

Just do it.

Guide to starting a business | 2025



Startups are a great IDEA

But is the startup idea right, and how does it become a business?



Good PLANNING makes it simple

Avoid unpleasant surprises and get off to a flying start



Step by step to STARTING UP

Startups are easier than ever – we'll show you how!



Everything you need to KNOW

Important entrepreneurial know-how at a glance



NETWORKS AUSTRIA

Useful platforms and contacts for a more successful business





ZUKUNFT UNTER- NEHMEN

JUNGE WIRTSCHAFT is more than a network.
It is a voice, a source of knowledge, a think tank –
a driver of innovation and change. A movement that
generates power and energy for transformation.
Together we can make Austria fit for the future.

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24th edition/2025

Just do it.

Guide to starting a business

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Dear future entrepreneurs,

Congratulations on your decision to become self-employed – and welcome to Austria's large family of entrepreneurs! Every startup marks the beginning of a personal success story, and plays a decisive role in Austria's economic success. Our country needs even more people to get thinking and acting like entrepreneurs – this is more important to our prosperity and our future than ever before.

The Austrian Federal Economic Chamber supports successful startups from the very beginning with a wide range of services. That includes this guideline, which is packed with practical tips and information. Our Startup Service is there to assist you throughout Austria, from the initial check of your idea, to registering your business, to a successful starting phase. Ninety percent of founders in Austria describe our Startup Service as helpful – so make sure to take advantage of everything we offer as well.

And we want you to know that we are continually expanding our services, always with a focus on what our new members need as entrepreneurs. One example is *wise up*, our digital training platform, which is packed with insights on how become a successful entrepreneur. Good preparation makes all the difference, and this is also reflected in the high success rate achieved by our startups in Austria – seven out of ten still in business five years on.

Of course, the Austrian Federal Economic Chamber is continually striving to improve conditions for startups as well. One recent example is the 'Flexible Kapitalgesellschaft' (flexible company), a new legal form of company introduced last year. We are already adding over two startups every day thanks to this modern, flexible structure. And startups are also benefiting from key successes that we have achieved via tax relief programmes and efforts to reduce red tape.

Through these efforts, we continue to work hard to make Austria a great place for startups and new companies – for young and older founders alike, and regardless of the sector they choose or business model they pursue. We can all be proud of Austria's diverse and dynamic startup scene, because taking the entrepreneurial initiative and setting things in motion puts us on the path to a better future.

**We wish you every success
for your business idea –
with the services and support
of your Austrian Federal
Economic Chamber!**

Dr Harald Mahrer
President of the
Austrian Federal Economic Chamber

Smart planning: the key to success



Starting your own company is an exciting opportunity that opens the door to new possibilities. We want you to get off to a successful start as an entrepreneur, so we have put together an initial checklist to help you get a good idea of the opportunities and potential challenges that lie ahead:

- What is your founding principle? What products/ services do you want to offer?
- Do you want to start your business on your own or with a partner?
- Do you want to become self-employed full-time or part-time?
- Where do you want to start your business?
- What education/training do you have?
- How much experience do you have in the sector in which you would like to become self-employed?
- Who are your potential customers and why will they buy from you?
- Who are your competitors?
- How much financing do you expect to need, and what financing sources can you rely on?

Discover helpful tips in our guide! If you're looking for even more information, check out our wide range of online services and our 'Erfolgreich gründen' (Starting up a successful business) video series.

www.gruenderservice.at/video
www.gruenderservice.at



Direct link

OUR TIP

Would you like to discuss your concept and next steps with an expert? Then contact the Startup Service at the Austrian Federal Economic Chamber (WKO) in your province directly. The contact addresses can be found on page 131.

Do you want to become an entrepreneur?

An excellent opportunity if you are creative, enjoy devoting above-average effort to your work and love a challenge. Build up your livelihood yourself – there are virtually no limits for your business ideas.



Every year,
36,400*

people in Austria decide to become self-employed. One particularly positive aspect is how sustainable the startups are.

Source: WKO, as of 2024
* excluding personal carers



7/10
businesses

are still running after five years.



Over
144,000
companies are run by women.

Top

3

motives of Austria's entrepreneurs

1

Flexibility to organise their time and lives

2

The desire to be their 'own boss'

3

Bringing responsibility that they have to bear as an employee into their own company

130,000
young self-employed people aged 18-40

Austria's entrepreneurs gain initial practical experience in their profession before making the move to self-employment



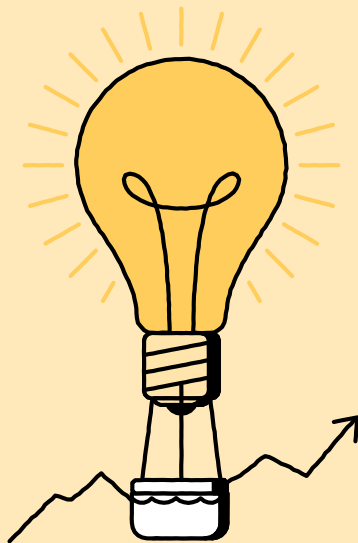
Over

10%
of all companies in Austria work in creative industries.



Reflecting on your business idea and who you are as an entrepreneur

A successful launch into self-employment requires a good business idea and entrepreneurial drive. Take the time to develop and enhance both of these aspects before you found your company – this is the key to success!



Before every successful startup there is always a business idea. This idea must not only convince you yourself, but more importantly your future customers. To do this, it must be able to deliver something of value. The Startup Service guide will help you move your business idea forwards, step by step.

It's also clear that you don't always have to reinvent the wheel – as important and exciting as that is. There are many ways to come up with a great business idea. You can even take over an existing company. The Startup Service guide clearly shows you your options for coming up with an interesting and promising business idea.

Of course, it is crucial for the success of a startup that you can also implement your good idea effectively. An entrepreneurial way of thinking and acting is important for this, and this also depends on your own personality. The startup readiness check from the Startup Service will help you find out how much entrepreneurial drive you already have – and the areas you can focus on to put yourself in an even better position.

1. IDEA

1.1. Business idea

The path to your startup idea.

What benefits does your idea create?

→ p.12

1.2. Personal qualities

Do you have the potential to be an entrepreneur?

→ p.13



Direct link

1.1. BUSINESS IDEA

1.1.1. Finding your idea

The path to self-employment starts with a good idea – and it doesn't always have to be a completely new one. Build on proven concepts, try a fresh take on an existing idea or start out as a business successor. There are many ways to start up a successful business!

New ideas: New products and services are constantly being created through technological and social developments. If you recognise the trends early on and implement them on the market, you will have the clear competitive advantage.

Improve on the tried and tested: You don't need to reinvent the wheel. Often, just small changes to products and services – or simply better customer service – can set you apart from other offers. Your business idea can thus also consist of expanding on or improving established ideas as well as offering them in new ways or transferring them to new or different markets. In doing so, however, you should always check whether the idea is suitable for the circumstances in the respective regional market.

Business succession: You can also take over an existing business. Succession no longer takes place automatically within a family, which is why more and more companies are looking elsewhere for suitable successors. You can find more information about this in our extensive special brochure 'Leitfaden zur Betriebsnachfolge' (Guide to business succession) or online at www.gruenderservice.at/nachfolge. You can also visit our successor exchange www.nachfolgeboerse.at.

Franchising: When you franchise, you take on a tried-and-tested business concept for a fee, yet still become self-employed. You will reap the benefit of an established brand name or trademark, as well as receiving assistance from the franchiser and enjoying a mutual exchange of ideas and experience. For more

information, visit our internet platform <https://www.wko.at/gruendung/franchising>. If you want to search directly for franchise opportunities in Austria, we recommend taking a look at the overview of franchise systems provided by the Austrian Franchise Association at <https://www.franchise.at/system-finden/>.

Outsourcing: Outsourcing is when companies commission work that was previously completed internally to be performed externally – for example by former employees who now complete these tasks on a self-employed basis.

Outsourcing entails risks and opportunities alike for both the company and the external worker. Take care if you only work for one client, as this is similar to an employment situation: the Austrian Health Insurance Fund may classify this as an employment relationship, even if you wish to be self-employed and hold a trade licence.

1.1.2. Opportunities and risks

Above all, you need to convince your future customers of your idea. Rather than putting your products or services front and centre, highlight the problems they can solve and the benefits for your customers. If you can offer people a convincing solution, they are the ones who will buy your product or service.

How good is your business idea?

Ask yourself...

- Who will benefit from my product or service?
- Why should someone buy from me instead of from someone else?
- Who are my competitors?
- How big is the market and how is it developing?
- How do I reach my target audience?
- What financing will I require?
- How do I finance my idea and are any subsidies available?
- What costs will I face?
- What fees and taxes will I be liable for?

- What are my expected profits?
- Will I be able to make a living from this?
- What social protection will I receive?
- What legal conditions must I take into account?
- How do I best organise the processes, accounting, etc.?

While there is no 100% guarantee of success, you can maximise your startup's chances of success through careful planning and focused preparation. You can find helpful information on preparing a business plan starting on page 47.

1.2. PERSONAL QUALITIES

When you become self-employed, you are stepping into a thrilling world full of new possibilities. There may be challenges along the way, but that's exactly what makes it so exciting.

Working for yourself gives you the freedom to make your own decisions, put creative ideas into action and truly enjoy what you do – so you can set up the company you want and create something that is truly yours.

1.2.1. Do you have the potential to be an entrepreneur?

Before rushing into establishing your own business, you should have a clear idea of your personal objectives. Do you want to become self-employed? If so, do you have the essential requirements? Confidence in your own abilities can move mountains. However, you also need to ask yourself the right questions when setting up a company.

There are a lot of crucial factors for success: you need to believe in your ideas and be prepared to take risks. You must have faith in your own abilities but remain open and inquisitive. You should also want to be independent, be extremely motivated and enjoy being creative. Professional qualifications, including basic commercial knowledge and experience in your line of business, are crucial as well when starting

your business. And an especially important aspect is having the backing of your loved ones and family, and their support in carrying out your plans.

Of course, it is not necessary for you to have all of these entrepreneurial qualities and qualifications from the very outset; you will also learn a great deal through experience.

Some tasks can be outsourced – for example to accountants, tax advisers and marketing agencies.

1.2.2. Startup readiness check

Being self-employed gives you the freedom to make your own decisions; however, you must also take full responsibility for those decisions.

Check your startup readiness and discover what strengths you already have to help you successfully start a business!

OUR TIP

Our online startup readiness check is also a good source of guidance.



[Direct link](#)

Answer honestly and spontaneously to make sure you get a meaningful result.

Exploring your potential can be a very enjoyable process, and we hope the results give you valuable insights so you can successfully put your business idea into action. Good luck!

Planning makes the difference

In business, you will encounter many situations that call for quick, smart decisions. Making good plans at the start gives you the foundation you need to tackle these challenges with confidence and get your business up and running successfully.



When you decide to be an entrepreneur, you're deliberately choosing a path full of exciting opportunities. Having the courage to set up your own business opens up new prospects and possibilities. The key lies in professionally managing business risk right from the start – by making thorough plans for your startup and taking those first steps into the future.

A business plan creates a solid foundation for a successful startup. It is well worth investing your expertise, commitment and time in it. Because in addition to providing valuable direction for you personally, the business plan determines whether and to what extent financiers will support your company. Convincing answers are needed to justify your business's capital requirements. In addition to the conventional loan, other financing instruments are available – including crowd funding and business angels. Subsidies are also a key issue for startups.

Using a strategic approach to market your products and services is equally important, because smart positioning ensures that you can reach your customer basis and make a successful market impact.

During the planning stage, you should also consider the tax and social welfare requirements that are involved in running a company. Likewise, you should make sure to choose a legal form that matches your goals and is a good fit for your startup.

OUR TIP

Use our interactive startup guide
www.gruenderservice.at/gruenderguide



Direct link

2. PLANNING

2.1. Trade law

From eligibility to proof and preconditions

→ p.16

2.2. Selecting a legal form

Which options are available and what should be taken into account

→ p.21

2.3. Choosing a location

What to bear in mind when choosing a location

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2.4. Business premises law

What permits are needed for your business premises

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2.5. Marketing and competition

How to effectively market your business idea

→ p.40

2.6. Preparing a business plan

What should be included in a business plan

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2.7. Budget

From planning to cost calculation

→ p.49

2.8. Financing

Which financing options are available?

→ p.55

2.9. Capital requirements

Estimating financial resources

→ p.60

2.10. Subsidies

Subsidy options and types

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2.11. Social insurance

What needs to be paid and when?

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2.12. Taxes

What needs to be paid and when?

→ p.73



2.1. TRADE LAW

You need a trade licence (Gewerbebezeichnung) to engage in any commercial activity that is subject to the Trade Regulation Act (GewO). The licence is acquired by registering your trade, provided that the requirements set out in the Trade Regulation Act are met.

When you register your trade, you are also issued a business licence (Gewerbebescheinigung) by the district administrative authority if you do not yet have a trade licence at the time of registration. The business licence gives the holder the right to engage in commercial activities and may be expanded with the registration of additional trades. There is no charge for this.

An activity is considered to be performed commercially if it is practised independently, regularly and with the intention of generating a profit.

An activity is deemed to be 'independent' if you practise it for your own account and at your own risk. In turn, an activity is considered 'regularly practised' if it can be assumed that the activity will be repeated or will usually take a longer period of time to carry out.



IMPORTANT!

If you wish to work in a trade as described above, you need a trade licence – trade registration is free.

Which trade licence do you need?

That depends on the activity you will be performing. If it is a type of craft, you will need a licence in a licensed trade (craft) (e.g. car repair = motor-vehicle engineering, making furniture = carpenter). However, there are also activities which cannot be so easily classified. In these cases, it will be necessary to find out which trade licence is required. ⓘ

The trade licence regulates the rights and obligations of a business operator. Certain activities are excluded (e.g. lecturing activities). These exceptions are often subject to laws governing that particular profession (e.g. doctors, lawyers). If you believe that the occupation you wish to practise is not a commercial activity, you should contact the Startup Service (regional or district office) in your federal province in any case.

You will receive comprehensive information free of charge as to whether your assumption is correct. That information will provide clarification on whether you might be a member of the Austrian Federal Economic Chamber anyway (e.g. if you are a certified accountant), defined on the basis of other statutory provisions.

2.1.1. What types of trades are there?

There are three types of trades:

1. Free trade (without Certificate of Professional Competence)

e.g.

- Services in automatic data processing
- Office work
- Running a petrol station
- Retail
- Advertising agencies
- Fingernail modelling (nail studio)
- Assembly of furniture kits

2. Licensed trades and crafts (Certificate of Professional Competence required)

e.g.

- Food traders (bakers, butchers, etc.)
- Business consulting services
- Insurance agents
- Carpenters
- Beauticians

3. Licensed trades that may only be practised upon issuing of an official, legal decision (known as 'legally regulated trades')

e.g.

- Builders
- Pyrotechnics companies
- Master carpenters
- Commercial financial consulting
- Gas and sanitary engineering

In order to keep your startup plans on track, you need to know which trade your business falls under, so you should clarify this as soon as possible.



2.1.2. Certificate of Professional Competence

Your Certificate of Professional Competence attests to the fact that you have achieved the required level of specialist, commercial and legal knowledge, skills and experience in order to practise your trade independently. The certificate is awarded to you after you have passed traditional examinations such as the master craftsperson's certificate examination (Meisterprüfung), the qualification examination, the licence examination or a number of other options, such as attending vocational training schools (HTL [vocational technical college], HAK [commercial academy], etc.) combined with time on the job. Certificates of Professional Competence are valid for one person only, i.e. they are not transferable.

If you do not meet the requirements for a Certificate of Professional Competence, there are still other ways to become self-employed.

Quality seal

In order to offer companies whose owners or managing directors have passed a master or state qualification examination the opportunity to market themselves to potential customers, the option was developed to distinguish their business through quality seals. If a master examination has been passed, the quality seal 'Meisterbetrieb' (master enterprise) can be used, and if a state qualification examination has been passed, the quality seal 'staatlich geprüft' (certified) can be used. Persons who have successfully passed the master craftsperson's certificate examination are entitled to use the designation 'Meisterin' or 'Meister' in front of their name in abbreviated form ('Mst.' or also 'Mst.in' or 'Mst.in') or in full ('Meisterin', 'Meister') and to have this entered in official documents (e.g. passport, driving licence) in the same way as an academic degree (Art. 21 para 5 Trade Regulation Act 1994).



What to do if you do not have a Certificate of Professional Competence?

The following options are open to you if you meet the general requirements but do not have a Certificate of Professional Competence:

- **Individual competence (Art. 19 of the Trade Regulation Act):** The trade authority takes your professional experience into account when determining your individual competence. It is very important that you submit all training certificates, employment references and a social insurance data sheet for this purpose.
- **Qualification or master's examination:** The Austrian Federal Economic Chamber and/or the Austrian Federal Economic Chamber's Institute for Economic Promotion offers courses to prepare for the examination. The Austrian Federal Economic Chamber also organises and holds the examinations in the majority of cases.
- **Forming a partnership (e.g. OG, KG):** Here, the partner with unlimited liability (general partner of KG) must provide their Certificate of Professional Competence.
- **Hiring a managing director under trade law:** The managing director under trade law provides the Certificate of Professional Competence for the company. They work at the company for at least one half of the normal weekly working hours and are an employee who is required to pay social security contributions in full and who must be paid in accordance with the collective bargaining agreement at a minimum. To this end, they must be able to enforce the trade law regulations for this trade.

OUR TIP

This issue is a tricky one, so be sure to get advice from the Startup Service and take advantage of our comprehensive expertise for your own assurance.



Overview of the types of trade

There are three types:

Types of trade	Certificates of professional competence	Start of practice
Free trade	No certificate of professional competence required, but you do need a trade licence	When the business is registered
Licensed trades	You need a certificate of professional competence	When the business is registered, if the certificate of professional competence is available
Legally regulated trades	You need a certificate of professional competence and the background check	As soon as the trade authority issues the legally effective notice

OUR TIP

Are you eager to put your idea into practice but don't know which trade you need? Then contact the Startup Service at the Austrian Federal Economic Chamber in your province directly. Our experts at the district and regional offices will be happy to help you.

The contact addresses can be found on → page 131.



2.1.3. What are the requirements?

You will receive a trade licence if you meet the following requirements, over and above the Certificate of Professional Competence that is necessary for certain trades:

- You must be 18 or older.
- You must be a citizen of a member state of the EU, an EEA signatory state or other state with which an international treaty has been signed or you have a residence permit that entitles you to practise the intended self-employed activity.
- Your place of residence must be in Austria, a member state of the EU or an EEA signatory state. Residence in Austria is not required if enforcement of administrative penalties is assured in the trade holder's home country by virtue of a treaty. The managing director under trade law must be in a position to work in the business accordingly.
- There are no grounds for disqualifying you – e.g. convictions on the grounds of tax-law offences, court convictions, and, in specific instances, insolvency proceedings.

2.1.4. Ancillary rights

In total, supplementary services from other (licensed and free) trades worth up to 30% of annual turnover may be supplied without requiring their own trade licence. These must be an economically viable supplement to your own activities. Please note that a different rule applies when crossing over to a licensed trade: in this case, services from other licensed trades may be undertaken as part of an existing contract. Please note that these supplementary services from licensed trades must not make up more than 15% of your business's own services (contract value or time spent). These restrictions must be strictly adhered to. Furthermore, the economic focus and specific nature of the business must not change. If this is necessary for safety reasons, business operators must

employ experts with the appropriate training and experience. Detailed information on how ancillary rights affect your startup plans and which trades ultimately need to be registered can be provided as part of your consultation.

2.1.5. Freedom of establishment and freedom to provide services

Due to the EEA Treaty, the EU regulations on freedom of establishment and freedom to provide services apply in Austria. Freedom of establishment allows you as a business operator to found and operate an enterprise or company in every other EEA/EU member state. Freedom to provide services gives you the option of conducting your business in other member states.

Citizens of EEA/EU member states who settle in Austria in order to engage in a commercial activity or wish to do commissioned trade work are considered equal to Austrians in terms of citizenship. However, they must hold the requisite Certificate of Professional Competence to practise a trade in Austria.

Find out what requirements you need to meet to work in Austria ahead of time (e.g. notification of services, certified translations of Certificates of Professional Competence, residence permits for non-EU/EEA nationals, etc.). Please contact the Startup Service for more information.

OUR TIP

Be sure to clarify trade law issues in advance – this creates a solid basis for your company's success.

Daniela Wagner sells local and sustainable products in her shop.

SUCCESS STORY

A gift to the region: a sunny take on sustainability!

Daniela Wagner founded Sunshine Gallery, a gift shop centred around local products and sustainability.

The journey to self-employment usually starts with a vision that you can't stop thinking about – that's how it was for me, too. During my professional career in marketing and as a manager, I started thinking more and more about setting up something of my own. But the actual kick-start came on a stay in the US when I saw how excited the people there were about local crafts and national products. This passion and the pride I sensed there were what motivated me to take action myself and turn my dream into reality.

Going self-employed was an opportunity to do things my way, interact directly with customers and give my creativity free rein. I wanted to be responsible for making my own decisions and take my everyday routine into my own hands – basically, be my own boss.



