

OVERVIEW

on royalties and cost-of-living allowances from the SKE fund of the VfFS from a tax and social security perspective

1. Royalty payments

1.1. Income tax

The inflow of royalties from the exploitation of rights (in particular rights of use) is subject to income tax and, depending on the type of work created and its scope, must be declared under one of the following types of income:

- **Income from self-employment** (artist themselves)
- **Income from employment**
- **Income from renting and leasing** (legal successor, heir)

Income tax is payable on income **above EUR 13,539.00 per annum**. Income below this amount is tax-free for persons with unlimited tax liability in Austria. (Income = total earnings = > income minus expenses)

Annual income must be determined using records and reported to the tax office by 30 April of the following year, or by 30 June of the following year in the case of electronic filing. Depending on the type and scope of the activity, there are different methods for determining the taxable result. For smaller companies, usually the income-expense method or the flat-rate expenditure method is used.

In the income and expenditure account, taxable income is calculated as the difference between the income received in the calendar year (royalties, fees, other income for the calendar year) minus operating expenses paid (see examples below) for one year (inflow-outflow principle).

Income tax is calculated on the basis of the determined annual income (total income, see above). All salaries from employment as well as unemployment benefits and emergency assistance are also relevant for the calculation of income tax.

PLEASE NOTE: If you receive other income (such as royalty payments) in addition to unemployment benefits and emergency assistance within a calendar year, you are required to report this to the AMS! If, for example, you have received unemployment benefits from the AMS and/or emergency assistance in a calendar year, other additional income in the same calendar year may result in you losing your entitlement to the above-mentioned benefits retroactively. This can lead to repayment obligations and income tax back payments. From 1 January 2026, it will only be possible to earn a small amount of additional income without losing your entitlement to benefits in certain exceptional cases.



In the following cases in particular, it is mandatory to file a tax return with the tax office:

- Receipt of several income tax-liable payments in the calendar year
- Receipt of other income in excess of €730.00 p.a. in addition to income subject to income

tax Examples of business expenses:

- Assets: e.g. computers or other economic goods that are to be used for longer than one year must be depreciated over their normal useful life, usually 3-10 years, and only this amount may be taken into account annually in the expenses. An asset register must be kept. Assets with a value of up to €1,000 can be treated as low-value assets and included in full as expenditure in the year of acquisition.
- Study: now more difficult, must definitely be a room that is not used privately, not even for passing through. Expenses are then allocated proportionally according to square metres.
- Training and further education costs: e.g. seminars.
- Car: if the car is used for business purposes only up to 50% of the time (based on mileage), mileage allowance of currently €0.50 can be claimed (logbook required!). Business use exceeding 50%: the actual costs must be claimed on a pro rata basis, e.g. insurance, petrol, repairs. The purchase value or the value at the start of the activity must be depreciated pro rata over 8 years or over the remaining useful life of 8 years. The proportion should be verifiable on the basis of a logbook.
- Bank charges: when setting up a separate business account.
- Entertainment expenses: e.g. 50% of business meals with reference to the business partner, only once per actual business transaction.
- Office supplies: e.g. notepads, notebooks, etc.
- Per diems: see daily and overnight expenses.
- IT: PC, laptop, software (see attachments), ongoing costs for service, internet, training.
- Technical literature: relevant books and magazines that are not of general interest.
- Travel expenses: e.g. taxi, train, bus, aeroplane.
- Homepage
- Daily and overnight expenses: Overnight expenses are to be calculated based on hotel costs or the flat rate for overnight stays if expenses were actually incurred. Per diems are deductible as additional meal expenses. Generally, €2.50 per hour or part thereof, up to a maximum of €30.00 per day, if the business trip lasts longer than 3 hours and covers at least 25 km as the crow flies. Separate flat rates apply to business trips abroad. The problem of the new centre of activity.
- Postage
- Legal and consulting costs: e.g. tax advisor or solicitor, notary.
- Social security contributions
- Stamp duty, fees.
- Telephone: a business share of the mobile phone and home telephone (usually place of business)
- Insurance: e.g. business interruption or legal expenses insurance



- Advertising: e.g. business cards.

Income tax deadlines:

The income tax return must be submitted (in paper form) **by 30 April of the following year**. If submitted electronically, the deadline is extended to 30 June; if represented by a tax advisor, the deadlines may be extended further.

1.2. Value added tax

Domestic sales are subject to VAT, i.e. all income in Austria (but not salaries from employment or benefits from unemployment insurance, emergency assistance, etc.). In return, the VAT shown on paid invoices can be deducted as input tax. The difference must be transferred to the tax office or will be credited by the tax office.

Exception: small business threshold § 6 (1) Z 27:

If annual turnover does not exceed €55,000.00 (gross), there is no VAT liability. Turnover for the current and previous year is taken into account. It is important to note that if the small business regulation is applied, no VAT may be shown on outgoing invoices!

If the small business threshold is exceeded, the small business exemption can no longer be applied in the following calendar year.

In the calendar year in which the threshold is exceeded, the small business threshold can still be applied until the end of the year if the threshold is not exceeded by more than 10%.

If the company exceeds the small business threshold by more than 10%, the exemption no longer applies to the turnover that exceeds the threshold and to all subsequent turnover.

