	N/A	N/A	1.04	N/A	N/A	N/A	N/A	N/A
employer social insurance contribution - family fund	3,629,824	3,629,824	3,629,824	3,629,824	3,629,824	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
employer social insurance contribution - health	3,925,207	3,925,207	3,933,149	3,933,149	3,933,149	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
employer social insurance contribution - housing	3,560,279	3,574,682	3,565,463	3,562,953	3,548,885	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
employer social insurance contribution - old age	3,761,393	3,761,393	3,761,393	3,761,393	3,761,393	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
employer social insurance contribution - insolvency fund	3,134,611	3,156,270	3,160,929	3,179,593	3,180,238	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
employer social insurance contribution - unemployment	3,159,596	3,201,480	3,228,513	3,247,177	3,247,822	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
pensioner social insurance contribution - health	1,965,092	1,965,410	1,965,092	1,965,092	1,965,092	0	N/A	2,200,000	N/A	N/A	N/A	N/A	0.89	N/A	N/A	N/A	N/A	N/A
pensioner social insurance contribution - old age	176,295	176,295	176,295	176,295	176,295	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
self employed social insurance contribution - accident	758,806	758,806	758,806	758,806	758,806	0	N/A	1,426,000	N/A	N/A	N/A	N/A	0.53	N/A	N/A	N/A	N/A	N/A
self employed social insurance contribution - health	607,352	606,817	605,352	605,352	604,101	0	N/A	496,000	N/A	N/A	N/A	N/A	1.22	N/A	N/A	N/A	N/A	N/A
self employed social insurance contribution - old age	607,352	606,817	605,352	605,352	604,101	0	N/A	529,000	N/A	N/A	N/A	N/A	1.15	N/A	N/A	N/A	N/A	N/A

Table 4.8-Tax benefit instruments simulated in EUROMOD -Annual amounts (Mil.)