Daniela Wagner

Sunshine Gallery

But like any founder, I faced the usual challenges that often arise at the outset due to uncertainties and doubts that other people had. There will always be people who are unable to see your vision. Especially then, it's important to stand your ground and have faith in your own idea. Challenges like putting structures in place and finding the right partners require staying power – but if you can overcome these obstacles, you'll gain clarity and self-confidence.

I can now say that all the trouble and risks have paid off. Thanks to the support of partners like the WKNÖ, the Startup Service and the AMS as well as my family's backing, I have set up a company that's more than just a job to me. It's an expression of what matters to me: a regional focus, craftsmanship and sustainability are the values that I can pass on to my customers.

For anyone who's thinking about going it on your own, know that courage and conviction are the starting point – and your vision is the goal.

→ www.sunshine-gallery.at



2.2. SELECTING A LEGAL FORM

One important question to answer when setting up your business is: what is the right legal form for my company? There is no blanket answer to this question because every startup is different. It is important to analyse the features of the various legal forms with regard to liability, powers of representation, capital expenditure, startup costs and taxes and to carefully weigh their advantages and disadvantages. Our Legal Form Guide will show you which legal forms are suitable for you and the differences between them.

Go to <https://www.wko.at/gruendung/rechtsform-ratgeber> now to learn more and get started with the right legal form for you.

Alone or with others?

This is one of the most important decisions you will have to make when starting your business, and depends on your business idea and circumstances.

Advantages of founding a business with others:

- Additional experience, knowledge and skills
- Work is organised more effectively, which saves time
- Easier to raise capital
- Less startup risk
- More dynamic company growth
- Greater chances of success

Drawbacks:

- Less freedom to make decisions
- Liability for mistakes made by others
- Decisions may take longer

Alternatives:

- Explore whether you can team up with others to take advantage of the associated benefits without founding a partnership.
- There are various areas that lend themselves to collaboration, such as procurement, production and sales.

What to take into account when founding a partnership?

When founding a partnership, it is important to make decisions objectively and not purely based on emotions. Although it is essential to have trust in your business partners, you should also ask yourself these key questions to ensure that you have found the right partners:

- Have you and your business partners successfully worked together in a team before?
- What is your partners' financial situation?
- Do your business partners have the personal qualities needed to be an entrepreneur?
- Is the chemistry right between you and your partners?
- Could your business partners also successfully found and run a business without you?
- Consider the potential consequences of a split from your business partners.

This is a complex matter, so it is important to consider it carefully and seek in-depth advice. Discuss your decision with close friends and family too to make sure that you find the right business partnership.

What legal forms are there?

A company's legal form defines both the legal relationships within the enterprise and those with external parties. When choosing the right legal form, you should definitely consider the following criteria:

- Personal
- Tax
- Administrative
- Commercial law

Choosing the appropriate legal form is a complex decision. Factors such as trade law, liability, social insurance and tax law will inform your decision. You must also take into account decision-making structures and costs. Seek advice from experts who will be able to assess your individual plans and circumstances.



[Direct link](https://www.wko.at/gruendung/rechtsform-ratgeber)



You can get an initial rough idea of the appropriate legal form by considering the following four questions:

- 1 **How closely do you want to be involved with others?**
- 2 **Do you wish to assume personal liability – perhaps for your business partner's errors as well?**
- 3 **How can you minimise taxes and social insurance contributions?**
- 4 **Does the chosen legal form make sense in terms of managing the business?**

There is no such thing as an 'ideal' legal form, as it all depends on the purpose of the company. Remember that no legal form is permanently advantageous either, because the reasons for choosing that form may change. You should therefore review your chosen legal form to assess if it is still the right one for you every couple of years. Read on for an overview of the most common legal forms used in business:

2.2.1. Sole proprietorship

The owner of such a business is a single individual who runs the business – and can either be the proprietor of the company or a lessee. As sole proprietor, you are liable without limitation – with all your personal assets at risk as well – for your business's debts. You bear all the risks – but because you do so, you also reap all the benefits. The fact that you run a sole proprietorship does not mean that you are entirely dependent upon yourself alone. You can also, of course, employ staff – i.e., conclude employment contracts – and draw on the support and cooperation of your family.

Starting up

In principle, a sole proprietorship comes into existence with the registration of the business or, from a tax perspective, with the first business expenses.

Company Register

A sole proprietorship must be entered in the Company Register upon reaching the accountability threshold. The accountability threshold is usually a net annual turnover of EUR 700,000. If you do not reach this threshold, you may register voluntarily but without being obliged to disclose accounts.

Company

If you are not entered in the Company Register, you are required to use your surname and at least one written-out given name to externally designate your place of business and business documents. Registered sole proprietors may use the names of people, the object of the company or imaginary names, but a suffix indicating the legal form must be appended, such as 'eingetragener Unternehmer' ('registered proprietor') or else a generally comprehensible abbreviation of that designation, e.g. 'e.U.'.

For example:

Name derived from the surname: Springer e.U.

Name derived from the object of the company: XY Holzhandel e.U.

Imaginary designation: Complex e.U.

All companies entered in the Company Register, regardless of their legal form, must provide the following information on their business letters, order forms and e-mails addressed to a specific person or company, as well as on websites:

- Company
- Legal form
- Head office location according to the Company Register
- Company Register number
- Court of Company Registration

In the case of business operators, if their first name and surname are not included in the name of the company, then these must be added in the business records. You may also use an additional designation indicating the type of business, e.g. 'The Riverside Inn'.

Trade licence

In order to operate a trade business, you will need a trade licence, also known as a trade licence certificate or GISA excerpt. You must meet certain general and, potentially, specific requirements to obtain this licence. If you do not meet the specific professional or commercial requirements, you can appoint a managing director under trade law. This person must be actively involved in the business, must be a fully insured employee and must be employed for at least half of the normal weekly working hours.

**Social insurance**

If you are a sole proprietor engaging in a commercial activity – i.e. if you are a member of the Austrian Federal Economic Chamber by virtue of trade or other professional authorisation – you must be covered under mandatory insurance with the Austrian Social Insurance for Self-Employed Persons (Sozialversicherung der Selbständigen – SVS). If you are self-employed in a secondary occupation, you can be exempted from compulsory insurance under the small business operators' scheme (see the chapter 'Social insurance'). Students or other co-insured persons can also take advantage of this regulation.

Taxes

As a sole proprietor, you are assessed for income tax if you exceed the tax exemption limit applicable in the respective calendar year; you are also obligated to pay VAT (possible exception: see the section concerning the small business operators' scheme in the chapter 'Taxes – Invoicing').

Advantages

- Starting a company is quick, simple and generally affordable – the sole proprietorship comes into existence when the business is registered
- Cash-basis accounting until net annual sales exceed EUR 700,000 twice
- Possibility of exemption from mandatory commercial insurance (small business operators' scheme)

Drawbacks

- Unlimited personal liability
- You must personally demonstrate your qualification under trade law, otherwise you will need to employ a managing director under trade law

2.2.2. General partnership (Offene Gesellschaft – OG)

A general business partnership is composed of at least two people who are directly liable, jointly and severally, and are therefore not liable proportionately and whose personal assets are at risk. In doubtful cases, the partners must effect equal contributions;

however, the latter may also be contributed in the form of services.

Starting up

Articles of association between at least two partners are a prerequisite for founding a general business partnership. The articles are not bound to any legal form; they can even be concluded verbally. However, we do recommend that you make them in writing. Notary or attorney offices need not be involved. All the partners' rights and obligations in respect of one another and the company should be set out in the articles, including company management and representation, profit and loss sharing, voting ratios for important decisions, provisions for death, resignations and dismissals, liquidating the company, etc.

Company Register

After you have concluded the articles of association, you must apply to have the partnership entered in the Company Register. All facts are entered in the Company Register which are relevant to all persons having business contacts with the partnership (e.g. partner liability, powers of representation, company name, etc.). Entry in the Company Register gives an OG its legal status.

Company

The company name of an OG may be derived from a surname, the object of the company or an imaginary name, whereby the designation 'offene Gesellschaft' or a generally comprehensible abbreviation of that term (e.g. 'OG') must be used.

For example:

Name derived from the surname: Springer OG

Name derived from the object of the company:

XY Holzhandel OG

Imaginary name: Complex OG

You may also use an additional designation indicating the type of business (e.g. 'The Riverside Inn').

All companies entered in the Company Register, regardless of their legal form, must provide the following information on their business letters, order forms and e-mails addressed to a specific person or company, as well as on websites:



- Company
- Legal form
- Head office location according to the Company Register
- Company Register number
- Court of Company Registration

Business management/representation

All partners have representational authority, with each of them possessing this authority individually. In the articles of association, individual partners can be excluded from representation or a collective responsibility can be agreed in place of individual representation. Such arrangements must be entered in the Company Register. All partners have executive powers for themselves. However, if another managing partner disagrees, the action must remain undone. A unanimous shareholder resolution is required for unusual management measures which go beyond the usual business operations. It is possible to set different rules in the articles of association.

Trade licence

A trade licence in the name of the company is necessary in order to carry out trade activities. This requires that an individual be appointed as managing director under trade law. In a licensed trade, this director must either be a partner or an employee of the OG who is fully liable to pay mandatory social security contributions, must be employed for at least one half of the normal weekly working hours and must have the authority to issue directives independently.

Social insurance

All partners in a commercially active OG must be covered under the compulsory Social Insurance Act for Trade and Industry (GSVG).

Taxes

OGs are not liable to income taxation; however, the partners must declare their share of profits. The company pays the applicable VAT. A partner can also have other income if they receive certain emoluments from the company (e.g. for cooperative work, transfer of assets or the use thereof). These are also liable to income taxation. Accounting is not compulsory until net annual sales exceed EUR 700,000 twice.

Advantages



- Founding an enterprise is quick, easy and affordable – no formal contractual regulations
- Cash-basis accounting until the compulsory accounting level is reached
- Only one partner need be qualified under trade law

Drawbacks



- Personal, unlimited, joint liability – even if powers of representation or management are restricted

2.2.3. Limited partnership (Kommanditgesellschaft – KG)

A limited partnership consists of at least two people, one of whom is liable without limitation (general partner) and one with limited liability (limited partner). As a general partner you have personal, unlimited liability towards creditors (if applicable also jointly with other general partners), whereas as a limited partner you are liable only up to the sum entered as your liability contribution (Haftungseinlage) in the Company Register. You yourself can decide on this amount. However, bear in mind that your municipal tax liabilities are unlimited.

Starting up

Articles of association between at least one general partner and one limited partner are a prerequisite for founding a KG. The articles are not bound to any legal form; they can even be concluded verbally. However, we do recommend that you make them in writing. Notary or attorney offices need not be involved. All the partners' rights and obligations in respect of one another and the company should be set out in the articles, including deposits and participation of shareholders, managing directors and representatives, profit and loss sharing, voting ratios for important decisions, provisions for death, resignations and dismissals, liquidating the company, etc.

Company Register

After you have concluded the articles of association, you must apply to have the partnership entered in the Company Register. All facts are entered in the Company Register



which are relevant to all persons having business contacts with the partnership (e.g. partner liability, powers of representation, company name, etc.). Entry in the Company Register gives a KG its legal status.

Company

The name of a KG can be derived from a surname, the object of the company or an imaginary name; it must be followed by 'Kommanditgesellschaft' or a generally comprehensible abbreviation (e.g. 'KG'). The limited partner's name must not be included in the wording.

For example:

Name derived from the surname: Springer KG

Name derived from the object of the company: XY Holzhandel KG

Imaginary name: Complex KG

In addition, a designation of the type of business may be used e.g. 'The Riverside Inn'.

All companies entered in the Company Register, regardless of their legal form, must provide the following information on their business letters, order forms and e-mails addressed to a specific person or company, as well as on websites:

- Company
- Legal form
- Head office location according to the Company Register
- Company Register number
- Court of Company Registration

Business management/representation

Only the general partners have representational authority, with each of them possessing this authority individually. In the articles of association, individual general partners can be excluded from representation, however, or a collective responsibility can be agreed in place of individual representation. These changes must be entered in the Company Register. Only the general partners can take the usual management measures, with each of them possessing this authority individually. However, unusual management measures require consent from all partners, including the limited partners.

Trade licence

A trade licence in the name of the company is necessary in order to carry out trade activities. A managing director under trade law must be appointed for this. In a licensed trade, the managing director under trade law must be a general partner who is authorised to represent the company. Alternatively, the managing director may be a fully insured employee who is employed for at least half of the normal weekly working hours.

Social insurance

All partners with unlimited liability (general partners) in a commercially active KG must be covered under social insurance as set out in the Social Insurance Act for Trade and Industry (GSVG). Partners having limited liability (limited partners) with a minor share may also be covered under compulsory social insurance as set out in the General Social Insurance Act (ASVG) if they are employed at the company. If they are not, i.e. they merely hold capital in it (no company management authorisation or obligation to make further contributions), limited partners are generally insurance-exempt. If they bear entrepreneurial risk, they may be subject to compulsory insurance according to the GSVG.

Taxes

KGs are not liable to pay income tax; however, the partners must declare their share of profits. The company pays the applicable VAT. A partner can also have other income if they receive certain emoluments from the company (e.g. for cooperative work, transfer of assets or the use thereof). These are also liable to income taxation.

Accounting is required once net annual sales exceed EUR 700,000 twice.

Advantages



- Limited partners have restricted liability
- Founding an enterprise is quick, easy and affordable – no formal contractual regulations
- Cash-basis accounting until the compulsory accounting level is reached



- Limited partners' roles can be relatively flexible (mere capital contribution, genuine employment relationship or self-employed)
- Only one general partner need be qualified under trade law

Drawbacks

- Personal, unlimited and, if applicable, joint and several liability for general partners



2.2.4. Private limited company (Gesellschaft mit beschränkter Haftung – GmbH)

After the sole proprietorship, the limited liability company is the most common legal entrepreneurial form. The appeal of this company form is evident from the name, as liability is typically limited to the company. This makes it a particularly suitable form for groups of individuals who wish to work in the company and yet limit the risk to the capital investment or company assets. Please note that this limited liability may not always hold in practice. This can be the case if, for example, banks granting loans require guarantees of payment from the shareholders for the company. Additionally, company management liability may apply to managing partners in the event of negligent and unlawful acts in the management of the company.

Equity capital

The equity capital to be provided must be equivalent to a minimum of EUR 10,000. Half of that amount must be paid in cash.

Starting up

If you found a GmbH, you require articles of association. They must be concluded in the form of a notarial deed. The cost of this is linked to the level of equity capital. The lowest notarial charge may be possible if the startup is a one-person business, the subsidy criteria according to the New Business Foundation Support Act (NeuFöG) are fulfilled and the articles of association are aligned with the minimum specifications of the Limited Liability Companies Act (GmbHG).

Simplified founding

A GmbH may only be founded using a simplified digital process without a notarial act if the company is started by a single physical person. This person must also be the sole shareholder and managing director. The declaration of the founding of the company must have standardised content and is made electronically via the Business Service Portal (Unternehmensserviceportal – USP). An electronic signature (ID Austria) is required for this process. In a first step, the founder chooses a bank to issue written confirmation that the equity capital has been paid in. The founder verifies their identity there using an official photo ID, pays in the equity capital at least to the amount necessary and signs with their sample signature. It is always important to clarify in advance whether the respective bank offers this service.

Company Register

Entry in the Company Register gives a GmbH its legal status.

Company

The name of a GmbH can be derived from a surname, the object of the company or be an imaginary one, but it must contain the designation 'Gesellschaft mit beschränkter Haftung'; this designation may be abbreviated (e.g. GmbH or GesmbH).

For example:

Name derived from the surname: Springer GmbH

Name derived from the object of the company: XY Holzhandel GmbH

Imaginary name: Complex GmbH

You may also use an additional designation indicating the type of business (e.g. 'The Riverside Inn').

All companies entered in the Company Register, regardless of their legal form, must provide the following information on their business letters, order forms and e-mails addressed to a specific person or company, as well as on websites:



- Company
- Legal form
- Head office location according to the Company Register
- Company Register number
- Court of Company Registration

Representation

Although GmbHs are legal entities, they have no power to act, so they are publicly represented by one or more managing directors under commercial law who are liable for losses in the event of unlawful and culpable acts.

Trade licence

For activities which are subject to the Trade Regulation Act (GewO), a trade licence in the name of the company is required. The trade licence in the name of one of the partners is not enough. Furthermore, a managing director must be appointed under trade law who must meet all trade law requirements. The appointed managing director under trade law can only be, provided a Certificate of Professional Competence is required, the managing director under commercial law or an employee who is fully liable to pay mandatory social security contributions. This person must also work in the business accordingly.

Social insurance

In general, as a 'simple' shareholder in a GmbH, you are not subject to compulsory insurance. Anyone who is both a shareholder in the commercially active GmbH as well as the appointed managing director under commercial law must generally be covered under the compulsory Social Insurance Act for Trade and Industry (GSVG) unless they cannot exercise a dominating influence on the company, i.e. if they hold less than 25%, or more than 25% but less than 50% with an employment contract and a requirement to observe instructions.

Taxes

The company's profits are subject to corporation tax (23%). Should the company not turn a profit or post a loss for a fiscal year, annual minimum corporation tax of 5% of the statutory equity capital must be paid. Profit distribution is subject to capital gains tax (27.5%). Salaries that the shareholders additionally draw for their work for the company are subject either to wage tax or to income tax. Emoluments are subject to income tax.

Advantages



- The GmbH is liable with the company's assets; in addition, the managing director under commercial law may be liable
- Only one trade licence in the company's name is required (see 'Trade licence')

Drawbacks



- Higher startup costs
- Obligation for double bookkeeping and accounting and thus higher running costs
- The managing director under commercial law may also be personally liable
- Shareholders may be personally liable to institutions granting loans

2.2.5. Flexible company (Flexible Kapitalgesellschaft – FlexKapG/FlexCo)

A new legal form of company, called a 'Flexible Kapitalgesellschaft' (flexible company), has been created to meet the specific needs of startups and founders. The flexible company (FlexKapG or FlexCo) legal form is based largely on a GmbH but also incorporates adapted provisions from stock corporation law.

The Austrian Flexible Company Act (FlexKapGG) provides for the issuing of enterprise value shares if this is agreed upon in the articles of association. This provides a relatively straightforward way of enabling employees to participate in the company's success by holding shares. The new legal form is also expected to be particularly attractive to international investors at an early



stage, securing long-term support for the startup scene. Enterprise value shares do not generally entitle the holder to voting rights.

Equity capital

The minimum equity capital to be raised is EUR 10,000, whereby at least EUR 5,000 of the capital contributions must be paid in cash. At least one quarter, and in any case at least EUR 1, must be paid up for each capital contribution to be paid in cash. The capital contributions are divided into company shares with voting rights and enterprise value shares without voting rights. Enterprise value shares can be issued up to a maximum of 24.99% of the equity capital. The preparation of a 'private deed' by a notary or attorney is sufficient for the transfer of company shares. For the transfer of enterprise value shares, meanwhile, the written form is sufficient.

Starting up

A notarial act is generally also required to found a FlexKapG if more than one person is founding the company. Simplified founding using electronic means of communication without a notary in accordance with Section 9a of the Limited Liability Companies Act (GmbHG) is possible if the relevant requirements are met. Please refer to the relevant information on the GmbH legal form in this respect.

Company Register

Like the GmbH, entry in the Company Register gives the FlexKapG its legal status. Unlike shareholders who hold company shares, shareholders with enterprise value shares do not appear in the Company Register.

Company

The name of a FlexKapG can be derived from a surname, the object of the company or be an imaginary one, but it must contain the designation 'Flexible Kapitalgesellschaft' or 'Flexible Company'; this designation may be abbreviated (FlexKapG or FlexCo).

For example:

Name derived from the surname: Springer FlexKapG

Name derived from the object of the company: XY Holzhandel FlexKapG

Imaginary name: Complex FlexKapG

You may also use an additional designation indicating the type of business (e.g. 'The Riverside Inn'). All companies entered in the Company Register, regardless of their legal form, must provide the following information on their business letters, order forms and e-mails addressed to a specific person or company, as well as on websites:

- Company
- Legal form
- Head office location according to the Company Register
- Company Register number
- Court of Company Registration

For information on representation, trade licences and social insurance, please refer to the relevant sections on the GmbH.

Taxes

The company's profits are subject to corporation tax (23%). Should the company not turn a profit or post a loss for a fiscal year, annual minimum corporation tax of 5% of the statutory equity capital must be paid. Profit distributions (notably, this also applies to shareholders with enterprise value shares) are subject to capital gains tax (27.5%). Salaries that the shareholders additionally draw for their work for the company are subject either to wage tax or to income tax. Emoluments are subject to income tax.

Sales of enterprise value shares by employees follow special tax rules.

