Press Release

Government of Chancellor Kurz Aims to Ensure a Long-Lasting Impact: How the new Austrian government plans to put the country at the forefront of European business locations

- Reduction of corporate income tax relieves the burden on domestic and foreign companies
- R&D headquarters in Austria should profit from increase in the research ratio
- Strengthening of dual education system to counteract shortage of skilled employees

Vienna, December 19, 2017 – The new Austrian government led by Sebastian Kurz plans to turn Austria into an innovation leader and leading business location in Europe. The government program presented on Saturday, December 16, 2017 contains numerous initiatives designed to cement the ties of domestic and foreign investors to the Austrian business location.

Reduction of corporate income tax and non-wage costs

The new Austrian government has selected the reduction of the corporate income tax rate as well as non-wage costs without a corresponding drop in performance as important measures in the realignment of the country’s tax policies. These changes are designed to support domestic firms as well as to more effectively position the country in the international competition to attract investors. The precise extent of the reduction has not yet been specified. However, the objective is to cut the overall burden of taxes and levies to 40 percent. In this way, the equity base of companies actively operating in Austria should be improved and support provided to enhancing their capital expending while simultaneously simplifying tax regulations. “The recently presented government program is an important signal for the Austrian business location. In addition to reducing the corporate income tax and non-wage costs to relieve the burden on local entrepreneurs and increasingly attract foreign investors, ensuring the sufficient long-term supply of qualified personnel is a key aspect of the government’s efforts to safeguard our competitiveness and innovative strength”, says René Siegl, Managing Director of the national investment promotion company ABA - Invest in Austria.

Dual education and immigration of qualified employees to counteract the shortage of skilled personnel

The availability of qualified specialists plays an important role in international competition for investors. For this reason, the new Austrian government has defined the goal of further strengthening the internationally acclaimed dual education system and the training of specialized staff, e.g. by a stronger emphasis on MINT subjects (mathematics, information technology, natural sciences and technology). Furthermore, the controlled immigration of
qualified personnel is designed to give the Austrian labor market additional means to counteract the shortage of skilled employees.

**Practice-oriented and sustainable devising of working time regulations**

The enhanced flexibilization of working hours should enable companies to more effectively adjust their human resources according to the respective order situation, downtimes and idle times of plants and invest these resources in a competitive manner. The daily limit will be set at twelve hours and the maximum number of hours per week at 60 hours. However, in the future, the maximum average weekly working time of 48 hours will continue to apply.

**Targeted funding of corporate research**

All in all, Austria is to be strengthened as the R&D headquarters of internationally operating companies. In this regard, plans call for an increase in public sector research expenditures each year. The objective is to achieve a research to GDP ratio of 3.76 percent. The current research ratio is 3.09 percent, the second highest in all of Europe. At the same time, the government will continue the existing research, technology and innovation strategy. Priorities include implementation of the life sciences strategy, the further development of the microelectronics industry (“Silicon Austria”) and support for the automobile component supplier industry.

**Digitalization and bureaucratic streamlining**

These measures will be supported by a reduction of bureaucracy and regulations pertaining to companies. For example, the Trade Regulation Act will be subject to an extensive reform and adapted to reflect the requirements imposed by the digital age. At the same time, digitalization in the public administration is to be further expanded. The new government expects more interaction of companies, citizens and public authorities on the basis of eGovernment. In addition to a digitalization of the public administration, the fields of education, business and security are to be increasingly digitized, and a modern infrastructure should ensure that Austria serves as a trailblazer in digitalization and catapult itself into the group of “innovation leaders”.

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**Editorial note:**

ABA-Invest in Austria is the national investment promotion company owned by the Federal Ministry of Science, Research and Economy. It provides professional consulting services to interested companies free of charge, supporting them in selecting a business location, with labor and tax issues, identifying cooperation partners and dealing with public authorities. [www.investinaustria.at](http://www.investinaustria.at)

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