

TIPS FOR CUTTING YOUR 2021 TAX BILL

A STEP-BY-STEP GUIDE TO THE EMPLOYEE TAX ASSESSMENT FOR 2021



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How can I claim a tax refund?

This booklet contains details of important general regulations. Further information and sample letters can be found in our handbook *Steuer sparen 2021* (German only). To download a free copy, visit the *Service/Ratgeber* section of our website at www.arbeiterkammer.at.

You need the following forms:

- **L 1** Employee tax assessment form
- You may also need:
 - L 1k** for parents
 - L 1k – bF** for non-standard allocation of the Family Bonus
 - L 1ab** for extraordinary burdens, e.g. disability-related
 - L 1d** for specific treatment of special expenses
 - L 1i** for earnings not subject to pay-as-you-earn deductions, e.g. foreign income

If you are not subject to compulsory tax assessment, you usually have five years to submit your employee tax assessment. This means that you must submit your employee tax assessment for 2020 by 31 December 2025 at the latest. You can submit the assessment in two ways:

- **Electronically using the FinanzOnline platform**

After registering, you can complete and submit your employee tax assessment online at finanzonline.bmf.gv.at.
- **By submitting a paper copy to your tax office**

Any tax office can provide you with the necessary forms. You must send the completed employee tax assessment form to the tax office for your place of residence.

To find out which tax office is responsible for dealing with your taxes, visit www.bmf.gv.at.

Step-by-step guide to form L 1

Step 1: Personal data and employment details

Sections 1-3 of the form: Your personal data

Section 4 of the form: How many different employers did you have during the year? Enter the number here. If you are retired, you must specify the number of entities from which you receive a pension.



You do not need to include your payslips or other documentation, but you must keep them for seven years and present them on request.

Step 2: Sole-earner and single-parent tax credits

Sections 5 and 6 of the form: The **sole-earner tax credit** (AVAB) and **single-parent tax credit** (AEAB) are designed to reduce the financial burden on families with children. The size of these two tax credits and the processes for claiming them are identical, but the conditions for eligibility are different. You can only apply for one of these tax credits.

If you earned less than EUR 12,000 during the year, you will receive the sole-earner or single-parent tax credit in the form of a negative income tax payment.

Entitlement conditions for the sole-earner tax credit:

- You or your spouse/registered partner were entitled to receive family allowance for at least one child for more than six months in the year in question
- You were married or living in a registered partnership or cohabiting partnership for more than six months in the year in question
- Your spouse's/registered partner's income was EUR 6,000 or less in the year in question

Entitlement conditions for the single-parent tax credit:

- You were entitled to receive family allowance for at least one child for more than six months in the year in question
- You were not married or living in a registered partnership or cohabiting partnership for more than six months in the year in question

Sole-earner/single-parent tax credit – amount

This depends on the number of children you or your spouse/registered partner were entitled to receive family allowance for in more than six months in the year in question. Tax credit per year:

- For one child: EUR 494
- For two children: EUR 669
- For each additional child: +EUR 220

If your children do not live in Austria, but in another EU country, an EEA country or Switzerland, the sole-earner and single-parent tax credits are index-linked and adjusted in accordance with prices in the country concerned.



If the sole-earner or single-parent tax credit is already included in your monthly pay, you still have to apply for the tax credit again retrospectively when you submit your employee tax assessment. If you do not do this, your tax office will reclaim the credit.

Step 3: Increased pensioner allowance

Section 7 of the form: The increased pensioner allowance is a maximum of EUR 964. You are entitled to receive it, if:

- Your income only consists of pension payments totalling less than EUR 25,000 per year
- You were married or living in a registered partnership for more than six months in the year in question
- Your spouse's/registered partner's income was EUR 2,200 or less in the year in question
- You do not qualify for the sole-earner tax credit

Step 4: Multiple-child bonus

Section 8 of the form: You can claim a multiple-child bonus of EUR 20 per month for your third child and for every additional child you are entitled to claim family allowance for. However, your family's total income in the previous year must have been less than EUR 55,000.