Advantages



- The FlexKapG is liable with the company's assets; in addition, the managing director under commercial law may be liable
- Only one trade licence in the company's name is required (see 'Trade licence')
- Attractive form of employee participation and more flexible option for transferring company and enterprise value shares (of interest to international investors at an early stage of the business)
- Significantly easier to change legal form to GmbH and AG
- Resolutions conducted in the form of circular resolutions

**Drawbacks**

- Higher startup costs
- Obligation for double bookkeeping and accounting and thus higher running costs
- The managing director under commercial law may also be personally liable
- Shareholders may be personally liable to institutions granting loans


2.2.6. Other legal forms**Associations**

As defined under the Associations Act (VerG), an association (Verein) is a legal entity. It has its own legal personality, its executive body handles legal affairs and it functions according to its own philosophy and objectives. Associations may also engage in commercial activity as long as the sales are put towards their non-material objectives. They are independent, i.e. they may have rights and obligations independent of those of their members. They may acquire possessions and property, conclude contracts, order services, act as an employer, etc. – but they are also liable to taxation and for compensation. They may become insolvent, whereby they are liable with their association's capital. Just like other legal entities, associations must have a trade licence when carrying out commercial activities, and their co-active bodies and employees must be covered under compulsory social insurance. This is the reasonable legal form to choose for co-op activities whenever a large number of people join together to work towards a common ideal over a longer period of time. Before making the final decision to found an association, verify that its purpose is permissible and consider whether it is the most suitable organisational form for realising your objectives.

Cooperatives and industrial societies**(Erwerbs- und Wirtschaftsgenossenschaft)**

Cooperatives are legally responsible entities that have an unlimited number of members serving to support their members' earnings and commercial activities. In practice, there are many kinds of cooperatives, including those relating to loans, purchasing, sales, consumers, utilisation, exploitation, construction and housing. A cooperative is a legal entity, has its own legal personality and is the owner of the cooperative's assets. It is entered in the Company Register. The cooperative's bodies include the board of directors, the supervisory board and the general shareholders' meeting. The board of directors manages and represents the cooperative.

Company under civil law**(Gesellschaft bürgerlichen Rechts – GesbR), silent partnership**

These company forms do not have their own legal personality. This means that they cannot be entered in the Company Register, do not acquire any rights (e.g. no trading licence) and cannot enter into any obligations. Since these legal forms are not particularly relevant when it comes to founding a business, they will not be covered in any further detail here. 

**IMPORTANT!**

No legal form will be permanently advantageous. No matter how many reasons there are for making a selection at the outset, any one of them can change sooner or later in any number of ways. Take time at regular intervals to think about what is the best legal form for you.



Overview of the legal forms

Sole proprietors

Liability

Full liability including private assets

Trade law

The entrepreneur or a managing director under trade law must have the necessary qualifications

Tax law

Income tax from profit of 0% up to max. 55%

General partnership (Offene Gesellschaft – OG)

Full liability of all shareholders including private assets

The company is the holder of the trade licence; a shareholder or a fully insured employee must provide a Certificate of Professional Competence

All shareholders liable for income tax

Company liable for VAT, if any

Limited partnership (Kommanditgesellschaft – KG)

Full liability of the general partner, limited partner liable to shareholder creditors only up to the amount of liability entered in the company register (can be freely selected)

The company is the holder of the trade licence; a general partner or a fully insured employee must provide a Certificate of Professional Competence

All shareholders liable for income tax

Company liable for VAT, if any



Social insurance	Company Register	Company name/ company designation
Compulsory insurance according to GSVG (Social Insurance Act for Trade and Industry) with the Social Insurance for Self-Employed Persons; exception possible under certain conditions (small business operators' scheme)	Registration once the threshold for compulsory accounting has been reached, prior to this optional	Unregistered sole proprietor: given name and surname; Registered sole proprietor: company name derived from a surname, the object of the company or an imaginary name
Each partner must be covered under compulsory insurance as set out in the GSVG	Registration required – company is only established upon registration	Company name derived from a surname, the object of the company or an imaginary name with the designation 'OG'
General partner: compulsory insurance for self-employed persons (GSVG) Limited partners: ASVG insurance in case of employment in the company otherwise compulsory insurance according to GSVG, if applicable	Registration required – company is only established upon registration	Company name derived from a surname, the object of the company or an imaginary name with the designation 'KG'. The limited partner's name must not be used



**Gesellschaft mit
beschränkter
Haftung (limited
liability company)**

Liability

In principle, the company's assets are liable for the company's liabilities. Furthermore, in certain cases, the managing director under commercial law may be liable.

Trade law

The GmbH is the holder of the trade licence; the managing director under trade law must also be either the managing director under commercial law or a fully insured employee

Tax law

Corporation tax liability of the GmbH (23% for profits remaining in the company) Profit distributions are also subject to capital gains tax (27.5%); minimum corporate tax/EUR 500 per year in the first five years

**GesmbH &
Co KG**

Full liability of the general partner (GmbH with company assets), limited partner liable only up to the amount of the limited partner's contribution

The KG is the holder of the trade licence; the managing director under trade law must also be either the managing director under commercial law (of the general partner GmbH) or a fully insured employee

Income tax or corporation tax for the limited partners; corporation tax for the general partner GmbH (on profits of the GmbH); final taxation on distributed profits of the GmbH is subject to capital gains tax

FlexKapG

See information on GmbH

See information on GmbH

See information on GmbH



Social insurance	Company Register	Company name/ company designation	Other
Managing partner if they hold up to 25%, or > 25% and < 50% with an employment contract and a requirement to observe instructions according to ASVG; otherwise, subject to insurance according to GSVG	GmbH is established upon registration; the articles of association are always subject to notarial deed. Exception: 'simplified' founding as per Art. 9a Limited Liability Companies Act	Company name: company name derived from a surname, the object of the company or an imaginary name with the suffix 'GmbH'	Higher startup costs Often affects tax adversely for small businesses
Compulsory self-employment insurance (GSVG) of the managing partners of the general partner GmbH only possible if the GmbH has a separate trade licence; limited partners as per ASVG if they are employees, compulsory insurance as per GSVG if applicable	Registration of the GmbH and the KG required	Name of the general partner (the GesmbH) plus suffix '& Co KG' (for example Müller GmbH & Co KG)	Two companies need to be established; this involves higher startup and running costs
See information on GmbH	FlexKapG is established upon registration; the articles of association are always subject to notarial deed. Exception: 'simplified' founding as per Art. 9a Limited Liability Companies Act	Company name derived from a surname, the object of the company or an imaginary name with the suffix 'FlexKapG', 'FlexCo' or 'Flexible Company'	Attractive form of employee participation and of interest to international investors at an early stage of the business; simplified transfer of company and enterprise value shares; higher startup costs and running costs (double-entry accounting); not suitable for small businesses



2.2.7. Company designation

Sooner or later, you'll need to decide on a name for your company.

Company name

The official company name is always the company name entered in the Company Register. The official company name must suitably designate the company and be distinctive. It may not contain any components which are misleading as to the company's circumstances that are important to the commercial circles addressed. No significant misunderstandings about the company's type, scope and branch of business may arise. The purpose behind the distinctiveness of a company name is to individualise and identify the enterprise. Thus the company name must be distinctive and evoke an association with a specific enterprise.

In particular, an official company name must be distinctly different from every other one in the vicinity or the same municipality and in the Company Register. This serves to enhance the individual nature of the general designation.

The permitted forms are the names of persons, the object of the company or imaginary names, and descriptions of the business may be central to the name. Unpronounceable or meaningless symbols and combinations of letters are not permissible. In general, the company name must be written in Roman letters. The name of a person other than that of the sole proprietor or partner with unlimited liability may not be included in the official name of a sole proprietorship or a registered limited partnership (exceptions apply only in the event of business succession).

On the other hand, an object name must relay the company's purpose; otherwise, it is an imaginary name. Industry or category designations without individualised additions are not sufficiently distinctive. Therefore, as a rule, a name relating to the object of the company must always be coupled with a person's name or an imaginary designation. See the chapters on sole proprietorships, OG, KG and GmbH for some specific examples of company designations.

An addition indicating the legal form must also be appended:

- **Sole proprietorship:** not entered in the Company Register: given name and surname, entered in the Company Register: company name derived from a surname, the object of the company or an imaginary name with the suffix 'eingetragener Unternehmer' or 'e.U.'.
- **General partnership (Offene Gesellschaft – OG):** company name derived from a surname, the object of the company or an imaginary name with the suffix 'offene Gesellschaft' or 'OG'.
- **Limited partnership (Kommanditgesellschaft – KG):** company name derived from a surname, the object of the company or an imaginary name with the suffix 'Kommanditgesellschaft' or 'KG'. The limited partner's name must not be included in the company name.
- **Private limited company (Gesellschaft mit beschränkter Haftung – GmbH):** company name derived from a surname, the object of the company or an imaginary name with the suffix 'Gesellschaft mit beschränkter Haftung' or 'GmbH', 'GesellschaftmbH' or 'GesmbH'.
- **Flexible company (Flexible Kapitalgesellschaft – FlexKapG/FlexCo):** company name derived from a surname, the object of the company or an imaginary name with the suffix 'Flexible Kapitalgesellschaft' or 'FlexKapG', 'FlexCo' or 'Flexible Company'.

The designations are to be used on business documents (e.g. letterheads, invoices, order forms, etc.) and placed on the outside of the place of business to identify the business premises (retail outlet). There are no legal stipulations on the form, size and placement of company identification on business documents. It is obligatory to position the identification legibly as a header or footer.

Registered sole proprietors and companies must additionally show their Company Register number, court of company registration and the location of their head offices (even if it is not the same as the business address) on their documents. You can check the company



name in advance at the court that keeps the commercial register of companies or the relevant information centre of the Austrian Federal Economic Chamber.

Business designation

Adding a further designation is advantageous for better marketing; in Austria, it is called an 'establishment designation' (business designation). However, it must not be deceptive or confusable with another. For example, Susanne Maier, a sole proprietor not entered in the Company Register who runs a knitted goods shop, may use 'Suzie's Wool Shop' in addition to her given name and surname. When choosing the business designation, make sure that you are not infringing the rights of a third party (copyright, trademark rights).

2.3. CHOOSING A LOCATION

2.3.1. Finding a location

Location possibilities are as varied as the ideas of founders! If you start a business and you just need a small office, a laptop and a telephone, you can count yourself lucky. In such cases, choosing your location does not present a particular challenge. The situation is a bit different for types of companies that involve a high volume of traffic. These industries require favourable geographical locations in order to run their business successfully.

One of the key decisions made during the lifetime of a business is the selection of the location. This decision is usually costly and not always reversible. We live in fast-paced times with ever-changing trends and fierce competition, so new entrepreneurs and founders repeatedly face the same kinds of questions: 'Where is my target group? Where does my particular business idea have the best chance?' Find out what your options are in terms of location and which location is ideal for you.

2.3.2. Location possibilities

Trade premises

If you offer products or a service and rely on walk-in customers or expect regular foot

traffic, having trade premises is the best option. Trade premises can also be used as a showroom. Carefully consider which criteria the trade premises must meet in advance. In addition to building criteria such as total area, facilities or rent costs, location criteria such as accessibility and foot traffic play key roles. Before signing a rental agreement, you must clarify whether you require a business premises permit for your planned business idea.

Successor companies

If your isn't a completely new one, a successor company – usually bound to a specific place – can be a good option. You can take over the existing business as is, or develop it further. Make sure you are fully informed on the successor company to weigh up whether taking over is a possibility for you. Even existing companies have to have their operational facilities inspected regularly. You should therefore check whether recent inspection certificates are available before taking over the company.

OUR TIP

Companies for takeover
www.nachfolgeboerse.at



Direct link

Office

A number of different options are available for using an office. You can rent an office for individual use on a long-term basis, whereby you are solely responsible for the infrastructure, etc. Alternatively, you could rent a serviced office location (i.e. shared office or co-working space) in which the existing infrastructure can be used jointly.

Temporary use/pop-up

Temporary use or a pop-up area is a sensible choice if you want to present your product or service for a certain period of time (e.g. for marketing purposes, exhibitions, etc.).

Shared space partnerships

Shared space partnerships involve the joint use of a commercial area by two or more companies. The benefits of this approach



include the sharing of costs and possible synergy effects if you have the same target group. In this case, it is important to agree in advance which rights and obligations must be fulfilled by each party. Typical examples of a shared space partnership include joint use of trade premises by a hairdresser and a beautician, an area shared by a massage parlour and a yoga studio or the use of an area by an advertising agency, graphics company and IT business.

2.3.3. Location information

For many industries and business ideas, information regarding the planned company location is essential for the decision-making process. There are different location factors that may vary depending on the business concept. These factors are aspects that determine the attractiveness of a location and influence its quality. 'Hard' location factors are factors that can be measured and qualified. These can include:

- Public accessibility and transport links
- Social demographics (resident data)
- Purchasing power
- Volume of passers-by and traffic
- Mix of industries & competitive structure
- Costs (rent, property, energy, etc.)
- Funding opportunities
- Proximity to raw material supply
- Distance from suppliers and customers
- Land zoning
- Business premises permit

'Soft' location factors are difficult to measure and are subjective but can be highly significant when it comes to selecting a location. 'Soft' location factors can include:

- Image of the planned location environment
- Economic climate
- Innovative environment
- Cooperation opportunities
- Activities of business associations

Location information is generally supplied in the form of location analyses by various providers. The data is often presented via maps and lists.

Note:

- Location information is often required for the business plan.
- You can use location analyses to compare several potential locations.
- Take both 'hard' and 'soft' location factors into account when making your decision.



Tips & tricks for finding a location

Plan sufficient time for finding a location and start doing so while setting up your business.

- If you require an office, the search is unlikely to take much time. However, if you are looking for trading premises or a partner for a shared space, you may need half a year or longer.

Make use of different search platforms and methods.

- Visit real estate websites regularly and create automated search profiles. Bear in mind that not every available trade premises or office will be advertised online, so it's a good idea to actively discuss your search with those around you. This is another way of finding possible locations.

**Conduct viewings of many different properties.**

- Keep in mind that your dream premises may not exist and you will likely have to make compromises. By visiting numerous different properties, you will get a feel for what is currently available on the market and the associated conditions.
- If you are looking for an office, get an overview of all the office locations (shared offices, co-working) in your target region.

Never sign a lease agreement in a rush!

- Be sure to clarify in advance whether the planned property is even usable for your business idea and whether you may need a business premises permit.
- If there is an existing business premises permit, check it thoroughly and assess whether this particular permit is suitable for you or whether you would need to change business premises.
- Plan in sufficient time in case you need to apply for a business premises permit.
- Discuss with the lessor whether they will reimburse costs after the lease for the business premises has been terminated if the investment you have made has resulted in a clear and predominant advantage on the part of the lessor. The right to claim damages can be contracted out, so it is important to pay particular attention to such clauses when concluding the contract and modify them prior to signing the contract if necessary.

Gather information about possible funding.

- Varying funding opportunities are available in the different federal states and cities.

Negotiate, discuss and negotiate!

- Be transparent during your discussions with possible lessors and explain your business idea in detail. Discuss what you have in mind and what you require so you can head off any possible difficulties after signing the contract.

Build up a network.

- Speak with like-minded individuals so you can exchange experiences and avoid possible stumbling blocks.

Obtain information about the location.

- Define your criteria for a location and what you're looking for. Find out what information is available regarding locations in your region.
- Find out if there are active trade associations near your planned location and what their activities are.
- Make the most of the services offered by your Austrian Federal Economic Chamber!

Points of contact:

Inquire at your local Austrian Federal Economic Chamber to find out what advice and support is available to help you find a location.

The Stadtmarketing Austria website provides a good overview of location-related activities in the federal states and the individual cities and municipalities. Some cities and municipalities have contacts you can get in touch with to discuss property vacancies and your location search.

→ <https://www.stadtmarketing.eu/>

Information on the topic of business premises permits

→ <https://wko.at/betriebsanlagen>



2.4. BUSINESS PREMISES LAW

2.4.1. Location

Choosing and planning a location are important factors for your company's success. A wide variety of criteria play an important part in your decision, including

- Land zoning
- Traffic (access road, parking areas, shipping and receiving options)
- Proximity to raw material supply
- Labour resources
- Distance from suppliers and customers
- Subsidies and public funding
- Environmental regulations (clarify required permits)
- Land costs
- Competitive situation
- Purchasing power

Taking all of these influencing factors into account when considering a business location will help you operate your business successfully in the long term. You can find out more about this in chapter 2.12. 'Choosing a location' on page 35.

2.4.2. General

Business premises are defined as any facility that is fixed in a single location and is used to conduct a business activity. Often, these business premises (including new buildings or conversions) require a licence in accordance with the Trade Regulation Act. This means you must apply for a business premises permit prior to installation and operation. Only temporary operating facilities are excluded. Commercial business premises include workshops, hotels, inns, parking areas for lorries and production facilities.

Depending on the individual case, however, a business premises permit is not necessary if your business premises do not have a detrimental effect on the protective interests as per the Trade Regulation Act. In any case, facilities mentioned in the 2nd Permit Exemption Ordinance do not require a business premises permit; in particular:

- Retail business with a floorspace of up to 600 m²
- Office-based companies
- Warehouses in enclosed buildings for the storage of goods and operating resources, with a floorspace of up to 600 m²
- Cosmetics, footcare, hairdressing or massage businesses or medical supply shops
- Tailors and shoe repair services
- Photography studios

One of the pre-conditions that apply to a business premises for which no permit is needed is that it will only operate between the following hours of business:

- On working weekdays from Mon to Fri from 06:00 to 22:00 – except for deliveries
- On working Saturdays from 06:00 to 19:00 – except for deliveries
- For deliveries on working weekdays from Monday to Friday from 06:00 to 19:00
- For deliveries on working Saturdays from 06:00 to 18:00

However, the 2nd Permit Exemption Ordinance does not apply to business premises where, for example, mechanical system parts for ventilation/extraction or heat transfer are located outside the building envelope or are operated as warehouses and in which substances or compounds are stored that are subject to labelling requirements as hazardous substances or compounds, provided that storage volumes or special forms or storage for these types of substances or compounds are not laid down in other legislation. In the case of facilities requiring a permit, installation and operation of the facility may only commence after a legally valid permit has been issued.

This is the case if the business premises are such that they

- Pose a risk to the life or health of the operator, neighbours or customers
- Pose a risk to the property or other real rights of neighbours
- Disturb neighbours due to odours, noise, smoke, dust, vibrations or other factors
- Significantly compromise traffic safety and flow



- Have a detrimental effect on the quality of water courses, insofar as no requirement for approval has yet been introduced in relation to the regulations governing water and water conservation
 - Compromise the practising of religion in places of worship, education in schools, the operation of hospitals and sanatoriums or the use or operation of other neighbouring systems or facilities serving the public interest
-
- Waste management plan including an estimate of future development; And one copy of the following:
 - Technical documentation required during procedures for investigating and evaluating the project and the premises' anticipated emissions
 - Documentation necessary to evaluate the protection of those interests which must also be taken into account by the authorities (according to other statutory regulations) in procedures in order to authorise the business premises, e.g. worker protection.

OUR TIP

Before starting a project, registering a trade or signing a rental agreement, be sure to find out whether you require a business premises permit or not – this way, you will be prepared for anything.

Attaching a single copy is sufficient if the listed documents are provided in electronic form.

Authorisation procedures

There are two types of authorisation procedure, each of a different length, so it is difficult to pinpoint the ideal time for submitting an application. The individual procedures can be extensive and take a long time. Therefore, we recommend that you contact the authorising office at the earliest possible date. We would be happy to send you preliminary information.

Regular procedure

This procedure is handled by the district administration/municipal authority or the district municipal authority office. You will need to bring the following documents for this procedure:

Documentation – informal application for authorisation of business premises. Please attach four copies of the following to your application:

- Description of the business including a list of machinery and other operational installations: List of equipment and machines with technical data (general information), floor plan, site plan, necessary plans and sketches
- Procedural description of the operation – type of work, work procedures, hours of operation, type of heating, etc.

Simplified procedure

In order to reduce the expense of business premises authorisation procedures, a so-called simplified procedure may be conducted in some cases. The rights of neighbours are limited here. This is the case, for example, if the operating area is no larger than 800 m² and the machinery connection power (i.e. the sum of the electricity consumption of all machinery used in the business, except office equipment and lighting) does not exceed 300 kW. Furthermore, assurance must be provided that, due to the premises' planned design (prognosis – actual facts), it is anticipated that hazards, annoyances, etc. will be avoided.

Further permits

Apart from the business premises permit, a number of other permits may be required depending on the project, e.g.:

- Building permit
- Waste management permits
- Permits under water laws
- Permits under nature conservation law
- Permits according to the Federal Roadways Act (Bundesstraßengesetz)



Below is a short checklist to help you quickly decide whether you need further advice on business premises permits:

Location of the business premises:

Land zoning known	Yes/No
Building regulations and workplace regulations known	Yes/No
Situation with neighbours	Good/Poor
Traffic volume	Slight/Significant

Business operations:

Working hours:	Day/Night
Noise	Yes/No
Dust	Yes/No
Odour	Yes/No
Effect on water courses	Yes/No

Future activities:

More production	Yes/No
More employees	Yes/No
More buildings	Yes/No
More traffic	Yes/No

If you have answered 'Yes' to some of these questions, we recommend that you contact the competent office at the Austrian Federal Economic Chamber. You can also attend building and business premises consultation meetings in some of the provinces, where you will have the opportunity to discuss your project.

Waste management plan

If you provide employment to more than 20 people, you must prepare a waste management plan for any waste that is generated while operating your plant. It must be submitted within 12 months of starting the business or after hiring the 21st employee.

A waste management plan is an essential part of the business premises authorisation procedure, regardless of the number of employees.