	EUROMOD					SILC	Ratio	External					Ratio				
	2011	2012	2013	2014	2015	2011	2011	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Benefits																	
child care benefit	930	926	931	933	897	0	N/A	1,127	1,158	N/A	N/A	N/A	0.83	0.80	N/A	N/A	N/A
supplement to child care benefit	24	21	21	19	19	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
child allowance	2,979	2,978	2,913	3,026	3,025	0	N/A	3,159	3,168	N/A	N/A	N/A	0.94	0.94	N/A	N/A	N/A
family bonus Vienna	19	19	18	18	16	20	0.98	31	15	N/A	N/A	N/A	0.62	1.25	N/A	N/A	N/A
social assistance Vienna	1,617	1,683	1,781	1,853	1,889	667	2.43	439	N/A	N/A	N/A	N/A	3.68	N/A	N/A	N/A	N/A
unemployment benefit	1,576	1,601	1,641	1,668	1,697	1,690	0.93	1,503	N/A	N/A	N/A	N/A	1.05	N/A	N/A	N/A	N/A
family supplement to unemployment assistance	81	81	80	80	80	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
unemployment assistance	602	615	633	647	666	994	0.61	995	N/A	N/A	N/A	N/A	0.61	N/A	N/A	N/A	N/A
child tax credit	1,264	1,264	1,250	1,250	1,250	0	N/A	1,293	N/A	N/A	N/A	N/A	0.98	N/A	N/A	N/A	N/A
Taxes and Social Insurance contributions																	
income tax	27,304	28,421	29,081	30,023	30,763	0	N/A	26,179	28,066	N/A	N/A	N/A	1.04	1.01	N/A	N/A	N/A
tax on investment income	576	585	591	598	604	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
credited social insurance contribution - health	1,558	1,600	1,607	1,634	1,662	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
employee social insurance contribution - health	3,861	3,944	4,028	4,104	4,165	0	N/A	3,840	3,962	N/A	N/A	N/A	1.01	1.00	N/A	N/A	N/A
employee social insurance contribution - old age	10,492	10,725	10,937	11,142	11,302	0	N/A	11,165	11,713	N/A	N/A	N/A	0.94	0.92	N/A	N/A	N/A
employee social insurance contribution - unemployment	2,259	2,351	2,426	2,489	2,523	0	N/A	2,510	2,637	N/A	N/A	N/A	0.90	0.89	N/A	N/A	N/A
employer social insurance contribution - accident	1,262	1,290	1,316	1,249	1,267	0	N/A	1,314	1,364	N/A	N/A	N/A	0.96	0.95	N/A	N/A	N/A
employer social insurance contribution - family fund	4,309	4,414	4,479	4,562	4,621	0	N/A	4,977	5,157	N/A	N/A	N/A	0.87	0.86	N/A	N/A	N/A
employer social insurance contribution - health	3,748	3,826	3,902	3,978	4,039	0	N/A	3,834	3,956	N/A	N/A	N/A	0.98	0.97	N/A	N/A	N/A
employer social insurance contribution - housing	426	435	444	452	459	0	N/A	844	876	N/A	N/A	N/A	0.50	0.50	N/A	N/A	N/A
employer social insurance contribution - old age	11,256	11,495	11,735	11,956	12,139	0	N/A	11,733	12,454	N/A	N/A	N/A	0.96	0.92	N/A	N/A	N/A
employer social insurance contribution - insolvency fund	470	482	494	507	422	0	N/A	437	455	N/A	N/A	N/A	1.08	1.06	N/A	N/A	N/A
employer social insurance contribution - unemployment	2,526	2,616	2,704	2,775	2,825	0	N/A	2,510	2,637	N/A	N/A	N/A	1.01	0.99	N/A	N/A	N/A
pensioner social insurance contribution - health	2,076	2,131	2,171	2,206	2,244	0	N/A	3,520	N/A	N/A	N/A	N/A	0.59	N/A	N/A	N/A	N/A
pensioner social insurance contribution - old age	199	204	229	229	228	0	N/A	300	329	N/A	N/A	N/A	0.66	0.62	N/A	N/A	N/A
pensioner social insurance contribution - old age	199	204	229	229	228	0	N/A	300	329	N/A	N/A	N/A	0.66	0.62	N/A	N/A	N/A
self employed social insurance contribution - accident	91	92	94	96	98	0	N/A	89	91	N/A	N/A	N/A	1.03	1.01	N/A	N/A	N/A
self employed social insurance contribution - health	1,154	1,158	1,175	1,197	1,216	0	N/A	644	N/A	N/A	N/A	N/A	1.79	N/A	N/A	N/A	N/A
self employed social insurance contribution - old age	2,639	2,651	2,824	2,882	2,936	0	N/A	1,823	1,898	N/A	N/A	N/A	1.45	1.40	N/A	N/A	N/A

Table 4.9-Distribution of equivalised disposable income

	EUROMOD					External					Ratio				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
D1	4.12	4.10	4.14	4.14	4.18	3.2	3.2	3.4	N/A	N/A	1.29	1.28	1.22	N/A	N/A
D2	5.46	5.51	5.51	5.52	5.56	5.5	5.5	5.5	N/A	N/A	0.99	1.00	1.00	N/A	N/A
D3	6.59	6.60	6.58	6.58	6.51	6.6	6.7	6.6	N/A	N/A	1.00	0.99	1.00	N/A	N/A
D4	7.53	7.50	7.52	7.50	7.50	7.5	7.7	7.5	N/A	N/A	1.00	0.97	1.00	N/A	N/A
D5	8.43	8.42	8.40	8.42	8.42	8.5	8.6	8.4	N/A	N/A	0.99	0.98	1.00	N/A	N/A
D6	9.46	9.45	9.47	9.43	9.43	9.5	9.6	9.4	N/A	N/A	1.00	0.98	1.01	N/A	N/A
D7	10.56	10.57	10.55	10.59	10.56	10.7	10.7	10.5	N/A	N/A	0.99	0.99	1.00	N/A	N/A
D8	11.92	11.89	11.92	11.88	11.91	12.0	12.1	11.9	N/A	N/A	0.99	0.98	1.00	N/A	N/A
D9	14.07	14.11	14.06	14.06	14.07	14.4	14.2	14.1	N/A	N/A	0.98	0.99	1.00	N/A	N/A
D10	21.84	21.85	21.85	21.87	21.87	22.1	21.7	22.6	N/A	N/A	0.99	1.01	0.97	N/A	N/A
Median	21,257	21,627	21,784	22,106	22,336	21,807	22,073	23,211	N/A	N/A	0.97	0.98	0.94	N/A	N/A
Mean	23,789	24,220	24,468	24,848	25,105	24,423	24,366	26,080	N/A	N/A	0.97	0.99	0.94	N/A	N/A
Gini	26.2	26.3	26.2	26.2	26.2	28	27	28	N/A	N/A	0.95	0.97	0.95	N/A	N/A
S80/S20	3.7	3.7	3.7	3.7	3.7	4	4	4	N/A	N/A	0.89	0.91	0.91	N/A	N/A