Step 5: Special expenses – section 9 of the form:



Some special expenses are paid to the tax office by the payment recipients and automatically included in the employee tax assessment – see notes.

Special-expenses basket items

- Pension insurance, as well as voluntary health, accident, pension and long-term care insurance
- Costs for the construction, purchase and renovation of housing



The contracts on which payments are based must have been concluded and building work started by 31 December 2015.

The amounts paid are entered in sections 9.1 and 9.2. The maximum threshold is doubled to EUR 5,840 per year if:

- You are entitled to the sole-earner or single-parent tax credit
- You were married or living in a registered partnership for more than six months and your spouse/registered partner earned a maximum of EUR 6,000 in the year in question

If you do not claim any special-expenses basket items, a flat-rate allowance of EUR 60 per year will be included in your employee tax assessment. The tax effect of special-expenses basket items is reduced if you earn more than EUR 36,400 per year. If your earnings exceed EUR 60,000, you cannot claim any special-expenses basket items apart from the flat-rate allowance.

Special expenses not subject to a maximum threshold

- Pension insurance: premiums for continued voluntary insurance and payments for insurance for additional periods spent in education – automatically included
- Annuities and permanent financial burdens – section 9.3
- Accountants' fees – to be entered in section 9.4

Special expenses subject to other maximum thresholds

These include contributions to legally recognised churches and religious communities, as well as donations to eligible recipients – both are automatically deducted by the tax office.

Step 6: Commuters' flat-rate tax allowance and flat-rate travel expenses allowance

Sections 10.1 and 10.2 of the form: The amount is only entered if it was not properly considered in the calculation of your wages. To calculate the amount to be entered, visit www.bmf.gv.at/pendlerrechner (German only)

Step 7: Business expenses

Section 11 of the form: A flat-rate business expenses allowance of EUR 132 per year is automatically included in your monthly pay calculation. If you would like to deduct your actual expenses, the total must be higher than the allowance. In addition, some business expenses can be deducted without being offset against the flat-rate allowance if they amount to less than EUR 132.

Business expenses not offset against the flat-rate allowance

- Membership fees: trade unions, professional assoc., interest groups
- Compulsory contributions in the case of marginal employment

Business expenses offset against the flat-rate allowance

You can include business expenses totalling an amount that is higher than the flat-rate business expenses allowance in your employee tax assessment. These include the expenses listed in section 11.2 of the form, such as work equipment or specialist literature.



Depreciation and amortisation for tax purposes: If an item of work equipment costs more than EUR 800, the costs are written off over the item's useful life. For example, the useful life of a computer is three years.

The sum total of other business expenses can be entered in section 11.2.8. For example works council contributions.

Flat-rate business expense allowances for certain professional groups

Section 11.2.9 contains a list of professional groups which are entitled to a specific flat-rate business expense allowance.

Step 8: Extraordinary burdens

This includes exceptional expenses and unavoidable costs. With certain extraordinary burdens you must pay an excess. These burdens are specified in **sections 2.1-2.4 on form L 1ab**. Amounts for extraordinary burdens without an excess are entered in **sections 2.5-2.12**.

Extraordinary burdens with excess

- Expenses for a stay at a health spa
- Medical expenses
- Funeral and gravestone costs up to EUR 10,000
- Expenses for care in a retirement or care home, or for home care
- Expenses for adoption and IVF treatment
- Maintenance payments for close relatives in exceptional cases, e.g. if adult children pay medical or care expenses when their parents have no funds of their own

The level of the excess depends on your income. You must enter the total amount minus reimbursements and subsidies. The excess is automatically deducted by the tax office.

Extraordinary burdens without excess

These include **disaster damage** and a **disability rating of at least 25%**. Costs you have incurred as a result of clean-up work, for example after flood damage, are entered in section 2.5.