Be sure to clarify whether you must prepare a waste management plan in the course of consultation on founding your business. You can find more information on the topic of business premises law by going to wko.at

2.5. MARKETING AND COMPETITION

2.5.1. From the idea to the concept

Do you have a business idea that you are excited about, and you think there is demand for it? Is your product a technical masterpiece, your product range so extraordinary or your service so ingenious that you are sure you have a strong advantage over potential competitors?

By considering these aspects, you can lay a strong foundation for the success of your business. Take the time to think about the following:

- Who will benefit from your product?
- How much is your target group willing to pay?
- Who are your competitors, and how can you capitalise on their strengths and weaknesses?
- Which customer groups are relevant to you?
- Which geographical regions or social classes do these groups belong to?
- What are the best ways to reach your target group?
- What direction do you see your sales taking in the coming years?

As an entrepreneur, you are operating in a constantly changing environment. Social trends, consumer behaviour and the use of new technology will change the way you communicate with future customers.

The internet isn't just a source of information any more but rather a platform for ongoing dialogue between vendors and customers. Mobile internet use has become a common everyday activity, so the internet and digital networks should definitely be factored into your marketing strategy. Before you start looking at individual channels, there are a couple of fundamental marketing questions to answer.

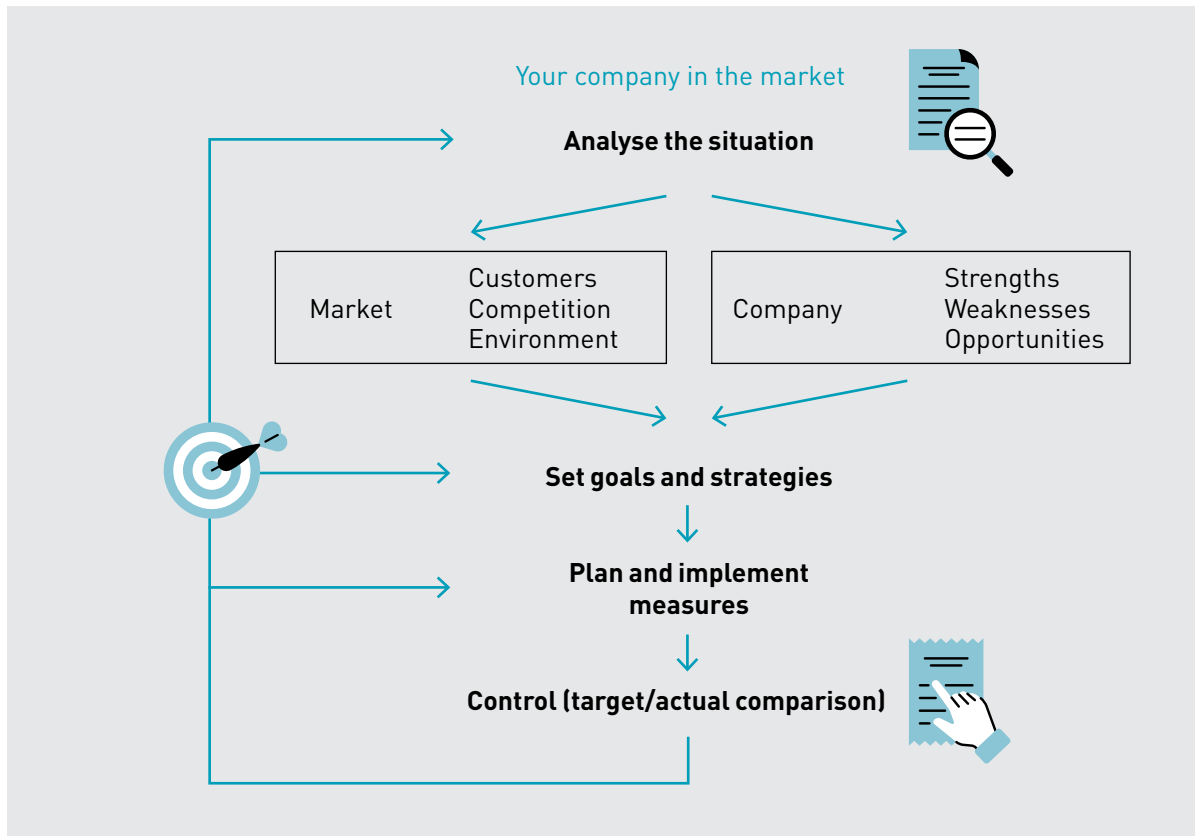


Marketing – 360° perspectives on markets, customers and environment

This means you should be centring on your current and potential customers' problems, wishes and requirements, not just on the product itself.

Your focus should be set on the needs and habits of your customers as much as possible. Know your customers! Relevance and addressing your target audience are what count in marketing, in keeping with the concept of content marketing.

Developing your concept is an ongoing process



Another important thought to bear in mind is that each marketing decision fundamentally depends on your own situation, sizing up the competition and the means you have at your disposal.

Draw up your marketing strategy by getting to grips with the following components of a marketing decision and recording the results. Put your concept down on paper rather than simply carrying it around in your head. Writing it out forces you to articulate your

thoughts concisely, giving you the opportunity to reconsider your strategy after a certain period of time and perhaps improve it at a later stage.

This control loop makes it clear that the concept process is a never-ending one; it constantly adapts to the circumstances of the environment and to internal factors.

Start to develop your first concept by analysing the current situation.



2.5.2. Analysis and forecast of the starting situation

Market situation

- How big is my market – district, state, Austria, Europe, the world?
- How is the economy developing in general? And my sector?
- How will economic fluctuations likely affect my company?
- Which legislative changes and changes in standards can I expect in the future?
- How much purchasing power does my customer group have?
- What potential changes in consumer trends do I have to factor in?
- Are there any niche markets (i.e. requirements not being satisfied)?

Target group

- Do you know your customers – age, social status, etc.?
- Do you know your customers' buying motives/buying habits and user behaviour?
- Have you thought about new customer requirements – e.g. increased environmental awareness?
- What about consultation and service requirements?
- Are there any current trends that will impact your target group?

Competition

- Who are your main competitors (how many, how big, their market share)?
- On which price and quality levels are these competitors working?
- What is the situation regarding their technical standards and financial power?
- Do you need to consider the possibility of new competitors appearing on the scene?
- Are competitors expected to come out with product innovations?

Market research

Procuring all this information is called doing market research. Where/how can you gather this information? Here are a few sources:

- the relevant professional group (specialist board/guild) of the Austrian Federal Economic Chamber with responsibility for your professional association

- Trade journals
- Customer surveys
- Observations, e.g. at trade fairs
- Internet research
- Statistics Austria (www.statistik.at)
- (www.statistik.at)

Of course, you could also commission a market research institute to provide you with the data you are interested in – but you can expect this service to be quite expensive.

2.5.3. Marketing goals

The information you gain from analysing your initial situation and from the forecast will provide you with the basis for determining your marketing image (basic business design) and goals in phase two.

What are some potential goals for your business?

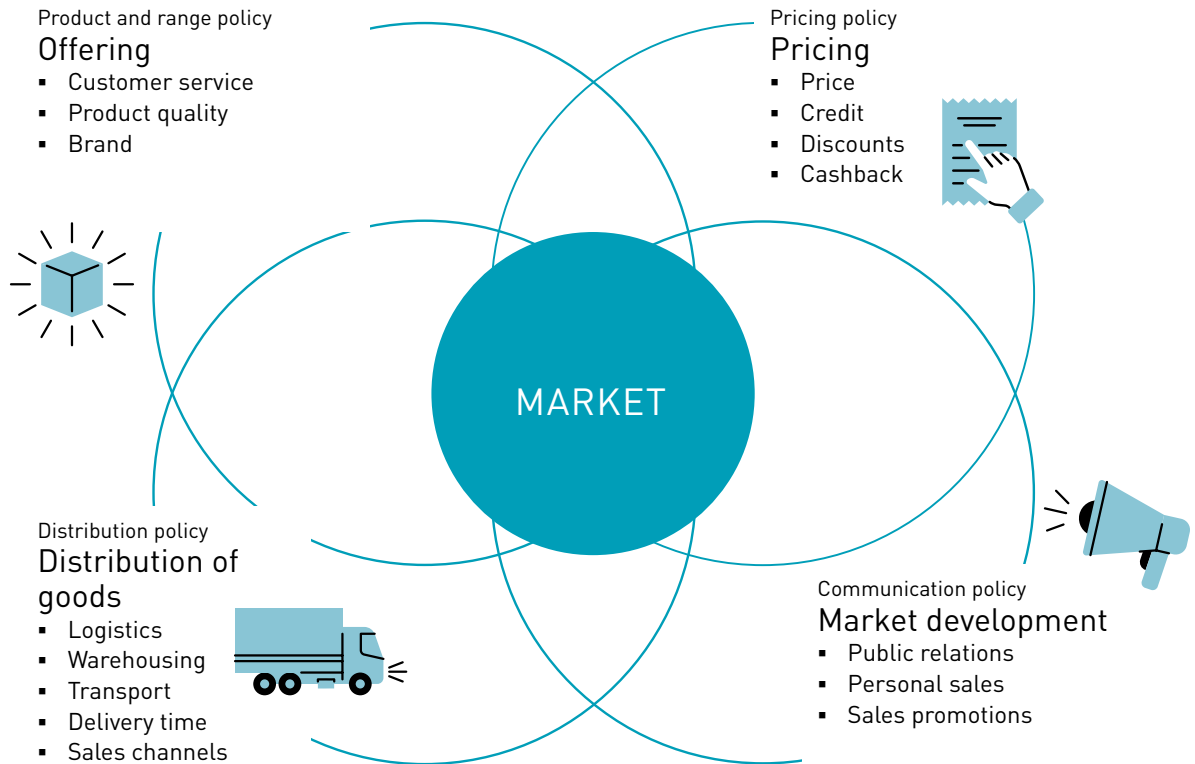
- Sales, revenue, profitability, etc.
- Market share, e.g. 'In five years' time, I want to be the largest manufacturer of wooden staircases in Western Austria'
- Increase name recognition
- Retain/find employees
- Increase customer loyalty
- Enhance image
- Find new customers
- Look after existing customers

The list of goals can be as long as you like. Generally speaking, though, your aim will be to achieve a combination of several goals, not just one. Important: Never lose sight of your basic goals. And it is just as important that you define your goals precisely, since this is the only way to find out whether you have met your aims – e.g. annual sales growth of 12% at an increase in revenue of 9%, or similar targets. You should do this by using a formula such as SMART, which stands for goals that are 'specific, measurable, active, realistic and time-bound'. Even qualitative goals are measurable through key figures defined in advance. Once you have planned your marketing goals, the next step is to find the ways and means or the strategy to achieve them. To do this, use marketing tools and combine these to create the most complete and integrated marketing strategy possible to raise yourself above the competition.



2.5.4. Marketing tools

Overview of marketing tools



Designing your policy for your product and range

Your product policy comprises all the issues related to the products and services you provide. In particular, the product policy deals with customer expectations, which should be kept in mind when creating your product range. The product/service must meet customers' requirements.

- Product innovations: bring new products to market.
- Product variation: change products that are already on the market.
- Product elimination: remove products from your product range.
- Additional benefits: e.g. customer service after purchase.

- Packaging: develop practical packaging that has sales impact.
- Brand: develop a brand name and set your product apart from others.

The key thing here is your USP, or unique selling proposition: the success of a unique selling proposition depends essentially on the unique characteristic being recognised by the target group, having special significance for them and being difficult for the competition to catch up with. Your USP is an essential component for the success of your business!

Pricing – pricing policy

Your pricing policy involves all the decisions that go into finding the 'right' price and



ultimately establishing it on the market. The realistic price is influenced by factors such as:

- Discounts
- Delivery terms
- Payment terms
- Credit terms

You must take these pricing elements into account when calculating your prices. What can you base your price on?

- On your own calculations– cost-plus-profit margin
- Competitors' products
- Your target group's 'value expectations'

Goods distribution – distribution policy

A distribution policy provides for product availability

- In good condition
- At the right time
- In the right place
- In the quantity required

It is up to you to decide how you want to distribute your product or service – using your own sales staff, via retail or wholesale outlets, directly on the internet, or via licences for example. You will also need to look into the aspects of storage and transportation.

Working the market – communication policy

Think about a standardised image, standardised approach and standardised communications (branding, corporate identity). Our tip: your team members are also brand ambassadors.

Before you plan an advertising campaign or contact an advertising agency, ask yourself:

- What aims do I want this advertising to achieve – e.g. reaching a certain level of name recognition, increasing turnover by 10%, etc.?
- Who exactly do I want to address?
- How should I formulate my advertising message?
- Which advertising materials and communication channels should I use?
 - Insert
 - Flyers
 - Posters
 - Direct marketing: phone, customer clubs/cards, SMS marketing, etc.

- Television, radio, cinema
- Online: website, search engine advertising, social media, etc.
- Personal selling
- Sales promotions: campaigns, tastings, promotions, flyers, etc.
- Events, sponsoring
- What financial resources are available to me for this?
- How will I measure the results?

Direct marketing

With direct marketing, you can, for example, send advertising letters with a personal salutation to a precisely defined target group and follow up with a telephone call. This targeted contact allows you to reach your target audience without wasting too much advertising coverage.

Communication via an e-mail newsletter is a particularly fast and cost-effective means of contact. You can achieve a wide reach via this method and guide the recipients – and therefore potential customers – directly to your website. The content of your newsletter should be relevant and tailored to the target group and should offer a clear benefit to your customers. Newsletter activities are usually easy to measure. Newsletter software tools, some of which are free, offer good statistics on open and click rates, as well as layout templates. Remember that it's the number of active receivers rather than the size of the distribution list that matters.

Make sure that the information (such as e-mail addresses) in your customer database is up to date and that you comply with legal regulations (including data protection law), for example requirements regarding disclosure and unsubscribing.

Social Media

Social media is now virtually indispensable when it comes to advertising and marketing. It can be a useful tool for increasing awareness and raising the profile of the products and services offered, as well as the company itself. This in turn can boost sales, improve customer loyalty and help you to win new customers – and new employees.





There are various social media platforms available, and each platform focuses on a different target group. Not every platform will be suitable for every company and target group. For example, there are platforms that are more suitable for the B2B sector and platforms that target a particular generation. In addition, social media platforms can be very short-lived, with new platforms emerging all the time and existing ones potentially becoming irrelevant. It is not just the target group that is important to consider when choosing a suitable social media platform, but also the content shared, the potential reach and the level of support provided.

Besides the chosen platform, the content that you share plays a crucial role. When planning, it is useful to develop an advertising or editorial plan and a content and marketing strategy. The top priority should always be to deliver content that is relevant and offers a clear benefit. To increase your reach and, most importantly, to reach new customers, it is important to ensure that you plan an adequate advertising budget. All social media platforms generally have a section where you can analyse user behaviour. These results can be useful when planning, reviewing and adapting your advertising and marketing activities during the course of business.

Social media is driven by interaction with the target group – known as followers – and this interaction provides tremendous opportunities: you can communicate directly with your customers and gain a better understanding of your followers' wishes and needs from their direct posts and comments. Please note that the fast-paced nature of social media and the constant direct dialogue between users, which is visible to everyone, also brings with it certain challenges, such as the risk of a PR disaster. You should take these challenges seriously and develop strategies for how to handle them.

You should also be aware of the applicable legal regulations. It is important to consider disclosure obligations and data protection and copyright requirements on social media platforms, too.

The „Social Media erfolgreich nutzen“ Using social media successfully) guidelines developed by the Austrian Federal Economic Chamber in collaboration with partners contain useful tips on how to manage social media and how to use these platforms for your advertising and marketing activities.



[Direct link](#)

OUR TIP

Helpful checklists for deciding on prices, advertising budgets, etc. can be found at www.gruenderservice.at → Planung/ Marketing und Wettbewerb (Planning/ Marketing and competition).



[Direct link](#)

Company website

A professional internet presence is especially important. Think very carefully about how to get your advertising message across to potential customers quickly and easily. The design and user-friendliness, or usability, are important success factors in this regard. With the internet, there are no regional borders – you are present all over the world, regardless of your company's size. Therefore, keep in mind that you should build a multilingual website that at least includes English. Optimise your website for mobile devices too (responsive).

Also keep in mind that a website, once programmed, should be continually developed and updated with current information. You should also consider the question of how you will generate users or clicks on your website. Use your homepage as a sales tool. There are several ways to achieve this.

During the design and programming stages, pay attention to search engine optimisation (SEO) to make sure you are among the search engine's top results. However, the number of visitors your website receives can also be improved through paid clicks in the form of search engine advertisements, e.g. Google AdWords, banners, newsletter links and collaborations. This is one area in which you should request assistance from experts.



The WKO Firmen A-Z (Companies A-Z) offers a range of options for taking your first steps online. Use it as an initial 'mini website' or additional platform on which to present your business and achieve a wide reach. Editing is free. Present your product portfolio including product pictures, business logo, contact information, e-mail and website address and QR codes. Add a link to your social media profiles, such as Facebook and Xing. Use the ECG service of the Federal Economic Chamber. Every company with a website needs to have a valid disclaimer. Companies A-Z allows you to present all the relevant details via a link or button on your web page in accordance with section 25 of the media law. <https://firmen.wko.at>

Sales promotions

Apart from classic online and offline advertising, direct sales promotion is especially important. It extends from an attractive place of business all the way to personal sales discussions. Therefore, it is important to have qualified sales employees. Besides expertise and product knowledge, good sales employees especially require empathy – they have to enquire about an individual's exact needs and be able to respond to these. Boost customer loyalty through samples, testers, vouchers, promotional gifts, sweepstakes, birthday cards, etc.

Public relations (PR)

The aim of PR is to generate trust and interest in the public sector and to create a positive corporate image for your company. How can you influence your image? Try to get people talking about your business. Reports in newspapers, open houses, tours of your business premises and supporting social or cultural organisations all contribute to enhancing your public image. Give your creativity free rein – the sky's the limit – but do not forget about the online world! Keep your business, product or brand in the public eye through online search engines, local rating platforms and social media networks. Make sure to keep your message consistent when combining these marketing tools. Giving your company a uniform corporate image (corporate design/branding) will make it stick in your existing and potential

customers' minds more readily and help it stand out. This not only applies to advertising and communication, but also to the entire marketing mix. Working with classic parameters such as the age, gender and income of your target group is no longer adequate when it comes to communicating a company's message in a targeted way that speaks to customers. Utilise your content across several channels at the same time and provide your customers with exciting articles on your website, an appealing product folder, interesting newsletters, attractive apps, authentic social media engagement, interactive infographics or videos, informative studies and customer magazines. There are many options available to you. An optimal combination of marketing initiatives within your product, pricing, distribution and communication policies is the only way to achieve your goals.



IMPORTANT!

Once you have drafted your marketing concept, ask yourself these questions:

- Product/service range: what customer benefits can I offer and how should I design my range?
- Market analysis: who is my target group and who are my competitors?
Who are my potential customers?
What do these customers want?
- Advertising costs money – how much will my advertising cost?
- Decide on measures, think about costs!
- How will I measure my success?



IMPORTANT LINKS

- www.gruenderservice.at
- <https://firmen.wko.at>



2.6. PREPARING A BUSINESS PLAN

2.6.1. Why a business plan?

A business plan is a written business concept in which all key aspects of your business idea are documented. A business plan can help to greatly reduce your commercial risk – it serves as an important planning and monitoring tool for you.

It serves as a professional way of conveying to potential investors (e.g. banks) just how workable your business idea and implementation steps are.

There are several advantages to setting down the business plan in writing:

- Writing something down requires you to think it through.
- This gives you a guideline for your targets and activities.
- It will strengthen your position in negotiations, e.g. with suppliers.
- A business plan is usually a requirement for financing via banks or other providers of capital and for subsidies.

2.6.2. Content of the business plan

Executive Summary

The executive summary provides a quick overview of the entire plan; it should also stimulate readers' interest in being involved with your project. Capture their attention and present the core issues of the business plan and key figures briefly and concisely so interested parties can gain an insight into the company and its goals. This is why the executive summary is especially important.

OUR TIP

Although the executive summary is at the head of a business plan, only write it at the end as a summary once you have already worked out all the details.

Product or service

Describe your products and services in detail, their strengths and weaknesses, stage of development (e.g. prototype), customer benefits, potential USPs and the main competing offers.

Market and competition

Present the data from your market and competitor research, such as: what is your market and how large is it? What are the indicators as far as market trends and developments? Which target group are you addressing?

Marketing and sales

Describe the steps you are planning to take to implement your business concept.

- Offer: which products, services and consultations will you offer and to whom?
- Prices: what will your prices and payment conditions be?
- Communication: which advertising and PR measures are you planning and for which channels?
- Distribution: how will you be selling: directly, in a speciality shop, online, etc.?

Company and management

Detail the company form, how it is organised and the people involved:

- Company name, business purpose
- Date of incorporation, legal form
- Shareholders, managing directors
- Ownership structure
- Team members and their competencies
- Responsibilities/organisation
- External partners, e.g. tax advisers
- Location(s)

Success planning and financial planning

Answer the following questions:

- What are the capital requirements – investments, initial costs and startup costs?
- How will you finance – own resources, borrowed capital, subsidies, partners, etc.?
- What costs will be incurred (fixed costs, variable costs, personal living expenses)?
- What are your estimated sales volumes and revenue?
- How do you expect the business figures to develop (expenses and earnings, etc.)?