Table 4.10-Poverty rates by gender and age

	EUROMOD					External					Ratio				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
40% median HDI															
Total	1.24	1.24	1.25	1.25	1.25	4.50	4.90	4.00	N/A	N/A	0.28	0.25	0.31	N/A	N/A
Males	1.35	1.34	1.33	1.33	1.33	4.40	4.70	4.00	N/A	N/A	0.31	0.29	0.33	N/A	N/A
Females	1.13	1.14	1.17	1.17	1.17	4.60	5.20	4.10	N/A	N/A	0.25	0.22	0.28	N/A	N/A
50% median HDI															
Total	8.03	6.73	6.68	6.70	6.59	8.40	8.60	8.20	N/A	N/A	0.96	0.78	0.81	N/A	N/A
Males	7.79	7.00	6.95	6.97	6.83	7.80	8.20	7.70	N/A	N/A	1.00	0.85	0.90	N/A	N/A
Females	8.25	6.47	6.42	6.44	6.35	9.00	9.00	8.60	N/A	N/A	0.92	0.72	0.75	N/A	N/A
60% median HDI															
Total	13.61	13.60	13.28	13.27	13.28	14.40	14.40	14.10	N/A	N/A	0.95	0.94	0.94	N/A	N/A
Males	13.09	13.17	12.89	12.89	12.95	13.50	13.50	13.30	N/A	N/A	0.97	0.98	0.97	N/A	N/A
Females	14.11	14.01	13.66	13.63	13.60	15.30	15.20	14.90	N/A	N/A	0.92	0.92	0.92	N/A	N/A
70% median HDI															
Total	21.48	21.60	21.31	21.37	21.46	21.60	21.50	21.20	N/A	N/A	0.99	1.00	1.01	N/A	N/A
Males	20.30	20.45	20.19	20.28	20.39	19.90	20.00	19.50	N/A	N/A	1.02	1.02	1.04	N/A	N/A
Females	22.61	22.70	22.38	22.42	22.49	23.20	23.00	22.90	N/A	N/A	0.97	0.99	0.98	N/A	N/A
60% median HDI															
0-15 years	16.98	17.22	16.97	16.94	17.12	14.30	15.40	18.20	N/A	N/A	1.19	1.12	0.93	N/A	N/A
16-24 years	15.23	15.23	15.03	14.87	14.98	13.70	12.20	15.90	N/A	N/A	1.11	1.25	0.95	N/A	N/A
25-49 years	13.75	13.95	13.62	13.60	13.68	10.60	10.80	13.20	N/A	N/A	1.30	1.29	1.03	N/A	N/A
50-64 years	11.35	11.12	10.95	10.93	10.93	9.40	10.80	11.10	N/A	N/A	1.21	1.03	0.99	N/A	N/A
65+ years	11.83	11.43	10.80	10.95	10.62	15.20	16.00	14.20	N/A	N/A	0.78	0.71	0.76	N/A	N/A