Disability rating of 25% or more, and special dietary requirements: You require official confirmation, i.e. proof of the degree of incapacity, to ensure that your disability is taken into account in your tax assessment. If your spouse or partner is disabled, you can also claim tax relief for this, provided you meet the following requirements:

- You are entitled to claim the sole-earner tax credit
- If you are not eligible for the sole-earner tax credit: you were married or living in a registered partnership for more than six months and your spouse's/partner's income did not exceed EUR 6,000 in the year in question

For parents: supplementary form L 1k

Step 1: Family Bonus Plus

You can claim a tax credit of up to EUR 1,500 for every child that you or your partner receive family allowance for. The amounts are as follows:

- Children aged 17 or under: EUR 125/month
- Adult children: EUR 41.68/month

If your children do not live in Austria, but in another EU country, an EEA country or Switzerland, the Family Bonus Plus is index-linked.

Allocation

You and your spouse or partner can share the Family Bonus Plus. In this case, you can both claim EUR 62.50 or EUR 20.84 per child per month.



This allocation is only advisable if you both have taxable income of more than EUR 11,000 per year.
Tip: FinanzOnline check (German only)

Allocation between separated parents

If you pay maintenance and can claim the maintenance payment allowance, you are eligible to receive the Family Bonus Plus in each month in which you are entitled to the maintenance payment allowance. Each parent can claim half of the Family Bonus, although alternative arrangements are also possible.

Applying for the Family Bonus Plus

You can apply for the Family Bonus Plus using supplementary form L 1k. You must use form L 1k – bF to apply for a non-standard allocation.

Step 2: Maintenance payments

You can claim the maintenance payment allowance for a child who does not live in the same household and for whom you do not receive family allowance.



You can only claim the maintenance payment allowance in months for which you can provide proof that you paid maintenance.

The monthly maintenance payment allowance is:

- For one child: EUR 29.20
- For two children: EUR 73
- For each additional child: +EUR 58.40

Step 3: Extraordinary burdens for children

Vocational training outside the place of residence

If your child is required to complete training or education (school, apprenticeship or degree) outside their place of residence, you may be entitled to claim an allowance of EUR 110 per month under certain circumstances.

Child disability and special dietary needs



You must provide official confirmation of your child's disability or special dietary needs. For further information, visit www.sozialministeriumservice.at (German only).

Costs in relation to a disability rating of between 25% and 49%:

If you have a disability rating of 25-49%, you can claim a deduction for disability-related medical costs as well as expenses for equipment and treatments for which you need not pay an excess. Flat-rate allowances are also available.

Special dietary needs: If a doctor prescribes a special diet for your child, you can claim one of the flat-rate allowances for special dietary needs.

Disability rating of 50% or more: In such cases you are entitled to receive the higher rate of family allowance. You can claim either the actual costs or a monthly allowance of EUR 262. In both cases this is offset against the care allowance. You can also claim deductions for the costs of e.g. equipment, treatments, and workshops for the disabled.

Childcare expenses for single parents

You can claim tax relief for that, subject to payment of an excess.

Final stages: submitting

Step 1: Account information

You only need to provide if this has changed since your last employee tax assessment or if you are submitting the assessment for the first time.

Step 2: Tax allowance notice

The tax allowance notice includes details of the special expenses, business expenses and extraordinary burdens which were taken into account in the employee tax assessment. The tax office issues the tax allowance notice for the year after next, i.e. the notice issued with the 2020 employee tax assessment is for 2022.

Step 3: Sign and submit

You should make a copy of the signed forms so that you can compare them with the tax assessment notice.



Tax assessment notice

Please check your tax assessment notice as soon as you receive it from the tax office. You have one month to appeal against the notice.

Important information

You can download copies of the latest Federal Chamber of Labour publications at wien.arbeiterkammer.at/publikationen.

You can also order copies by contacting us directly:

- E-mail: mitgliederservice@akwien.at
- Order hotline: +43 (0)1 50165 1401

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