**Implementation planning – milestones**

What steps have you planned for putting your business idea into action? Give a specific description of your action plan: who does what and by when? What steps and events are particularly important (milestones)?

Annex

Depending on your business idea, degree of innovation and investment requirements, a business plan can be up to 20 pages. Place more detailed or supplementary documentation (such as offers for planned investments, founders' CVs, any memoranda of understanding, action plans, etc.) in an annex to your business plan.

2.6.3.Planning tools and competitions**Plan4You**

The Austrian Federal Economic Chamber Startup Service and the aws (Austria Wirtschaftsservice GmbH) offer Plan4You, a free, professional finance planning tool. The tool provides an easy way to draw up a budget and helps you to prepare your financial plan. For further information:

www.gruenderservice.at/businessplan

ideas to business (i2b)

Take advantage of i2b's service and get comprehensive planning help as well as free, written feedback on your business plan. You can find more information on i2b, Austria's largest business plan initiative, at www.i2b.at

Business plan competitions

Enter your business plan in business plan competitions, which are held in individual provinces as well as throughout Austria. Apart from the chance to win attractive prizes, you will also often benefit from feedback provided by a jury of experts, from seminars and coaching offers, as well as the use of planning aids. A good result will boost your standing in relation to your partners and investors. Enquire about current competitions at your Startup Service.



Direct link

**IMPORTANT LINKS**

ideas to business (i2b)

→ www.i2b.at

**READY TO BUILD
YOUR OWN THING?**

A podcast for makers, dreamers
and future founders.





2.7. BUDGET

You will need to calculate your revenue and costs precisely so the numbers reflect your company's future. Failure to plan means you are 'flying blind' and leaving a lot of things to chance. Budgeting provides information on capital requirements, expected profits and tax liability and shows the minimum amount your business will need to turn over in order to survive. The budget generally serves as the basis for negotiations with banks, suppliers, customers, authorities and funding bodies. Planning is therefore one of the fundamental tasks of an entrepreneur.

OUR TIP

Show your bank documentation on planning and calculations. By doing this, you will help the bank to understand your business more clearly, which may have a positive effect on your creditworthiness.

In order to draw up a budget, a number of preparatory steps are useful as well as necessary. By calculating the minimum turnover, for example, you can determine how much turnover you will need to generate in order to cover fixed costs, expected operating costs and personal expenses (entrepreneur's salary). The various costs will be explained later. In this way, you can calculate how much you will need to turn over in order to cover business expenses and your desired salary as an entrepreneur. This is particularly helpful when carrying out your initial calculation of prices and hourly wages.

Our free minimum turnover calculator will guide you in calculating the minimum turnover. Visit <https://www.gruenderservice.at/mindestumsatzberechnung>

The online minimum turnover calculation is a rough calculation to give you an overview. Rather than determining exact numbers, the goal is to get an idea of specific business-related matters. This makes it easier to be realistic about the financial challenges, and prevents unpleasant surprises that could put the success of the new business at risk.

2.7.1. The basic method for result planning

Essentially, you take four factors into account in your calculation when budgeting for your enterprise as a whole:

- Planned revenues
- Variable costs
- Personnel costs
- Fixed costs

Planned revenues (quantity/hours x price)
– planned variable costs
Contribution margin/gross yield
– planned personnel costs
– other planned fixed costs
Operating income

2.7.1.1. General planning data

Your budget is always calculated with a view to the future. In order to take account of the aspects you expect to impact your budget, you need to determine the key influencing factors and include them in the calculation. This general data includes the economy, for example, and comprises economic growth, inflation, trends in interest rates and sector/market: collective bargaining agreements, sector developments (concentration, growth, saturation, etc.), developments in raw materials and suppliers.

Note: the price of a product or an hour of service, for example, is the result of supply and demand on the market, the competitive situation and your own cost situation.

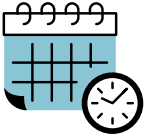


[Direct link](https://www.gruenderservice.at/mindestumsatzberechnung)

**The time frame for budgeting**

It makes sense to draw up a budget on an annual basis for the first four years. For the first year, the budget should be split into months or quarters. This way you can draw

up a comparison of target/actual figures later on using the data from your accounting. There will be individual differences, however, depending on the type of operation and purpose of the plan.

**2.7.1.2. Planning costs**

As a first step, you should get a clear idea of the costs you are going to have to cover. These costs relate to both operating costs as well as personal costs (required for the entrepreneur's salary). In order to determine the personal costs, we recommend that you put together what is known as a 'budget sheet'.

Entrepreneurs in the production sector are advised to allocate operating costs according to fixed and variable costs. This is a much simpler approach which has proved to be very helpful in practice. Fixed costs are those that are incurred independently of production, while variable costs are based entirely on production per item and therefore depend directly on the production volume.

Industry figures (such as the ratio of turnover to materials used or staff expenditure) can also be helpful in determining costs, as they show whether the planning approaches you have selected are realistic. Industry figures can be found at wko.at, for example. A realistic, conservative approach has proven to be effective when planning costs. You should therefore also consider costs that could potentially be incurred.

2.7.1.3. Calculating variable costs

In principle, variable costs depend on the volume produced and sold. For example, a carpenter always incurs variable costs when building a kitchen. In this case, the costs would be for materials such as wood, fixtures, screws and of course the expense of buying the kitchen appliances. But even for service providers such as advertising agencies, for example, outsourced services can often present a large and variable cost centre. For this reason, services that you also buy in (graphic design services, programming services, etc.) are to be budgeted in according to your revenue planning.

Take the following factors into account when calculating variable costs:

- Material costs
- Cost of goods
- Auxiliary material etc.
- Purchased services



2.7.1.4. Calculating personnel costs

Personnel costs are a major expense factor in every company, so they need to be planned for all your employees, including incidental wage costs. Annual personnel costs are made up of the following costs (outlined below in a simplified form):

- Gross wages (salary), at least within the range of the collective agreement, 12 x per year
- Plus two separate payments for holiday pay and Christmas bonuses
- Plus the employer's social insurance contributions
- Plus employer contribution and surcharge, municipal tax and employee pension fund

The Federal Ministry of Finance (www.bmf.gv.at) website provides various online calculators that make it easier to calculate labour costs. The wage cost calculator will help you determine the labour costs for one employee as well as the costs for each hour of attendance and production.

OUR TIP

To simplify things, annual personnel costs can be calculated as follows: (gross monthly wage x 14) + 30% for incidental wage costs

Don't forget the entrepreneur's salary, as the imputed entrepreneur's salary needs to be taken into account in the case of sole proprietorships and partnerships. This should amount to at least EUR 25,000 so the individual's personal living expenses can be covered at a minimum.

2.7.1.5. Calculating fixed costs

Fixed costs are independent of orders and cannot be cut within a short period of time. They accrue in every company, although they differ in terms of amount, type of expenditure and composition. It is therefore important to

consider all fixed-cost items and to determine the expenses clearly and comprehensively. Fixed costs include:

- Maintenance, repairs
- Electricity
- Water
- Heating
- Business premises rental
- Equipment rental
- Franchise fees
- Office expenses
- Telephone, fax, postage and internet bills
- Social insurance
- Property insurance
- Vehicle costs
- Travel expenses, allowances
- Training
- Legal and consultancy costs
- Marketing
- Low-value assets (costs per asset up to EUR 1,000)
- Other costs
- Other taxes, levies, contributions
- Leasing
- Depreciation for investments (costs per asset over EUR 1,000)
- Interest, bank charges

2.7.1.6. Calculating investment depreciation

For depreciable fixed assets such as office equipment, PCs or vehicles, the loss of value should be distributed – uniformly for the purpose of simplification – across the average useful life of the asset and recorded in the form of a depreciation to the acquisition or production costs of the asset. An invariable amount of depreciation is applied for each year of use, which is known as straight-line depreciation (deductions for wear and tear). To calculate the annual amount of straight-line depreciation, divide the acquisition or production costs per asset by the operating life in years. The law only prescribes an operating life for a few assets. For example, the depreciation amount for a newly acquired (not used) vehicle must therefore be divided evenly over eight years. Straight-line depreciation tables also provide empirical values for general assets.



[Direct link](#)



2.7.2. Revenue planning

Revenue planning can be difficult because it is heavily dependent on customers, so it is advisable to take particular care in this area. It is helpful to consider three scenarios: the best-case scenario (aggressive), the most likely scenario (realistic) and the worst-case scenario (conservative). That way, you can analyse various potential developments and will be better prepared.

Revenue planning takes into account a range of different factors, and these can vary depending on the industry – service, trade or production. However, you should always consider potential bottleneck situations, for example shortages in sales (quantity), personnel (skilled employees, know-how) or production (technology, supplies, raw materials).

The amount of revenue is determined by two main factors: the sale price and the sales quantity (price-demand function). Refer to past figures, your own market experience and future forecasts when calculating the sales quantity. Sale prices are generally based on current market prices and may be adapted to take account of potential modifications or innovations.

A useful method is to break down the turnover into days, items, guests, average consumption, etc., to create a quantity structure that will make it easier to project your turnover.

OUR TIP

Always try to provide comprehensible reasons for your assumptions regarding quantity and prices. Also explain your planned sales and distribution activities.

Revenue in the service sector

In the services-only industry, saleable hours must be determined in advance. One aspect to take into consideration here is that travel time, hours spent on administrative activities, preparation, etc. are not regarded as saleable hours, as your customer will not normally pay for them. Begin by planning on the basis of one week and extrapolate the result (don't forget to take leave, public holidays and any sick days into account in your projected figures).

Ask yourself the following questions, for example:

- How many hours do I want to work per week?
- What does my typical weekly plan look like?
- How much time will preparations take up?
- How many hours will I need for administrative tasks?
- Should travel time be taken into account?
- How many saleable hours can I really manage per week/month/year?

OUR TIP

Calculate the total billable hours in a traceable and logical manner. In the process, also think about public holidays, leave, illness and other non-billable hours (administration, preparatory work, setting-up time, etc.).

Example calculation for your hourly rate:

1. Calculate the saleable hours:

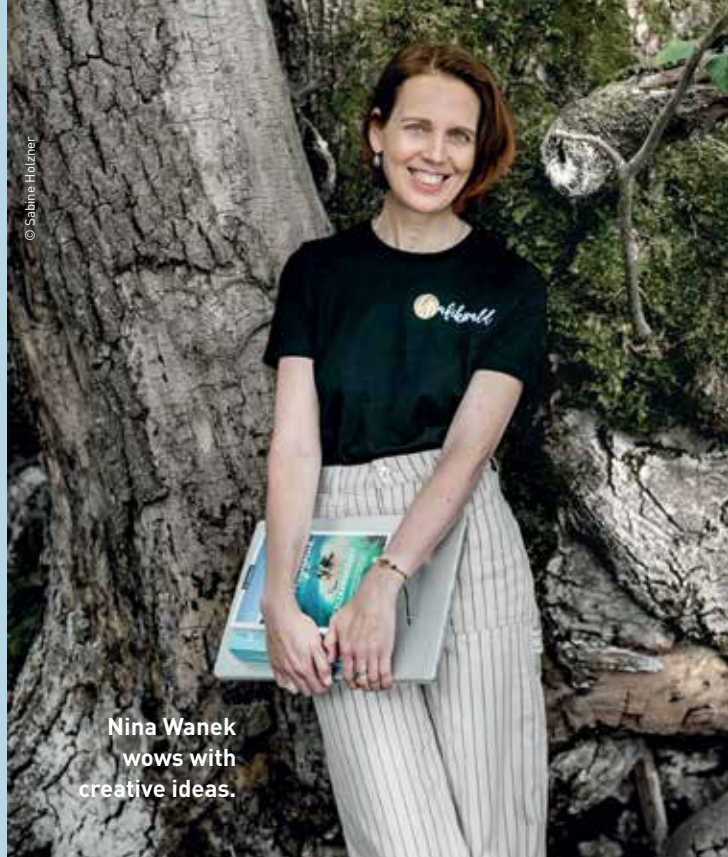
- From 52 weeks in a year, we deduct leave, public holidays and absences – e.g. 6 weeks
- This leaves your number of working weeks as an entrepreneur – 46 weeks
- Estimate: 5 working days per week and 8 hours per day
- Hours available per year: 46 weeks x 5 days x 8 hours = 1,840 hours per year

Nina Wanek

From the idea to the design studio

Founder Nina Wanek needed a great deal of courage and perseverance to get her creative design studio – Grafikwald – up and running in Hirschenwies. A single parent of four, Nina faced significant challenges due to limited resources and the rural isolation of the Waldviertel region, but through patience and perseverance, she was able to lay the foundation for what is now a successful agency. Today, just 20 months since its founding, Grafikwald is wowing well-known companies, associations and communities in the Waldviertel region and beyond with creative design solutions. The studio's continued growth is a testament to its success.

→ grafikwald.com



Nina Wanek
wows with
creative ideas.

2. Take into account non-saleable hours:

- Non-saleable hours for administrative tasks, marketing, etc.
- As an entrepreneur, you have more non-saleable hours than an employee.
- Plan your weekly saleable and non-saleable hours and project the monthly and yearly figures from here.
- Keep a record of your actual hours and adjust your calculation accordingly.

3. Correct the saleable hours:

- Example estimate: 30% of yearly hours are not saleable
- Saleable working hours after correction: $1,840 \text{ hours} \times (1 - 30\%) = 1,288 \text{ hours per year}$

4. Calculate the minimum billable hourly rate:

- Divide the minimum turnover by saleable hours = hourly rate
- This will enable you to compare your hourly rate against your industry.

5. Interpret the hourly rate:

- A high hourly rate may indicate high fixed costs or a high entrepreneur's salary.
- A low hourly rate could indicate a more efficient cost structure.
- Make sure that your cost planning is complete and accurate, even if your hourly rate is below the industry average.

This will give you a better insight into your hourly rate and allow you to adjust it where necessary to strengthen your competitive position in the industry.

OUR TIP

Use free tools to carry out the calculation, such as the minimum turnover calculator <https://www.gruenderservice.at/mindestumsatzberechnung> or the Plan4You finance planning software: www.gruenderservice.at/businessplan



Direct link



Calculating the saleable hours



IMPORTANT!

To get a feel for what hours you can actually charge for, it is advisable to record your hours in a calendar. This is because even if you simply make estimates to start with, you can adjust your calculations by checking them later on.

	Entrepreneur	1 employee
Weeks in a year	52	52
less leave	-3	-5
less public holidays	-2	-2
less absences (illness, other)	-1	-2
Working weeks	46	43
Number of employees		1
Days/week	5	5
Hours/day	8	8
Annual hours	1,840	1,720
less correction (unsaleable hours) in %	30	15
Saleable hours	1,288	1,462
Total saleable hours (entrepreneur and employee)		2,750



2.8. FINANCING

There are various forms of financing that you can use for your company. Here is an overview of the different forms of financing, with a detailed description of each type below:

- Financing with equity capital
- Financing with borrowed capital
- Investment loan
- Overdraft
- Leasing
- Venture capital financing
- Business angels
- Crowdfunding
- Supplier credit

Sound financing is the basis for setting up your company successfully. However, financing is often a problem for new companies. This is because you have very little equity capital, and you don't have commercial success or references to show yet. As a result, it is difficult for potential investors to assess the opportunities, and they view you as a higher risk. It is therefore important to pay particular attention to the financial section of your business plan. Remember, it takes time to review your proposal when someone is considering whether to invest. For this reason, make sure you know from the start

- Exactly what financing will you require
- How you will go about getting it and what you can contribute to it
- What kind of subsidies are available to you

2.8.1. Forms of financing

Financing with equity capital

The capital requirement plan you have prepared yields a sum that you will definitely need at the outset when you start up your company. Keep in mind that if you cannot contribute any money to it, why should others do so? Also, when using equity capital, you do not have any fixed payments to make and do not need to provide any collateral. With this in mind, first consider how much of the capital requirements you can contribute yourself and what collateral you can put up for loans, e.g.:

- Savings
- Securities
- Life insurance policies

- Building loan contracts
- Real estate
- Objects of value


Or can you incorporate machines, vehicles or items of furniture that you already have into the business? Some things you will also be able to do yourself, such as adaptation and renovation work, etc.

There is no hard and fast rule about how much capital you should provide yourself. Depending on the sector and financing volume, many banks usually require an equity capital share of between 20% and 30%.

Think about whether you can also increase your own equity capital

- Via the involvement of relatives, friends, family
- By taking on partners through the formation of a company
- With the help of public or private venture capitalists

Financing with borrowed capital

After you have compiled your equity capital and possible personal contributions, you may realise that you need additional third-party capital, i.e. loans to fully finance your startup project. 

Investment loan

Investment loans from your bank serve to finance fixed assets (real estate property, buildings, machinery, vehicles, etc.) and the renovation of buildings. You can take out mid- to long-term investment loans, i.e. over a period of four to twenty years.

The term of a loan should correspond to the useful life of the goods concerned. Apply for a loan in sufficient time prior to investing. Something else to remember here is that large investment loans increase your level of financial risk due to the interest costs and loan repayment instalments involved. This is particularly true if your revenue decreases or is insufficient, since you will not have the necessary liquid assets in this case. You should therefore discuss with experts (business consultants, financial consultants,



IMPORTANT!

Third-party capital equals debt. Interest and repayments must be paid, irrespective of revenue. As a rule, you cannot acquire third-party capital without providing collateral and assuming personal liability.



the bank, etc.) whether it is sensible and feasible to take out a large investment loan.

Overdraft

Overdrafts (also known as working capital loans) serve to finance ongoing business and payment transactions. You can dispose of such a loan freely up to the amount arranged with the bank (credit line). and interest is only calculated on the loan amount actually used. However, overdrafts should only be used as a means of short-term financing, i.e. for ongoing payments and not for investments, as there are additional charges and fees, as well as higher interest rates, for this flexible type of loan. Your financial plan will give you an idea of how big your overdraft should be.

Leasing

With leasing, you pay a fee for using something – just like renting. Nowadays you can lease almost anything – from telephone equipment to an industrial building. The leased object remains the property of the leasing company for the duration of the contract.



A word of caution: although you are not the owner of the object, you bear all the risks connected with the object and its use. As a rule, you are also responsible for any maintenance and repairs. One big advantage of leasing is that rather than having to make a large, one-off payment like you would if buying the object, you can instead make smaller lease instalments over a longer period of time. In addition, collateral is rarely required in a leasing arrangement, which makes financing easier or even possible in the first place.

Depending on the leased object, the leasing company may ask for a deposit. This will be in the form of an advance payment, which will reduce the amount of the lease instalments. Collateral that you may have can be put toward other types of financing. Depending on the lessor's standing in the market, they may be able to offer you price advantages, such as more economical insurance premiums when leasing a motor vehicle.

The aim of PR is you should be able to cover the leasing costs with ongoing revenue.

OUR TIP

During the lease contract negotiations, use the term of the lease agreement, down payments and agreements on the residual value to align the amount of the lease instalments with your financial capacity.

Venture capital financing

Venture capital is a type of equity investment financing and thus a form of risk capital or equity capital. Venture capital companies maintain holdings in new companies with the objective of profiting from the invested capital when the holdings are resold.

Equity investment companies generally focus on a limited group of new companies

- With above-average chances for growth and revenue
- Who submit a detailed business plan
- Who are persuasive in demonstrating their entrepreneurial capabilities
- Who are asking for a correspondingly high level of financing – approx. EUR 400,000 and above – depending on the individual case and on the venture capital provider

For this reason, private venture capital is not an option for most company founders.

The state-run *aws Startup Fund* provides investment capital for young, growth-oriented companies with innovative products or services. Investment is arranged in line with market conditions. The investment amount is between EUR 500,000 and EUR 3 million. This procedure is handled by *Austria Wirtschaftsservice GmbH*, the state business development bank.



Business Angels

Business angels are individuals who assist new companies with equity capital as well as with management experience and business contacts. They are commercially independent, most of them are successfully self-employed or managers and are experienced in business. They often invest smaller amounts too – from EUR 20,000 upwards – in young companies with innovative ideas and high growth potential, and can thus provide a useful stopgap especially when the risk is too great for a bank and when the capital requirement is too low for an investment company. Business angels generally participate in the company. The Austria Wirtschaftsservice (aws) matching service 'aws i2 Business Angels' connects investors with young, innovative, high-growth companies. Funding is available in the range of EUR 100,000 up to EUR 1 million.

www.aws.at/aws-i2-business-angels/

Crowdfunding

In contrast to venture capital and business angels, crowdfunding does not involve individual investors. Instead, a large group of people supports an idea by investing relatively small amounts of money. With the support of crowdfunding, ambitious and high-risk projects can be implemented. Crowdfunding is therefore a collective term for various kinds of investment. In the business world this usually involves crowd investing, which is when crowd investors invest small amounts, usually from EUR 100 upwards, in young companies via a platform.

With crowd investors, you retain your full right to make decisions since these investors generally do not have co-determination rights and invest solely via profit participation certificates or silent participation. The money invested in this way is therefore also used to provide equity capital for the company.

The transaction is usually carried out through crowdfunding platforms that present the concept online, prepare contracts, provide advice and support the implementation using technology and standardised processes.

Supplier credit

Supplier credit is the easiest but most expensive form of loan. You do not have to apply for it and it is granted informally. This 'supplier credit' is created by not paying for a good or service upon receipt, but rather at a later date. You do not need to provide any security.