If the above turnover limits are not exceeded, it is possible to opt for VAT liability (standard taxation application). This option is binding for 5 years and only makes sense if the deductible VAT (input tax) amounts to a significant sum.

Actual taxation:

If no exemption is granted as a small business owner, artists must generally calculate the sales tax to be paid on the basis of actual income (sales) and not on the basis of invoices issued (actual taxation).

Applies to: Freelancers	without limit,
Landlords	up to an annual turnover of €110,000.00.

If the turnover in one of the two previous calendar years exceeds the above limits, the so-called target taxation must be applied. This means that it is not the payment date but the respective invoice date that is decisive for VAT purposes.

Due dates:

- monthly, always on the 15th of the second following month,
e.g. VAT for January: due on 15 March



- quarterly, always on the 15th of the second month following the end of the quarter, up to a previous year's turnover of €100,000.00
e.g. VAT for January to March: due on 15 May.

Payment is made to the tax office with the code "U", stating the tax number and period (month or quarter).

Obligation to submit a VAT return:

In addition to paying the tax liability, a VAT return must be submitted electronically if the previous year's turnover exceeded €55,000.00.

1.3. Social security (SVS)

Social Insurance Institution for the Self-Employed
1050 Vienna, Wiedner Hauptstraße 84-86, Tel. 050 808 808_
www.svs.at

In principle, all self-employed artists are compulsorily insured as new self-employed persons if their income or contribution basis exceeds a certain insurance threshold.

The insurance threshold is EUR 6,613.20 in 2026 (EUR 6,613.20 in 2025).

Income below this limit is not subject to compulsory insurance. If this limit is exceeded, full insurance applies, which means that the artist is covered by pension, health and accident insurance and is included in the self-employed pension scheme. If these limits are not exceeded, voluntary insurance is possible in order to obtain insurance cover.

If the insurance limit is exceeded, a declaration of excess must be submitted within 8 weeks of the income tax assessment being issued, otherwise a surcharge (9.3%) will be levied.

Due dates:

Social security contributions are prescribed by the Social Security

Administration (SVS) for every 3 months with a payment slip

January to March	28 February
April to June	31 May
July to September	31 August
October to December	30 November

Quarterly payments can be converted to monthly payments upon request, but only with a direct debit mandate.

The insurance obligation begins on the day the activity commences and ends on the last day of the calendar month in which the business activity ceases. The insured person must notify the SVS within one month.

It can be inferred from this that royalty payments are subject to social security contributions when artistic activities are carried out.

If, on the other hand, an artist ceases his or her active gainful employment and, for example, receives



If royalties continue to be paid after retirement, this passive income is not subject to social security contributions.

The same applies to legal successors who receive royalties based on works created by the deceased. The prerequisite for this is that the company is not continued (if necessary, proof must be provided to the social security institution).

Old royalties: The Administrative Court ruling 2008/08/0269 of 21 January 2009 clarified that old royalties (for works created before 1 January 2001) are also subject to social security contributions if the artist continues to be professionally active.

Repeat fees: Royalties earned by actors (income from repeat fees) must be declared as income from self-employment in your income tax return. For this reason, the Social Insurance Institution for the Self-Employed (SVS) sets social insurance contributions for this income.

Artists' Social Security Fund

The purpose of the fund is to provide subsidies for pension, health and accident insurance contributions for artists insured with the SVS (university studies or assessment by the Artists' Commission). The maximum annual contribution subsidy is EUR 2,026.00 (2025: EUR 1,896.00).

Requirements:

- Application (form) from the artist
- Artistic activity over a period of at least 1 month
- Statutory pension insurance as a new self-employed person (in accordance with Section 2 (1) (4) GSVG)
- Minimum income or earnings: EUR 2026 6,613.20 (EUR 2025 6,613.20)
- Total income maximum limit: 2026 EUR 35,821.50 (2025 EUR 35,821.50)

The contribution subsidies are paid directly to the social insurance institution and the artists are only required to pay the social insurance contributions reduced by the contribution subsidy.

The scheme grants bonus years during the first five calendar years of self-employed artistic activity in which the minimum income is not achieved, during which the subsidy is still payable even if the eligibility requirements are not met. Applications can be submitted retroactively for four calendar years, i.e. until 2021.

The Artists' Social Security Fund also provides assistance in particularly deserving emergencies with a grant of up to EUR 5,000.00. Please refer to the Artists' Social Security Fund website for the necessary requirements for applying: www.ksvf.at/ein-notfall-was-nun-tun

2. Income tax

The grants awarded by the VdFS to artists in need of support to cover their living expenses, which are paid from the SKE Fund, are tax-exempt under the following condition:

This subsidy must be a **one-off payment**.

If such payments are made repeatedly in several consecutive years, this subsidy is subject to income tax within the meaning of Section 29 of the Income Tax Act (other income: recurring payments).



3. Social security

Both one-off subsidies and income from other recurring payments within the meaning of Section 29 EStG are not subject to social security contributions.

Information on all tax-related topics:

Our team will be happy to answer any further questions you may have: Lehner & Partner
Tax Consultancy Company Ltd.
2500 Baden, Wiener Straße 89, 02252/43335
1010 Vienna, Himmelpfortgasse 20/2,
01/8905735 www.lehner.org