Table 4.11-Minimum wage validation

	Baseline					Min Wage Incl.					Ratio				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Equivalised disposable income	137,950	140,501	141,995	144,191	145,723	138,947	141,456	142,939	145,103	146,610	0.99	0.99	0.99	0.99	0.99
Employment income	110,960	113,660	115,331	117,472	119,002	112,481	115,130	116,771	118,874	120,378	0.99	0.99	0.99	0.99	0.99
Income tax	27,304	28,421	29,081	30,023	30,763	27,427	28,542	29,200	30,140	30,879	1.00	1.00	1.00	1.00	1.00
Total employee SICs	19,693	20,179	20,633	21,027	21,332	19,951	20,428	20,878	21,267	21,572	0.99	0.99	0.99	0.99	0.99
Total employer SICs	23,997	24,557	25,072	25,479	25,773	24,383	24,930	25,440	25,836	26,123	0.98	0.99	0.99	0.99	0.99
Total self-employed SICs	4,065	4,082	4,277	4,362	4,440	4,065	4,082	4,277	4,362	4,440	1.00	1.00	1.00	1.00	1.00

Annex 3: Policy effects in 2013-14 and 2014-15

In this section we analyse the direct **tax-benefit policy effect** on household disposable income in Austria between 2013 and 2014 as well as between 2014 and 2015. We try to understand how changes (or non-changes) to tax-benefit policies have affected household incomes in the two periods, abstracting from changes in the population characteristics (e.g. increased unemployment) and the distribution of market/original gross incomes (e.g. reduction in wages). It should be noted that tax-benefit policies in a given year are taken as of 30th of June.

Table A3.1 and Figure A3.1, and Table A3.2 and Figure A3.2 show the policy effect measured in real terms by income component and income decile group in 2013-14 and 2014-15, respectively. For the period 2013-14, the effect is estimated as the difference between simulated household net income under the 2014 tax-benefit policies (deflating the tax-benefit monetary parameters by Eurostat's Harmonized Index of Consumer Prices - **HICP**) and net incomes simulated under 2013 policies, as a percentage of mean equivalised household disposable income in 2013. Similarly, for the period 2014-15, the effect is estimated as the difference between simulated household net income under the 2015 tax-benefit policies (deflating the tax-benefit monetary parameters by HICP) and net incomes simulated under 2014 policies, as a percentage of 2014 mean equivalised household disposable income. Households are ranked based on their equivalised household disposable income. The total policy effect on household incomes is decomposed into the different components: public pensions, means-tested benefits, non-means-tested benefits, employee and self-employed social insurance contributions (SIC) and direct taxes. We isolate the policy effect from changes in market/original income, i.e. changes to market/original incomes are not considered as part of the policy effect and so, they have no effect on disposable income.

Policy effect 2013-2014

In **2013-14** (Table A3.1 and Figure A3.1), the policy effect made little difference to household income – on average it reduced incomes only by about 0.2%. Even though small in size and negative (on average), the policy effect was pro-poor. Households in the bottom 1st income decile group saw their incomes increasing by 0.5%. All other households saw their incomes falling – the 2nd decile group experienced a small loss of 0.1% while the top 10th decile experienced an income loss of 0.2%.

The income gains in the bottom 1st decile group were mainly due to real increases in **means-tested benefits**. The minimum income benefit (*Bedarfsorientierte Mindestsicherung*)¹ is indexed alongside the minimum pension top up which was increased by a rate higher than the growth in prices.

Non-means tested benefits also increased in real terms between 2013 and 2014: the most significant policy change was the increase of the universal family allowance (*Familienbeihilfe*) by nominal 4%. This was exceptional as the benefit is not indexed on a regular basis. The gains were somewhat higher in the lower deciles as families with (more) children are concentrated at the bottom of the income distribution.