The supplier generally grants you a payment period (payment target) of 30 days, for example. This may seem like an attractive offer at first. If you pay earlier, however, you may get a discount. The payment condition may read, for example, 'payable within 10 days of the date of the invoice with a discount of 2%, or within 30 days without any discount'.

This means you pay 2% for 20 days' credit (30 days minus 10 days) – which is equivalent to an annual interest rate of 36%.

It is therefore more cost-effective to pay the invoice within the discount deadline, using the credit line you have agreed with your bank in order to do this if necessary.



IMPORTANT LINKS

Information on venture capital

→ www.gruenderservice.at

aws i2 Business Angels

→ www.aws.at

Crowdfunding

→ www.gruenderservice.at

**Customer down payments**

Down payments are an extremely advantageous form of financing. The customer pays you part of the bill in advance, which you can use to offset payments you have made in advance for the order, purchases of goods, preliminary work, etc. without outside financing. However, there is a catch; down payments are not customary in all branches of business and you, as a newcomer on the market, must first of all attract customers – which means that down payments are not always a workable option. Where they are possible, however, you should definitely take advantage of them.

Factoring

Factoring is an option if you have outstanding customer invoices amounting to at least EUR 150,000. You can assign part of these receivables to a factoring company and receive around 80% of the invoice amount immediately. You receive the remainder of the sum when your customers have paid the factoring company. If you decide to use factoring, you will pay interest for the pre-financing (customary bank interest payable on loans) and a factoring fee. The fee payable depends on the factoring amount, the number of receivables assigned and the suppliers, and is usually between 0.2% and 1.5% of the gross sum.

As a rule, factoring companies also provide additional services such as debtor bookkeeping, dunning and cash collecting.

Purchase financing – finetrading

Finetrading is a way of financing goods purchases. It serves as an alternative to traditional overdraft facilities or supplier credit. The finetrader acts as an intermediary between the supplier and the purchaser. The goods are ordered by the finetrader according to the terms negotiated between the two parties. After the goods have been delivered to the purchaser, the finetrader settles the supplier's invoice within the discount deadline and grants the purchaser a longer payment deadline of up to 120 days.

With finetrading, purchases can be financed independently of normal bank financing. The supplier receives the payment immediately, while the purchaser has a longer payment term.

Finetrading is mainly intended for sectors with high levels of goods purchases, and comes at a cost. The fees depend on various factors, such as the customer's creditworthiness, the payment terms or credit insurance and are usually negotiated individually.

2.8.2. Financing discussions / meetings with the bank

Whether you wish to take out a bank loan, use investment capital or take advantage of subsidies to found your business – your potential investors will want to know precisely what they are investing their money in.

For this reason, it is absolutely necessary that you have a business plan ready for every financing discussion. A realistic and convincing business plan will increase your chances of securing the financing you need.

The meeting with the bank – checklist

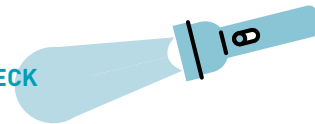
Naturally, the bank is an essential partner for the borrowing process. Consider the following tips to prepare for meetings with the bank:

- **Plausible documents:** Be well prepared: draw up a business plan, concept and budget. The budget has to show that you can pay back your debt.
- **What needs to be financed, and how?** Think about exactly what you want from the bank ahead of time. An investment loan, an overdraft, for which investments or operating resources, how much, for what term, etc.
- **Compare offers:** Obtain offers from several banks.



- **Capitalisation:** Negotiate for interest to be capitalised on a quarterly basis at maximum (loan accounting basis on which interest is charged). Capitalising interest repeatedly can make your loan significantly more expensive.
- **Negotiate an effective interest rate:** An effective interest rate (in contrast to a debit interest rate) takes into account all one-time and ongoing charges as well as an annual interest settlement. It allows you to compare costs directly among various loan quotes.
- **Written loan commitment:** Have the loan commitment confirmed in writing.
- **Coupling to the reference interest rate:** Negotiate to have the interest rate coupled to a reference interest rate (e.g. EURIBOR). This will prevent ongoing negotiations regarding the interest rate with the bank and you can assume that interest changes will be in line with the market. Find out how long the interest rate is fixed and the variable on which it will subsequently be dependent.
- **Possible subsidies:** Enquire about possible subsidies at the outset (e.g. by contacting your Austrian Federal Economic Chamber)
- **Collateral:** Think about what collateral you can/want to offer the bank (guarantees, mortgages and so on).
- **Think of the bank as your partner in monetary matters and keep it informed of your ongoing business success level:** Should you have additional financing requirements (e.g. a short-term extension of your credit line), talk to your bank about it right away. Do not wait until the bank contacts you about such an overdraft extension.
- **Financing principles:** When seeking financing, take into consideration the various 'financing principles'. For example, the term of a loan should correspond to the usable life of the investment goods.
- **Consult experts:** Loan agreements are generally comprehensive and contain a multitude of clauses; laypeople often find it impossible to understand their meaning and consequences. We recommend that you consult neutral experts (business or financial consultants) to choose the best financing.

REALITY CHECK



What does a loan really cost?

The cost of a loan is more than just the interest rate. It also depends on the loan's term, the instalment frequency and the due dates of the instalments. Moreover, you should determine any expenses and costs they generate, the amount of loan commission fees, how interest is calculated (the date on which the interest portion of the instalment is fixed) and the way repayment is calculated (i.e. the time at which the repayment is deducted from the remaining debt). In other words, don't judge the cost of a loan merely according to the interest rate; take into account all the other terms and conditions involved.

When comparing two quotes, it is therefore entirely possible that you will find that the one with the apparently lower interest rate is in fact less economical due to other terms and conditions of the loan. Have experts look over the loan quotes (e.g. business or financial consultants).



2.9. CAPITAL REQUIREMENTS

2.9.1. Capital requirement planning

Detailed capital requirement planning helps to secure liquidity and avoid insolvency.

Depending on the business idea, sector and implementation plan, you will require more or less capital to set up your business.

It is therefore very important to have a realistic estimate of the capital required to start the business, but also during the initial stage. In addition to any purchases of machinery, equipment, land or buildings, financial resources for purchasing (stored) goods should be taken into account, as well as ongoing costs in the development stage of the business. Also consider maintaining reserves for potential cost increases or unforeseen events. And always consider alternative options. For example, do you need to purchase your own vehicle for transporting your goods or could this be organised for you by a professional transport company? Depending on the circumstances, careful planning can help you reduce the amount of capital you need considerably.

Capital requirements for investments – land, buildings, machinery, etc.

Capital requirements for planned investments are relatively easy to determine if you get quotes from various sources, but don't forget to consider additional costs such as property acquisition tax, notary costs, fees and the costs of acquiring capital.

Capital requirements for goods and material stocks

Specialist retail business will need to purchase an initial amount of stock that must be financed. Craft businesses usually have to keep a number of products and replacement parts in stock for ongoing business. Production businesses require raw materials to manufacture their products and the products produced require temporary and final storage sites. Goods storage facilities cost money

and have to be financed, so you should keep inventory levels as low as possible.

Ongoing capital requirements


You will need to wait a long time from the date an order is received until you actually receive payment for that order. You will also require the financial means to bridge this gap. As such, it is very important to determine whether deferring payments is common practice or necessary in your sector or whether goods are paid for at once. In any event, you will have to take a starting-up period into account in which income will be less than expenditure. In addition to this preliminary financing, you should also take into account ongoing expenses for rent, workers, offices, energy, vehicles, interest, etc., and especially your personal living costs. Estimating working capital requirements is often far from simple, but a financial plan can be a great help.

2.9.2. The financial plan as a support tool

In your financial plan, you offset your received payments against your expenditure on a monthly basis (see diagram on page 62).

- Received payments: sales, private deposits, loan commitments, etc.
- Expenditures: for ongoing costs, investments, personal living costs, etc.

At the outset, orders numbers are often lower and existing orders are frequently executed some time before they are paid for; therefore, the first few months' revenue will usually be lower than the expenses. Comparing payments and receipts in a list will show you the monthly minus (deficit) or monthly plus (surplus).

If expenses are higher than revenue for several months at the beginning, a large deficit can accumulate quickly which often needs to be pre-financed via an overdraft (credit line). Your financial plan can therefore help you estimate the line of credit you will need to cover your ongoing financial requirements. You should plan sales fairly conservatively. 



Capital requirement assessment



IMPORTANT!

- Make sure you allow for sufficient financial reserves!
- Try to plan ahead for any unforeseeable events you might come up against.
- Increase your liquidity, e.g. via prompt invoicing.
- Bear in mind that, as your sales rise, your funding requirements will also increase.

INVESTMENTS

EURO

Property:

purchase price, incidental costs for conveyance, contract costs, taxes, development, etc.

Investment in buildings:

new buildings and conversions, adapting premises, security deposits for rentals and leases

Furnishings:

office equipment, machines and tools, storage facility, exhibition spaces, other, etc.

Vehicle fleet:

cars, vans, lorries, other, etc.

Other investments:

WAREHOUSE

Initial warehouse inventory for raw materials, ancillary agents, operating materials, trade goods

ONGOING COSTS – STARTUP COSTS

Incorporation costs e.g. registration fees, company constitution (notary, accountant, tax adviser or lawyer, Company Register) and ongoing costs to bridge the startup phase for, inter alia, opening advertisement, rent, telephone, personal livelihood and wages, until adequate turnover is achieved



Finance plan



Financial plan = comparison of incoming and outgoing payments

Amounts in euros per month/per quarter/per year

	Month 1	Month 2	...	Month 12
1. Means of payment – opening balance				
2. Planned incoming payments				
Sales (incl. VAT)				
From loan commitments				
Private investments				
Other incoming payments (incl. VAT)				
Total incoming payments (1) + (2)				
3. Planned outgoing payments				
All ongoing payments with a cash effect (incl. VAT)				
Payments for investments (incl. VAT)				
Payments for materials (incl. VAT)				
Private withdrawals				
Payments to the Revenue Office				
Interest payments / bank charges				
Capital repayments				
Other payments (incl. VAT)				
Deficit / surplus (1) + (2) – (3)				
Deficit coverage				
Overdraft facility/credit line				
Private investments				
Other				
Sonstiges				



2.10. SUBSIDIES

A wide range of subsidies is available. There are subsidies for existing businesses and for startups at national, state and sometimes even municipal levels. Your options and the types of subsidies are dependent on several factors (e.g. new startup or takeover, amount of investment, sector, location of business, business idea, degree of innovation or growth potential).

IMPORTANT TIPS

Planning your project and developing your concept:

The first step towards obtaining funding is to draw up a detailed plan of your project. The project plan is important both for you and for your financing meeting with your bank. It is often an essential part of your funding application.

Obtaining advice: The subsidy database of the Austrian Federal Economic Chamber at wko.at/foerderungen will give you an initial overview of possible subsidies. You can also get advice about funding options at your local branch of the Federal Economic Chamber or from your bank.

Applying for a subsidy: Make sure to submit your application in good time; i.e. before the first binding order of system parts and/or machinery, before delivery, before the start of construction or before any other obligation that makes the investment irreversible, whichever of these is earlier. A subsidy is generally not possible if the application is made later, which makes it all the more important that you find out about subsidy opportunities in good time.

NOTE:

- There is no legal right to a subsidy.
- Submit subsidy applications in sufficient time, remembering that processing can take quite some time.

- The bank will ask for securities from you – e.g. savings deposits, mortgages, guarantees – before issuing low-interest loans.
- You usually have to submit your documents to your local bank.
- In some cases, you must be self-employed 'full-time' in order to apply for subsidies.
- Subsidies only indicate support for your financing proposal and should not be the deciding factor in whether you implement your business idea or not.

THE MAIN FEDERAL SUBSIDY BODIES



Austria Wirtschaftsservice (aws)

Support for companies in financing startup, growth or innovation projects (excluding the tourism and leisure industry)

→ www.aws.at

Österreichische Hotel- und Tourismusbank (ÖHT)

Subsidies for investments in the tourism and leisure industry

→ www.oeht.at

Kommunalkredit Public Consulting GmbH (KPC)

Subsidies for businesses in the environmental and energy sectors

→ www.umweltfoerderung.at

Österreichische Forschungsförderungs- gesellschaft (FFG)

Subsidies for business-linked research and development

→ www.ffg.at

Arbeitsmarktservice Österreich (AMS)

Support for people going fully self-employed for the first time, and subsidies to help with employing and training staff

→ www.ams.at



Direct link



2.10.1. Key federal subsidies

Grants

Grants are usually understood as subsidies that do not need to be paid back. The grants therefore reduce your investment/cost expenditure.

New tourism business support (ÖHT)	Support for new tourism businesses (up to three years after startup) for investments between EUR 50,000 and EUR 500,000 → Grant up to 7.5% and province top-up of same amount All information at www.oeht.at
aws Preseed	Financing highly innovative startups in the pre-seed phase → Grant up to a max. of EUR 300,000 All information at www.aws.at/
aws Seedfinancing	From idea to market entry: grant to bridge the funding gap for innovative startups developing high-tech products → Up to a max. of EUR 1 million All information at www.aws.at

State-supported credit facilities

State-supported credit facilities are a form of borrowing with government support and thus more favourable conditions. This borrowed capital must be secured and paid back.

aws erp-Kredit (ÖHT and aws)	Low-interest credit facility for your investment project – special conditions for new entrepreneurs → From EUR 10,000 to EUR 30 million All information at www.aws.at or www.oeht.at
Micro credit (Federal Ministry of Labour)	Promotes investment in the course of business startups by persons at a disadvantage in the capital market → Up to EUR 15,000 credit with fixed interest rates All information at www.dermikrokredit.at



Guarantees/assumption of liability

If the security offered by the subsidy applicant is not sufficient for a bank loan, institutional guarantors can assume (some of) the default liability in relation to the lending bank.

aws guarantee (aws) up to 6 years

Collateral for bank loans.

→ Guarantees for up to 80% of the loan, max. EUR 2.5 million

- a) Support for the financing of projects by new companies up to 6 years of age
- b) Own funds contributed to the project may be doubled by taking out a loan of the same amount with an acceptance of guarantee

All information at www.aws.at

Assumption of liability for new entrepreneurs in the tourism industry (ÖHT)

Assumption of liability for investment loans for tourism companies

→ Guarantees for up to 80% of the loan, max. EUR 4 million

All information at www.oeht.at

Investment capital

Investments improve the equity capital situation of the business. Different investments vary in duration, intensity and repayment terms. There are investments with and without the right to have a say in how the business is run.

Founder funds (aws)

Investment in young companies with growth potential which do not manage to obtain sufficient bank financing in the high-risk early stages.

→ Investments of between EUR 100,000 and EUR 3.5 million

All information at www.gruenderfonds.at and www.aws.at/aws-eigenkapital

Employing staff

There are non-repayable grants available for employing staff.

One-person business subsidy for hiring the first employee (AMS)

Support for one-person businesses in which the entrepreneur has been self-employed for at least three months (GSVG-insured) and which are now taking on their first employee

→ 25% of the gross salary for 12 months

All information at www.ams.at



Subsidised consultation and information

Get free or subsidised advice on developing and planning your business idea.

Consultation services from the Austrian Federal Economic Chamber	The Startup Service, the service departments and the district and regional offices of the Austrian Federal Economic Chamber can provide you with free advice about setting up your business. Contact details for Startup Services in Austria on page 131
Subsidised Business consulting services	In many federal states, consultations with business advisers, e.g. on drawing up a business plan, marketing and financing, are subsidised by the Austrian Federal Economic Chamber and/or the federal and state governments. Contact details for Startup Services in Austria on page 131
aws Innovation protection	Advice and grants to identify, secure, defend and make the best use of intellectual property. All information at www.aws.at/aws-innovationsschutz/

Startup support for unemployed people

The AMS supports unemployed people starting their own businesses.

Public Employment Service Austria (AMS) business startup programme	Support for unemployed persons who want to become self-employed full-time. The support can consist of advisory services, training and startup assistance. Applications can be submitted to your regional AMS office. All information can be provided by your AMS or found at www.ams.at → Förderungen für Unternehmen (Support for companies)
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2.10.2. Other federal subsidies

Exemption from specific fees and charges (NeuFöG)

Under the New Business Foundation Support Act (NeuFöG), new businesses and business transfers may be exempted from certain taxes and charges under certain conditions. The exemption mainly relates to:

- Court costs for entries in the Company Register
- Startup stamp duties and federal administration fees
- Property acquisition taxes and the court costs for entry into the Land Register, if corporate rights or shares are granted for obtaining real estate in newly founded

companies. For business transfers there is a tax-free allowance for property acquisition taxes.

- If you take on employees within the first 36 months of setting up a new business, you will be exempt from certain wage taxes in the amount of 6%. Please note: this does not apply to business transfers.
- Vehicle registration and re-registration, if this procedure involves essential operational bases (e.g. bus companies, firms forwarding goods, taxi and car rental enterprises). Please note: only for business transfers.

For a business to be classed as a new business, a new operational structure must be created.



To be classed as a facilitated business transfer, there must be a change of business owner. The person who has newly started up or taken over the business must not have performed the same activity on a self-employed basis during the last five years, either in Austria or abroad.

If an application is made for an exemption from fees, a NeuFöG form (declaration of startup) must be submitted along with the application to the bodies concerned (e.g. Company Register, Revenue Office).

The form in question can be obtained from the Startup Service, the professional groups and the district/regional offices of your Austrian Federal Economic Chamber.

Alternatives to new entrepreneur subsidies

Please note that there are also other kinds of special subsidies available apart from the new entrepreneur subsidies, e.g.

- **Research and development:**
aws funding programmes, www.aws.at/en, and funding programmes of the Austrian Research Promotion Agency (FFG), www.ffg.at/en
- **Energy and environmental conservation:**
Funding programmes from Kommunal-kredit Public Consulting (KPC), www.umweltfoerderung.at
- **Internationalisation activities:**
The internationalisation campaign 'go international' offers a wide range of export subsidies for companies which are starting to export for the first time or entering new markets, www.go-international.at

2.10.3. Regional subsidies

Apart from the aforementioned nationwide programmes, the federal states and some municipalities support business founders with support programmes of their own. Enquire in your state about the regional subsidies available there.

2.11. SOCIAL INSURANCE

As a business operator, you must be covered by health, pension and accident insurance plans. Health and pension insurance are regulated in the GSVG, whereas the ASVG governs accident insurance.

Group of persons

The following persons must have insurance coverage

- Sole proprietors
- Partners in a general partnership
- General partners in a limited partnership
- Managing partners in a private limited company (if they are not already insured in this role under the ASVG)
- Managing partners in a flexible company (if they are not already insured in this role under the ASVG)

Sole proprietorships receive social insurance when they acquire their trade licence. Coverage is compulsory for managing partners and personally liable partners of a business partnership if the company holds a trade licence and is a member of the Austrian Federal Economic Chamber.

Special conditions for managing partners in a private limited company/flexible company:

If they hold up to 25% and receive a managing director's salary, they are ASVG-insured. If they hold between 25% and 50%, a check is carried out to determine whether the managing partners are subject to instruction or have other more extensive rights such as 'voting veto'. ASVG insurance applies in cases where the status is similar to that of a worker, whereas GSVG insurance applies to managing shareholders with a superior position. Managing partners are always ASVG-insured if they hold 50% or more.

Special conditions for limited partners:

contribution are not subject to any compulsory social insurance stipulations. Limited partners who work in the company for remuneration are required to be ASVG-insured if their work is not independent; if they are active for the company on an independent basis, they must be GSVG-insured as 'new independents'.



2.11.1. Commencement of compulsory insurance

As a rule, you must be covered under compulsory insurance as of the day you acquire a trade licence or on the day the membership of the Austrian Federal Economic Chamber by virtue of such a trade licence commences. Although the trade authority notifies the Social Insurance for Self-Employed Persons of the trade registration, you are also required to register within one month. If you declare your trade licence as inactive, you are exempt from compulsory insurance in accordance with GSVG and also from accident insurance in accordance with ASVG.

2.11.2. Contributions to Social insurance

Please note that the contribution basis and the contribution percentage rate are two different things.

The **contribution basis** is derived from the income from commercial activities – operating income less operating expenses – and any income from self-employment. The **contribution percentage rate** is 6.8% for health insurance and 18.5% for pension insurance.

The income relevant to the contribution basis is calculated based on the income tax assessment notice. However, since this tax assessment notice is often not issued until later, contributions are provisionally based on the assessment notice from three years earlier (so the assessment for 2022 is used to assess contributions for 2025). When the Revenue Office issues the assessment notice for 2025, the contributions are reviewed, and this may result in a refund or additional payment. If no income tax assessment notice is available, businesses are provisionally classed as new entrepreneurs, and the founders enjoy favourable treatment in relation to health insurance contributions during their first two calendar years (see next section: 2.11.3.).

Minimum contribution basis: under the GSVG, there is a minimum contribution basis

which corresponds to the marginal earnings threshold amount. This means you must pay contributions even if your income is actually lower or if your business posts a loss. The minimum contribution basis to the health insurance and pension insurance in 2025 is EUR 6,613.20 per year. This regulation applies to newly founded companies as well as to existing members of the Austrian Federal Economic Chamber. This means that, each year, you will pay at least the 6.8% health insurance contribution of EUR 449.76 and the 18.5% pension insurance contribution of EUR 1,223.40.

Under the GSVG there is also a maximum contribution basis. This amounts to EUR 90,300 per year for 2025. This means that you do not need to pay additional social insurance contributions for income beyond this limit.

The accident insurance contribution amounts to EUR 144.84 per year.

2.11.3. New entrepreneurs

If you are a new business operator going self-employed for the first time or at least have not been GSVG-insured during the last ten years, you will be eligible for a fixed contribution to your health insurance for the first two calendar years of your self-employment. You therefore only pay the minimum contribution (annual rate in 2025: EUR 449.76). A review is first carried out as of the third calendar year if the taxable profits made in the respective calendar year (according to the income tax assessment), plus the mandatory pension and health insurance contributions in the contribution year, were higher than the minimum contribution basis.

The stipulated pension insurance contributions for the first three calendar years are initially based on the minimum contribution basis (2025 annual value: EUR 1,223.40). A review is carried out as of the first year if the taxable profits made in the relevant calendar year (according to the income tax assessment), plus the mandatory pension and health insurance contributions



in the contribution year, were higher than the minimum contribution basis. Accident insurance contributions are not profit-dependent and amount to EUR 144.84 in 2025. Back payments of contributions that are due for the first three years of self-employment can be spread over a period of three years. This is subject to the condition that you were not previously liable to pay mandatory insurance contributions under the GSVG. This application must be submitted by 31 March of the calendar year following the contribution assessment.

A list of the social insurance contributions can be found in the following table:

Social insurance contributions (expected values for 2025, as of 12/2024)

Contributions	Month	Quarter	Year
Pension insurance (18.5%)*	101.95	305.85	1,223.40
Health insurance (6.8%)**	37.48	112.44	449.76
Provision for self-employed people (1.53%)	8.43	25.29	101.16
Accident insurance (fixed)	12.07	36.21	144.84
Total (€)	159.93	479.79	1,919.16

* additional charge for exceeding the minimum contribution basis.
 ** fixed in the 1st and 2nd calendar year. Then additional charge for exceeding the minimum contribution basis.

2.11.4. Small business operators' scheme – exemption from compulsory insurance

Under certain conditions, sole proprietors may be exempted from compulsory trade health and pension insurance and from making contributions to the provisions for self-employed people. This does not apply to partners of a partnership or a company under civil law, nor to managing partners of a private limited company.

Small traders are persons whose annual

- profit does not exceed EUR 6,613.20 (2025 value) **and**
- whose turnover does not exceed EUR 55,000 (GROSS) (from 01/01/2025).

You can apply for this exemption from compulsory full insurance coverage at the Social Insurance for Self-Employed Persons (SVS).

Applications for exemption may only be submitted by persons who have not been compulsorily GSVG-insured for more than twelve months during the previous sixty calendar months. This requirement does not apply to persons who are 60 years old or over. It also does not apply to those claiming the small business operator's exemption during periods in which they were in receipt of childcare allowance.



IMPORTANT! The full compulsory insurance coverage exemption also means that you are not covered under the health and pension insurance plans because of your business activity. You are still covered by accident insurance protection, however, and you pay monthly accident insurance contributions of EUR 12.07 (EUR 144.84 per year) for this.



IMPORTANT!

You are not permitted to make retroactive applications for a previous calendar year. Compliance with both the sales and the profit limit is subsequently checked on the basis of the income and value added tax assessment notices.



2.11.5. Social security benefits

Health insurance: the primary benefits are medical assistance, dental treatment, hospital treatment, medication, stays at a health resort, etc. A distinction is made between those entitled to benefits in kind and those entitled to monetary benefits.

You are entitled to benefits in kind if your income is below the maximum contribution basis (2025: EUR 90,300 per year). You may claim benefits in kind and receive an e-card for seeing a doctor. Treatment is initially free of charge, but you will subsequently be charged a deductible of 20%, with the exception of hospital care in the general fee class. This arrangement also applies to new entrepreneurs.

You are entitled to monetary benefits if you have a contribution basis of more than EUR 90,300. You will initially pay for your medical treatment yourself as a private patient; you then submit your invoices and receive a specific portion refunded – approx. 80% of the doctor's fee. If you are treated in hospital you receive additional monetary benefits for fees in the special class, as well as a refund for treatment fees in the general fee class. Upon application, those entitled to benefits in kind may become entitled to special class hospital treatment in return for an additional contribution. Conversely, those entitled to monetary benefits may acquire the right to treatment by a doctor using an e-card.



10%

Independent health care – reducing deductible to 10%

Based on preventive health care, you can reduce your health insurance deductible by up to 10%. This requires a health check at your doctor's office. Individual health goals are determined on the basis of this check-up and consist of either maintaining good results or making improvements in certain areas. After six months at a minimum, you have an appointment with your doctor to determine whether you have achieved your health goals. If you have achieved your goals, the doctor will issue an attestation which you then use to apply for a reduction in your deductible from the Social Insurance for Self-Employed

Persons (SVS). The next examination is only required after two or three years, depending on the person's age.

Co-insurance: spouses raising children and children are co-insured under the health insurance plan without contributions. Moreover, the deductible for treatment by a doctor is not charged for children. Childless spouses may also be co-insured against an additional contribution of 3.4% of the contribution basis of the principal insured person.

Accident insurance: the most important benefits include medical treatment after a work-related accident or occupational illness, as well as an accident pension in the event of permanent invalidity of 20% or more. A monthly accident insurance contribution of EUR 12.07 (EUR 144.84 per year) is payable; a higher level of insurance may be purchased on a voluntary basis.

Unemployment insurance for businesses: new regulations have been in force since 01/01/2009 on unemployment insurance for self-employed people. Individuals who were already self-employed prior to 01/01/2009 now retain their entitlement to unemployment benefits accrued during non-self-employment for an unlimited period of time. This also applies to individuals who began self-employment after 01/01/2009 and who, prior thereto, had been working on an employed basis for at least five years. By voluntarily joining an unemployment insurance scheme, these self-employed individuals can extend the period for which they are entitled to unemployment benefits and/or acquire entitlement to a greater amount of unemployment benefits; certain conditions apply.

Individuals who began their self-employment after 01/01/2009 and who had not been in employment for five years prior thereto retain their entitlement to unemployment benefits for a maximum of five years. The new model provides for the option of insurance beyond that time (this is also voluntary).

The Austrian Social Insurance for Self-Employed Persons (SVS) informs all insured



persons of the opportunity to join voluntarily (opting in). The following dates apply: individuals who began their self-employment after 01/01/2009 must decide on whether to join within six months of receiving the information from the SVS about the option of voluntary unemployment insurance.

The decision they make is binding for eight years. Individuals who do not decide to opt in in good time do not have the option of joining the unemployment insurance scheme until eight years thereafter at the earliest.

Contributions

Self-employed persons can choose between three fixed monthly contribution bases. The contribution basis amounts to a quarter, half or three quarters of the maximum contribution basis in accordance with the GSVG (2025: EUR 7,525). The contribution rate amounts to 2.95% in the lowest contribution basis (new as of 01/01/2024), otherwise 5.9% (from 01/01/2024). This makes unemployment insurance in the lower rung much more attractive.

Monthly contribution	Unemployment benefit per day
EUR 55.50	EUR 30.25
EUR 221.99	EUR 49.14
EUR 332.98	EUR 67.90

Provisions for self-employed people

The provisions for self-employed people are a type of 'new indemnity' for the self-employed as a second pillar of pension provision along with the trade pension insurance. The provisions for self-employed people cover all business operators and those new self-employed people subject to compulsory insurance under commercial health insurance. Individuals who continue their self-employed activity during retirement are not subject to the provisions for self-employed persons but can choose to opt in. Freelance self-employed persons, farmers and foresters may be included in the model of provisions for self-employed persons by opting in.

Contributions

A contribution of 1.53% of the health insurance contribution basis must be paid to cover provisions for self-employed people. The contribution basis is limited to the maximum contribution basis (2025: EUR 90,300). The SVS prescribes the contributions together with the other social insurance contributions, and these contributions are remitted to the corporate provision fund that you have selected.

Choice of provision fund

If you as an entrepreneur have chosen a provision fund for your employees, that provision fund is binding upon you as well. If no provision fund has been chosen yet due to the absence of employees, you must choose a provision fund within six months. Should you not do so, the SVS will assign a provision fund.

Payout

An entitlement to payout and/or a disposal option on the contributions paid in exists after at least 36 months of contributions and after no less than two years of suspension or surrender of the trade licence or the cessation of commercial work (in the case of new entrepreneurs). A payout entitlement also exists upon retirement, even if three years of contributions have not been paid at that point. The capital sum is paid to the legal heirs upon the death of the insured.

Other disposal options


Apart from payout for 'indemnity' as a capital sum, the following disposal options are also available:

- Continued investment in the provision fund (does not apply when retired)
- Pay in to an additional pension insurance as a one-time premium for purposes of life-long pension benefit, carry it with you to another pension pot if you take up non-self-employed work, transfer to a pension fund if there is already an entitlement to expectancy
- Transfer to an insurance company of your choice as a one-time premium for an additional pension insurance policy that can be proven to have been taken out by the prospective beneficiary

**Tax treatment**

All tax benefits for regular employees also apply to self-employed persons. The contributions to provisions for self-employed persons are deemed to be business expenses for tax purposes. Investment in the provision fund is tax-exempt. Payout as a one-time sum is tax-deductible at a taxation rate of 6%. Payment as a pension is tax-exempt.

Pension insurance

The most important benefit is the old-age pension for men and women, at 65 and 60 years of age respectively. To receive this, you must have paid in contributions for at least 180 months. Beginning on 01/01/2024, the age limit for the old-age pension for women will increase by six months per year. As a result, all women born after 1 July 1968 can only retire after they have reached the age of 65. To fulfil the special eligibility criteria for claiming the corridor pension, you must have been insured for at least 480 months and have reached the age of 62. For this reason, the corridor pension is currently only relevant to male insured persons. 

A disability pension is available for business operators who can no longer work in self-employment due to illness. If an insured person applies for this pension, medical reports will be obtained, on the basis of which the disability pension is granted or disallowed. An appeal can be submitted to the Labour and Social Court in case of a negative decision.

In principle, the pension is derived from the product of the number of insured years and the average contribution basis amounts during working life. Periods of non-independent work (ASVG) and independent work (GSVG) are totalled together. Due to the vast number of details involved, specific consultation and advice from the SVS is indispensable prior to retirement.

2.11.6. End of compulsory insurance

You are no longer subject to compulsory insurance obligations from the end of the month in which

- You surrender your trade licence
- You report the suspension of your trade to the professional group and/or district/regional office of the Austrian Federal Economic Chamber by means of a declaration of inactivity
- You apply for the deletion of your position as personally liable partner of a partnership from the Company Register, or the trade licence of the OG/KG has been surrendered
- The trade licence of the GmbH/FlexKapG has been surrendered, or you apply for the revocation of your appointment to the post of managing director of a GmbH/FlexKapG in the Commercial Register and/or withdraw as shareholder in such a GmbH/FlexKapG

For further information, consult the experts at the Austrian Federal Economic Chamber in your province.



IMPORTANT! After registering your trade, contact the Social Insurance for Self-Employed Persons – www.svs.at. They will provide you with all the information on contribution payment amounts, scope of insurance, small business operators' scheme, difference assessment, etc. Be sure to include the costs of social insurance in your calculations, since they form a considerable portion of your business expenses.

For comprehensive information on compulsory social insurance, please visit: wko.at/sozialversicherung

**IMPORTANT!**


You should acquire information from the social insurance institution about the amount of pension you can expect well before the intended retirement date.



[Direct link](#)



2.12. TAXES

You do not need to be a tax expert, but solid basic knowledge will help you take tax considerations into account when making business decisions. Nonetheless, you are personally responsible for paying your taxes, even if you have a tax adviser (bookkeeper, tax consultant or professional accountant). Taxes can be very complex, and these experts will help you find your way. 

Your key tax obligations

- Providing notification of the opening of your trade business and the location within one month of starting work using the business startup form.
- Paying the quarterly advance instalments of income tax (or corporation tax in the case of business corporations) by the required date as stipulated by the Revenue Office.
- In the case of businesses liable for value-added tax, submitting monthly or quarterly advance VAT returns in good time and paying the resulting amounts.
- Completing and submitting annual tax returns by the due date.

You can find details about your obligations as a business owner on the following pages.

Your initial contact with the Revenue Office

You have a business idea and want to make it a reality. After initial contact with the Austrian Federal Economic Chamber and the Startup Service, the first port of call will be the Revenue Office. You must provide notification of the launch of your business and its location to the Revenue Office within a month of commencing your business activities. You will usually complete a business startup form together with your expert advisers. Using this form, the Revenue Office will collect basic information about your company and its business activities. The business startup form can be downloaded from the website of the Ministry of Finance (www.bmf.gv.at). You can also find important information on this on the Business Service Portal (www.usp.gv.at).

Which business startup form is the correct one?

This depends entirely on your chosen legal form (for further information on this, see page 21).

- Sole proprietorship
 - Questionnaire for natural persons (Verf24)
- Partnership
 - Questionnaire for companies (Verf16)
- Corporation
 - Questionnaire for stock corporations or limited-liability companies (Verf15)

You can report the opening of your business to the competent Revenue Office in person, in writing or by telephone and you will receive the relevant questionnaire in the post.

Alternatively, the corresponding questionnaire can also be filled in online at www.finanzonline.at or www.usp.gv.at.

After the business startup form has been successfully processed by the Revenue Office, you (or your company) will receive a tax number and, if applicable, a VAT registration number (abbreviated: a "UID-Nummer" [VAT ID number]). The Revenue Office may inspect your premises before issuing the tax number.

What is important to take into account when completing the business startup form?

The business startup form includes many general questions which you will find easy to answer. However, some questions require preparation. You should take these questions very seriously. The answers you provide fundamentally affect the types of tax you have to pay, and how much of your tax you have to pay in advance. This can have a significant impact on your liquidity and thus on your business. For this reason, it is important to complete the business startup form carefully.

If you are starting up a sole proprietorship, or as a partner in a partnership, you will be asked to estimate your income (profit) for your first two years on your business startup form. The Revenue Office will use your estimate to determine your quarterly advance payments



IMPORTANT!

Take advantage of our wide range of consulting and training services.

The experts at your local branch of the Austrian Federal Economic Chamber can also assist you with questions regarding tax law.




[Direct link](#)

**IMPORTANT!**

Be especially careful when estimating your profits, since the figure you give will form the basis for calculating your income tax and/or corporation tax payments.

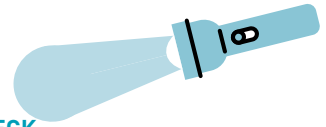
of tax. Accordingly, you should be careful and realistic when estimating your results for the first two years. A high profit estimate will result in high advance payments. Even worse, if they are too low, you will have to make high additional payments in the following years.

The Revenue Office will use your answer to the question about your predicted turnover (revenue) during the first two business years in order to establish whether, based on your predicted turnover, you will be required to pay VAT and will therefore be obliged to submit advance VAT returns on a periodic basis.

Advance VAT returns also need to be submitted if you apply for a UID number (VAT ID number). Please check whether you require a UID number (VAT ID number) by consulting page 84. 

 **OUR TIP**

The leaflet 'Revenue Office Questionnaire on Starting a Business' (Fragebogen des Finanzamtes zur Betriebseröffnung) is a very useful aid to filling out the Revenue Office's business startup form; it is available from the Startup Service in your federal province, or as a download online at www.gruenderservice.at → Sozialversicherung und Steuern (Social insurance and taxes) → Steuern (Taxes)

**REALITY CHECK**

Which Revenue Office is responsible for me?

In 2021, tax authorities were restructured, and there are now only two revenue offices for the whole of Austria. The 'Tax Authority for Large Traders' is responsible for larger business with annual revenues over EUR 10 million. The 'Tax Authority Austria' is responsible for all other businesses.

For newly founded businesses, the Tax Authority Austria is therefore responsible for collecting all taxes. The former residential revenue offices will become agencies of this tax authority. The reform also established that once a tax number has been assigned, it remains the same even if you change your place of residence or activity.

The contact details for Tax Authority Austria are:
Finanzamt Österreich,
Postfach 260, 1000 Vienna
Telephone: 050 233 333

The agency at the place where the company is located or registered will generally be responsible for it. You can find the addresses for the specific agencies at <https://service.bmf.gv.at/service/anwend/behoerden/>



The most important business management terms – in a nutshell!

You will come across many different terms in the course of your self-employment – we explain the most common ones here:



Operating income

The inflow of cash into the company resulting from operating activities. Examples of this are incoming payments for invoices issued, commissions and revenues for sold goods and/or services.

Operating expenses

The outflow of payments from the business resulting from business activities, such as rent, telephone, social insurance expenses, advertising, office furniture, car expenses, personnel, etc. In certain cases, it is possible to determine the operating expenses by means of average values (lump sum).

Types of income

There are seven types of income – three types of operational income: farming and forestry, commercial activities and self-employed work; and four types of external income: non-self-employed income, income from renting and leasing, income from capital assets and other income.

Advertising costs

Advertising costs are expenses in the area of external income. The term advertising costs is to be equated with the term operating expenses ([Betriebsausgaben] with reference to types of operational income).

Profit

The difference between operating income and operating expenses, when the operating income exceeds the operating expenses.

Loss

The difference between operating income and operating expenses, if operating expenses exceed operating income.

Income

The profit or loss that the individual taxpayer achieves within the context of the seven types of income. The annual income is the sum of all sources of income. Income, in turn, is the basis for calculating income tax.



Investments before the start of operations

As an entrepreneur just starting out, you will often have expenses for your future business even before it has commenced, e.g. purchasing machinery and tools or renovating the business premises. You are deemed by the Revenue Office to be an entrepreneur as soon as you have begun preparing your business, e.g. purchasing machinery and tools or renovating the business premises. In order to ensure that such expenses are recognised for tax purposes, it is important that the starting up of the business is planned in a very focused way, and they must be claimed for tax purposes in the calendar year of the expense. Expenses incurred prior to the 'official' start date can therefore be offset too. This is beneficial in terms of both value added tax and income tax.

As a business entitled to deduct input tax, you can deduct the VAT that you are invoiced. In addition, expenses can be deducted to reduce your profit as part of the income tax declaration. (For details, please consult the next few chapters.) Some expenses (e.g. training costs), however, may only be claimed for in the same year in which they were paid.

OUR TIP

Register now at the Business Service Portal (USP) – www.usp.gv.at. The USP provides you with ONE central platform for official interactions with the federal authorities. Official channels can be dealt with securely, quickly and efficiently online and around the clock with a single sign-on.

2.12.1. The main types of taxes

As soon as you have started up your business and registered it with the Revenue Office, the Revenue Office will normally require you to make advance payments on your income or corporation tax. You must calculate all other taxes you owe (particularly value added tax, wage tax, employer contributions etc.), report them to the Revenue Office and take responsibility for paying them by the appropriate deadline. The Revenue Office will not issue an assessment notice for these taxes. The following tax calendar will provide you with an overview of the most important taxes, in addition to the due dates and the amounts involved. VAT, income tax and corporation tax are explained in detail.

Marlies Vitzthum

Founder of Somanima | Institute for Growth

After working as a manager in the corporate world for a number of years, Marlies Vitzthum decided to take the step of starting her own company and pass on her knowledge by founding Somanima | Institute for Growth, a company specialising in consulting and personal development. Marlies applies a holistic approach that links up mindset, the body and decision-making processes to promote authentic leadership and sustainable growth. She places a special focus on embodied leadership and coaching – with the goal of helping managers to incorporate empowerment and awareness in their work and approach changes in a purposeful, effective manner.

→ www.be-somanima.com

Marlies Vitzthum supports managers with systemic coaching and methods that lend structure to their work.



Tax schedule for the most important taxes

Type of tax	Amount	Due date	To be paid to
VAT	0%, 10%, 13% or 20% of the net amount	15th of the month after next	Revenue Office
Income tax	0-55% of income	15/02, 15/05, 15/08, 15/11	Revenue Office
Corporation tax	23% of profits	15/02, 15/05, 15/08, 15/11	Revenue Office
Wage tax	0-55% of wage/salary minus social insurance and exempted allowances	15th of the following month	Revenue Office
Municipal tax	3% of the gross payroll	15th of the following month	Magistrate or municipal office
Employer contributions to the Family Burden Equalisation Fund + employer's contribution surcharge	3.7% + 0.34 to 0.42% of the gross payroll (currently depends on the state)	15th of the following month	Revenue Office

If a due date falls on a Saturday, Sunday or statutory holiday, the next business day becomes the last possible deadline for payment.

2.12.1.1. Income tax

This is 'wage tax' for self-employed people. The basis of assessment is your yearly profit or surplus. The profit is determined either by double-entry accounting, cash-basis accounting or lump-sum consolidation; the surplus is determined using the cash receipts and disbursements method. All other revenue, e.g. from employment, will be added to any profit and surplus.

The sum of all revenue is the income, and this is the basis of assessment for income tax. The tax rate is between 0% and 55%; income tax only becomes payable when your (annual) income reaches EUR 13,308.00 or above. Please note that this amount is indexed annually according to inflation – 'end of cold progression'.