The income increases due to benefits were offset by income losses due to **direct taxes**. In the period 2013-14, there were no changes to the nominal levels of tax allowances and tax thresholds. As prices increased, the monetary tax parameters fell in real terms. As a result,

¹ It should be noted that there are regional differences in the rules for the minimum income benefit. However, for simplicity we ignore the regional differences and simulate the benefit according to the rules in Vienna (where also the majority of recipients are located).

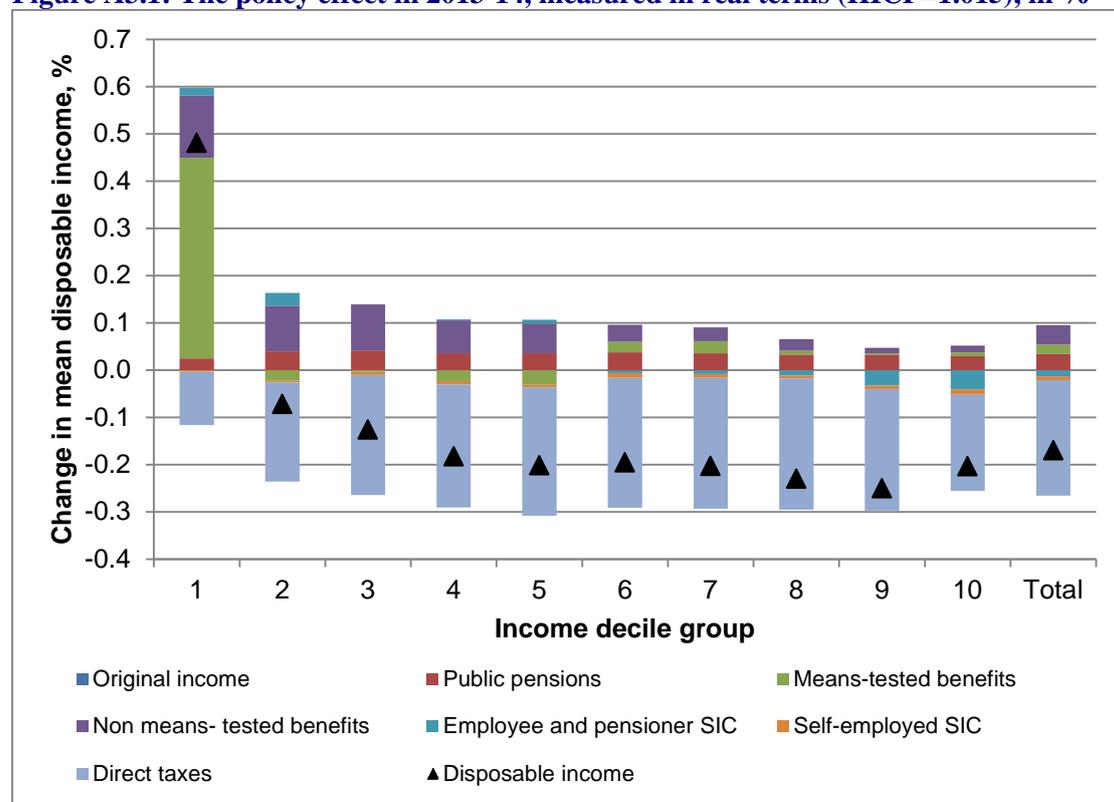
households' taxable income was assessed at higher tax bands which led to higher tax liabilities and lower disposable (net) incomes.

Table A3.1: The policy effect in 2013-14, measured in real terms (HICP=1.015), in %

Decile	Original income	Public pensions	Means-tested benefits	Non means-tested benefits	Employee and pensioner SIC	Self-employed SIC	Direct taxes	Disposable income
1	0.00	0.02	0.43	0.13	0.02	0.00	-0.11	0.48
2	0.00	0.04	-0.02	0.10	0.03	0.00	-0.21	-0.07
3	0.00	0.04	0.00	0.10	0.00	-0.01	-0.26	-0.13
4	0.00	0.04	-0.02	0.07	0.00	-0.01	-0.26	-0.18
5	0.00	0.04	-0.03	0.06	0.01	-0.01	-0.27	-0.20
6	0.00	0.04	0.02	0.04	-0.01	-0.01	-0.28	-0.20
7	0.00	0.04	0.03	0.03	-0.01	-0.01	-0.28	-0.20
8	0.00	0.03	0.01	0.02	-0.01	-0.01	-0.28	-0.23
9	0.00	0.03	0.00	0.01	-0.03	-0.01	-0.26	-0.25
10	0.00	0.03	0.01	0.01	-0.04	-0.01	-0.20	-0.21
Total	0.00	0.03	0.02	0.04	-0.01	-0.01	-0.25	-0.17

Notes: shown as a percentage change in mean equivalised household disposable income by income component and income decile group. Income decile groups are based on equivalised household disposable income in 2013, using the modified OECD equivalence scale. Each policy system has been applied to the same input data, deflating tax-benefit monetary parameters of 2014 policies by Eurostat's Harmonized Index of Consumer Prices (HICP).

Figure A3.1: The policy effect in 2013-14, measured in real terms (HICP=1.015), in %



Policy effect 2014-2015

In **2014-15** (Table A3.2 and Figure A3.2), households experienced on average a minor real income loss of 0.2%. Similar to 2013-14, the policy effect in 2014-15 was also progressive and had very small income-increasing effect only in the 1st decile group (0.1%) while households across the rest of the income distribution saw their incomes falling.

The income increase in bottom 1st decile group was again mainly driven by a small increase in **means-tested benefits**: as in 2013-14, the minimum income benefit (*Bedarfsorientierte Mindestsicherung*) which is indexed alongside the minimum pension top up was increased by a rate higher than the growth in prices.

Public pensions were increased by a rate slightly higher than the rate of price growth, which resulted in small income gains along the entire income distribution.

Non-means-tested benefits which are not indexed on a regular basis were on the whole kept nominally the same. However, due to price increases their real value deteriorated which contributed to small income losses across the entire distribution with the largest losses concentrated in the poorest decile groups.

Finally, as in 2013-14, **direct taxes** had a negative income effect in 2014-15: all income tax thresholds and allowances remained nominally the same which led to a real increase in household tax liabilities and drop in household disposable incomes.

Table A3.2: The policy effect in 2014-15, measured in real terms (HICP=1.013), in %

Decile	Original income	Public pensions	Means-tested benefits	Non means-tested benefits	Employee and pensioner SIC	Self-employed SIC	Direct taxes	Disposable income
1	0.00	0.08	0.25	-0.13	0.02	0.02	-0.11	0.12
2	0.00	0.13	-0.04	-0.11	0.03	-0.01	-0.22	-0.23
3	0.00	0.13	-0.16	-0.11	0.02	-0.01	-0.26	-0.40
4	0.00	0.11	-0.02	-0.08	0.01	-0.02	-0.26	-0.24
5	0.00	0.11	-0.05	-0.07	0.01	-0.01	-0.27	-0.27
6	0.00	0.12	-0.01	-0.05	0.01	-0.02	-0.27	-0.22
7	0.00	0.11	-0.10	-0.04	-0.03	-0.02	-0.26	-0.33
8	0.00	0.10	-0.08	-0.04	-0.02	-0.01	-0.26	-0.31
9	0.00	0.10	0.00	-0.02	-0.03	-0.02	-0.25	-0.21
10	0.00	0.09	0.00	-0.02	-0.08	-0.03	-0.17	-0.21
Total	0.00	0.11	-0.03	-0.05	-0.02	-0.02	-0.23	-0.24

Notes: shown as a percentage change in mean equivalised household disposable income by income component and income decile group. Income decile groups are based on equivalised household disposable income in 2014, using the modified OECD equivalence scale. Each policy system has been applied to the same input data, deflating tax-benefit monetary parameters of 2015 policies by Eurostat's Harmonized Index of Consumer Prices (HICP).

Figure A3.2: The policy effect in 2014-15, measured in real terms (HICP=1.013), in %