Following the end of the financial year, you must submit the annual income tax return

and, if applicable, the VAT declaration to the Revenue Office no later than 30 April if submitting in paper form and 30 June if submitting them electronically. You must generally submit tax returns to the Revenue Office via FinanzOnline. Forms submitted on paper (available from the Revenue Office) are only acceptable in exceptional cases. If you are represented by a tax consultant, these deadlines are extended.



IMPORTANT! You pay income tax every quarter in advance. Your estimate as stated on the Revenue Office business startup form will form the assessment basis for the initial year. Your advance payments are solely based on estimates and predictions. If your advance payments of income tax are disproportionate to the expected profit, you may submit an



application by 30 September of any given year, requesting an adjustment to the amounts of the advance payments being made. Once the tax has been assessed, certain amounts will be offset: if your advance payment has been too high, you will receive a credit for the

balance; if it has been too low, you must make up the difference and pay a higher advance payment. In the case of extra-occupational ventures, you generally need to make up the difference for the first year.

Taxable income is the assessment basis for income tax. The following is a highly simplified explanation of how it is determined:

1. Income from farming and forestry
2. Income from self-employment
3. Income from commercial operation
4. Income from non-self-employed work (e.g. as a salaried employee, labourer, pensioner)
5. Income from assets (e.g. savings accounts, securities)
6. Income from letting and leasing of property
7. Other income (e.g. certain life annuities, speculative gains)

= Total amount of income

- special expenses (certain private expenses that qualify for tax relief)
- extraordinary charges (e.g. medical expenses)
- allowances

= Income (= tax assessment basis)

- application of income tax rate

= Income tax

- advance tax payments (e.g. wage tax, advance payment for income tax)

= Credit/additional payment

Tax-free profit allowance

Apart from the operating expenses, the tax-free profit allowance (a notional operating expense granted under tax law) also reduces the assessment basis for income tax on sole proprietorships and partners in business partnerships (not GmbHs or AGs).

Every entrepreneur is entitled to a tax-free allowance of 15% of their profit up to a maximum profit of EUR 33,000 (meaning a maximum tax-free allowance of EUR 4,950). This exemption allowance is also available for companies with operating expenses estimated at a flat rate. Furthermore, depending on investments in certain tangible assets and securities, an additional tax-free profit allowance conditional upon investments of 13% for profits over EUR 33,000 can be claimed. This tax-free allowance is reduced on a scaled basis for very high profits starting from EUR 175,000.

Investment allowance


Similar to the profit allowance, the investment allowance applicable as of 01/01/2023 also reduces the assessment basis for income tax by 10% or 15% (for greening investments) of the corresponding investments (up to EUR 1,000,000.00). It should be noted that either the investment allowance or the investment-related profit allowance can be claimed for the respective investment.

Income tax rate

No income tax is payable on incomes up to EUR 13,308.00 (this amount is indexed annually according to inflation [‘end of cold progression’]). Once income exceeds EUR 13,308.00, the tax rate to be applied in each case increases in line with the amount of income in question. As income tax rates are progressive, the relevant tax rate – starting at 0% – is always applied to a part of your income.



Income tax rates for 2025



Natural persons (EU, OG, KG, e.U.)

			Income EUR	Tax EUR
All income above		55%	> 1,000,000	
for the next 896.928	↕	50%	1,000,000	483,998.38
for the next 33.906	↕	48%	103,072	35,534.38
for the next 33,330	↕	40%	69,166	19,259.50
for the next 14,219	↕	30%	35,836	5,927.50
for the next 8,309	↕	20%	21,617	1,661.80
up to 13,308	↕	0%	13,308	0.00
	TAX-FREE			

The two examples on page 80 show the amount of income tax when the income base is between EUR 20,000 and EUR 40,000. An income of EUR 20,000 incurs EUR 1,338.40 in tax. The amount of tax rises to EUR 7,593.10 for an income of EUR 40,000. The reason for this sharp increase is the fact that all income above EUR 13,308.00 is already subject to taxation.



Example 1: Income EUR 20,000		
Income tax	in %	Tax in EUR
13,308	0%	0.00
6,692	20%	1,338.40
20,000	6.69%*	1,338.40

Example 2: Income EUR 40,000		
Income tax	in %	Tax in EUR
13,308	0%	0.00
8,309	20%	1,661.80
14,219	30%	4,265.70
4,164	40%	1,665.60
40,000	18.98%*	7,593.10

* value rounded to 2 decimal places



IMPORTANT! As of 1 October of the year following the one in which the tax debt has been incurred, the Revenue Office charges debit and credit interest on the tax owing and/or the resultant tax until the tax ruling has been issued for the year concerned.

The deadline for submitting a tax return can be extended in some cases, upon justified request. In addition to the actual operating expenses or the operating expenses which are estimated at a flat rate, the tax-free profit allowance also reduces the assessment basis for income tax for sole proprietorships and partners in business partnerships (not GmbHs, AGs or FlexKapGs).

Hobbies

Hobbies are also to be considered in terms of income tax law. This comprises activities which are not performed for the sake of profit. If your company makes losses several years in a row, and you offset these against any other income in your income tax declaration so as to reduce your tax bill, the Revenue Office may question the status of your company.

It will then be classed as a hobby, and you will no longer be able to offset losses. In order to rule this out in advance, you should prepare a plausible budget prior to starting your business. The Startup Service can provide support and advice regarding this.



OUR TIP

Calculate your income tax on the website of the Federal Ministry of Finance:
<https://www.bmf.gv.at/themen/steuern.html>

The Startup Service at your regional or district office will assist you with any questions on your path to self-employment.

2.12.1.2. Real estate profits tax

Sales of real estate property by private individuals and businesses are taxed at a fixed rate of 30%. Income of this type is not included amongst an individual's other income as a matter of principle (i.e. it is no longer added to other income and therefore does not increase the tax rate to be applied on any other income).

2.12.1.3. Corporation tax

Corporation tax is the income tax levied on corporations (GmbH, AG, FlexKapG). As of 2024, it amounts to 23%, irrespective of the amount earned. The minimum corporation tax to be paid in advance per quarter is always 5% of the minimum share capital required by law. The minimum corporation tax as of 2024 is EUR 500.00 per year, and is always payable in four equal instalments on 15 February, 15 May, 15 August and 15 November.

Profits are liable for a further 27.5% capital gains tax if they are distributed to the shareholders.

2.12.1.4. Value added tax (VAT)

Value added tax, also called sales tax, is levied on the deliveries and other services that a company provides in Austria, as well as the company's own consumption in Austria. If you, as an entrepreneur, sell goods or provide services to a customer, you must collect VAT from this customer and then pay this VAT onwards to the Revenue Office. VAT is a cost factor for end consumers (B2C), whereas



businesses (B2B) will often be reimbursed by the Revenue Office for the VAT that they have paid on their purchases.

For example: when you buy food from a retailer, the VAT is included in the price charged to end consumers. The retailer must then pay this tax to the Revenue Office. At the same time, the retailer is reimbursed the VAT (input tax) that it has paid on its purchases, such as goods or rent. The difference between the VAT collected and paid is reported and paid to the Revenue Office.

You must calculate the VAT yourself and regularly submit an advance VAT return. As a general rule, the advance VAT return is to be issued monthly, and must generally be submitted via FinanzOnline – unless your tax adviser does this for you. Newly founded businesses can submit the advance VAT return on a quarterly basis if their annual turnover is below EUR 100,000 – including in subsequent years.

Tax rates

Normally, VAT amounts to 20% of the net amount. There are also reduced tax rates, for example 10% for certain items such as food, books and accommodation, and 13% for firewood, live animals and tickets to cultural and sporting events. In the case of some special deliveries and services, such as deliveries abroad and construction services, VAT is not charged.

VAT liability

All deliveries and services that a company provides within Austria in return for payment are normally liable for VAT. This applies to anyone who performs a commercial or professional activity, for example tradespeople, lecturers and lessors.

Exemptions from VAT

Some types of turnover are exempt from VAT but are nevertheless eligible for tax to be deducted at source – turnover that is genuinely exempt, e.g. export deliveries. Other types of turnover are exempt from VAT and are not eligible for tax to be deducted at source – turnover that is not truly exempt.

Important: The company is responsible for paying VAT to the Revenue Office on time.

The '**Small business operators' scheme**' is probably the most important scheme that is not truly exempt from value added tax. If your annual net turnover (and turnover from the previous year) is less than EUR 55,000, you are automatically exempt from VAT. This limit may be exceeded by no more than 10% within a given year in order to remain exempt from this tax until the end of the calendar year. You may not charge any VAT and you do not need to transfer any VAT to the Revenue Office. However, you cannot then deduct input tax for the prepayments made to you.

The small business operators' scheme also applies in other EU countries from 2025. Provided that the national threshold is not exceeded and turnover does not total more than EUR 100,000 within the European Union as a whole, entrepreneurs who do not reside in Austria can therefore also make use of the small business operators' scheme from 2025.

Important: On your invoices, you must clearly state that you are making use of the small business operators' scheme and are therefore 'VAT-exempt in accordance with Art. 6 (1) Clause 27 of the Value-Added Tax Act'. You then cannot include VAT in your invoices. However, you can voluntarily choose to forgo the tax exemption. In this case, you will calculate your VAT and forward this amount to the Revenue Office even if your annual gross turnover is below EUR 55,000. You can then deduct input tax for the prepayments made to you. This arrangement can be beneficial if your customers are mainly businesses that are entitled to deduct input tax, since VAT is not normally incurred in B2B transactions.

If you exceed the turnover limit by more



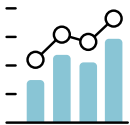
than the 10% tolerance threshold during the year, you will be required to pay VAT on the excess turnover. You must also take care when preparing invoices for your deliveries and services. The consequences of the small business operators' scheme for your particular business depend on a number of factors, including your initial investments and the type of customer you serve – businesses or private individuals. It is important to consider each of these aspects, as the turnover threshold is not the only decisive factor.

OUR TIP

Take advantage of the free advice provided by the Startup Service before submitting your business startup form. This way, you can decide together whether the small business operators' scheme is right for you.

Small business operators' scheme – Revenue Office vs. SVS

First things first, the small business operators' scheme (Kleinunternehmerregelung) is a scheme that relates solely to value added tax. It is not to be confused with the SVS small business operators' scheme (SVS Kleinunternehmerregelung), which provides certain concessions in the area of social insurance. Under this scheme, you can be exempted from the mandatory insurance required by the social insurance authority



[SVS] – with the exception of mandatory accident insurance. You can find out more about this in chapter 2.11. 'Social insurance' on page 67.

Transfer of tax liability to the service recipient (reverse charge)

Normally, the supplying company is responsible for charging VAT and passing this on to the Revenue Office. But in the case of the reverse charge system, the company that receives the service or goods must declare the VAT in its own advance VAT return and pay the relevant amount to the Revenue Office.

This arrangement is often used for transactions between companies in different countries and for certain special services and goods within Austria. The reverse charge system helps to prevent tax evasion and ensures fair taxation in cross-border transactions.

In this case, the service recipient receives only an invoice from the company providing the service for the net amount (no tax is listed), including a special notification that tax liability has been transferred.

The reverse charge system is also useful for foreign companies that provide services in Austria but do not have business premises here. In this case, too, tax liability is transferred to the service recipient. This means the Austrian company that receives the service must calculate the tax and pay it to the Revenue Office.

Mail-order selling

Annual turnover in euros

- Entrepreneur – VAT liability
- Small business – no VAT liability

> EUR 100,000 monthly reporting		
< EUR 100,000 quarterly reporting		
	< EUR 60,500	
< EUR 55,000	once every 5 years	with application (option) also subject to VAT under EUR 55,000



As of 1 July 2021, the VAT of the recipient country must be charged for B2C mail-order selling within the EU. This requirement is relaxed only for micro-enterprises with a mail-order turnover of up to EUR 10,000 within the entire EU. Foreign VAT can be paid via the OSS system, which means that the company does not need to register in the other countries. A similar regulation applies when goods are sent directly from the third country to the end consumer.

Input tax deduction

In order to be able to deduct input tax, the invoices received must fulfil certain requirements (see the information below). When you receive an invoice, it is important that every invoice be checked for accuracy and completeness. If the invoice received does not fulfil all the requirements, you will not be entitled to deduct input tax. You are not entitled to deduct input tax on any vehicles except those accepted by the tax authorities as vans or small lorries. For more information, see: www.bmf.gv.at

Consolidating input tax

If you turned over EUR 220,000 or less in the preceding year, you may also apply to consolidate your input tax into a lump sum of 1.8% of your net turnover (max. EUR 3,960). In addition to this lump sum, the input tax on investments in depreciable fixed assets above a net value of EUR 1,100, goods, raw materials, semi-finished products, auxiliary materials, ingredients and foreign wages may also be taken into account.

Characteristics of a proper invoice

Invoices must be prepared fully, duly and properly if they are to be eligible for input tax deduction:

1. The name and address of the firm providing delivery or service
2. The recipient's name and address
3. Date and place of issue
4. The VAT registration number (UID number) of the company supplying the goods or service
5. The VAT registration number of the service recipient (on invoices with a total value of over EUR 10,000, incl. VAT and for cross-border transactions)
6. Consecutive invoice number
7. The quantity and normal trade name of the objects and/or type and scope of the services
8. The date/period of delivery/service
9. The charge of the delivery/service (net amount)
10. The VAT amount
11. Total amount (gross amount)
12. Applicable tax rate or reference to an applicable tax exemption (e.g. 'VAT-exempt in accordance with Art. 6 (1) Clause 27 of the Value-Added Tax Act' > Small business operators' scheme) or to the transfer of tax liability to the service recipient (e.g. transfer of tax liability to the service recipient in accordance with Art. 19 (1) of the Value-Added Tax Act)

For **low-value invoices** (invoices with a maximum gross value of EUR 400), it is sufficient to state:

1. The name and address of the firm providing delivery or service
2. Date of issue
3. The quantity and normal trade name of the objects and/or type and scope of the services
4. Date/period of the delivery/service
5. Gross remuneration
6. Applicable tax rate in percent or reference to an applicable tax exemption (e.g. 'VAT-exempt in accordance with Art. 6 (1) Clause 27 of the Value-Added Tax Act' = Small business operators' scheme)

**'UID-Nummer' (VAT ID number)**


If you provide services and deliveries which are subject to VAT, you will receive a VAT registration number (VAT ID number) from the Revenue Office. You must state your VAT ID number on every invoice (worth over EUR 400). The VAT ID number identifies you as an EU entrepreneur in the event of deliveries or services or the provision of certain other services to businesses in another EU country. Newly founded businesses will be notified of their VAT registration number at the time they

are informed of their tax reference number. Small businesses do not generally receive a VAT registration number.

Exception: sales to and purchases from the EU region. If you would like to buy goods liable to excise duty (wine, champagne, spirits, beer, tobacco goods, mineral oil) for your company in a foreign EU country, you require an additional identification number. Customs Office Austria is responsible for this.

Sample invoice including the features that must appear on a valid invoice

For explanation of features 1 to 12, see from page 83.



Company
Jane Doe KG
4 Sample Street
A-1030 Vienna

Invoice 1/014/2025

1 John Smith GmbH
1a Sample Street | A-9020 Klagenfurt
www.sampleaddress.at
Tel: +43 463 12345

3 Klagenfurt, 01/02/25

5 Customer No.: 1456
VAT ID (UID) No.: ATU 12345678

8 Order date: 10/01/2025
Delivery date: 01/02/2025

Quantity	Unit	Item	Item no.	Unit price	VAT	Amount in EUR
50	Pcs.	Printer cartridges	45987	147.20	20%	7,360.00
300	Pcs.	Noteпад	23548	10.75	20%	3,225.00

Payment terms:
10 days 2% discount, 30 days net

12 Amount (excl. VAT) 10,585.00
+ 20% VAT 2,117.00
Total amount (incl. VAT) 12,702.00

We thank you for your order and ask you to transfer the above-mentioned amount to our account:
IBAN AT 42345678912

John Smith GmbH | FN 1235w | Regional court Klagenfurt | DVR: 0123456 | ATU 87654321



2.12.1.5. Other taxes

Other taxes may also be payable. If you employ staff, you must also pay wage tax (which the business deducts from payments to employees and pays to the Revenue Office on their behalf), municipal tax, employer contributions and employer contribution surcharges. The tourism duty (state duty) is payable in all cases, and vehicle tax (for HGVs over 3.5 t), advertising duty (for advertisements included in printed matter), normal consumption duty (vehicle sales) or local tax (tourism) are payable, depending on the industry.

OUR TIP

Try FinanzOnline (<https://finanzonline.bmf.gv.at/>) – part of the Business Service Portal (www.usp.gv.at). FinanzOnline is particularly useful for sending in the advance VAT return (U30) and sending in your VAT, income tax and corporation tax returns.

Flyers providing more details on a range of tax topics are also available at your local branch of the Austrian Federal Economic Chamber.

Or you can also use the social insurance and tax calculator at <https://svrechner.wko.at>



Direct link



Jan Kranner and Wolfgang Weingraber are committed to recycling children's products.

Jan Kranner and Wolfgang Weingraber Founders of ByeAgain GmbH

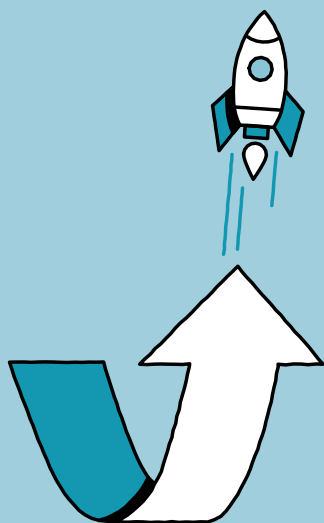
Founders Jan Kranner and Wolfgang Weingraber of ByeAgain saw the financial challenges that many families face when buying children's items and the wasteful way in which resources are often handled. Looking to create a sustainable solution, they founded ByeAgain GmbH in 2022.

Thanks to an efficient recycling process, commercial enterprises can place their own returned and used goods on the refurbishment market. The entire refurbishment process – from the initial quality check through to subsequent fulfilment – is standardised and handled efficiently via ByeAgain, thereby generating additional revenue for retailers instead of costing them time and money. Thanks to this system, ByeAgain creates a circular economy for commercial enterprises and promotes the sustainable use of resources within society.

→ www.byeagain.de

Simply start up

Starting your own company is getting easier – because the Startup Service run by the Austrian Federal Economic Chamber is your reliable partner, supporting you throughout the entire startup process.



The bureaucratic hurdles that startups have to overcome are lower today than ever before. Digital approaches and the e-founding option are making the process easier all the time – businesses can now be registered electronically.

But we're still here to support you. The Startup Service and the district and regional offices of the Austrian Federal Economic Chamber provide professional expertise on all aspects of founding, financing and legal issues. The startup workshops and webinars run by the Startup Service are also a one-stop shop where you can access the full scope of our expertise. And when you obtain the Startup Service's proof of consultation, the costs for entering the company in the Company Register will be waived.

Of course, the startup process also depends on the legal form you choose. The Startup Service guide takes you through the entire process step by step – tailored to your legal form – so you can get your company started quickly and securely.

3. STARTING UP

3.1. Trade registration

You can get there faster with the Startup Service

→ p.88

3.2. Other authorities

Important authorities for business registration

→ p.88

3.3. Startup costs

Get advice, save startup costs

→ p.89

3.4. Startup Service consultation

Fully prepared for self-employment

→ p.89

3.5. Overview of the steps to starting a business

The individual steps to founding a company – depending on the legal form

→ p.90

3.1. TRADE REGISTRATION

The trade authority will be either the district commission, the city magistrate or the district municipal authority in Vienna responsible for the business location. The application can be made there – with or without a form – in person, in writing, electronically via www.usp.gv.at or via the Startup Service or district/regional offices of your Economic Chamber. If you have all the necessary documents, you can carry out business activities upon submitting the application. In certain specific sectors (legally regulated trades – see chapter 'Trade law'), you can only start conducting your business after receiving a reply.

OUR TIP

Use the Startup Service's trade registration service or visit the district or regional offices of your Austrian Federal Economic Chamber to get through the formalities quickly and easily.

The application

must contain the following information:

- Exact designation of the trade
- Exact location of business activity
- Exact name of the business applicant
 - For natural persons: first and last name, address, date of birth, place of birth, nationality, social insurance number
 - For companies/associations: exact company name and Company Register number or association name and central association register number, business address

Documents required for sole proprietorships:

- Applicant's proof of identity (e.g. passport)
- Residence permit for third-country nationals (except Switzerland)
- Evidence of academic degrees where applicable
- A declaration that there are no grounds for exclusion from the trade
- In the case of a name change, also

marriage certificate or notification of the change of name

- For licensed trades: Certificate of Professional Competence
- If you live abroad or have lived in Austria for less than five years: criminal record certificate (not older than three months) as well as proof of residence in the country of origin or previous residence (e.g. confirmation of registration)

for companies:

- A declaration that there are no grounds for persons with significant influence on the company's business to be excluded from practising this trade

for managing directors authorised under trade law:

- Applicant's proof of identity (e.g. passport)
- Residence permit for third-country nationals (except Switzerland)
- Evidence of academic degrees where applicable
- A declaration that there are no grounds for exclusion from the trade
- In the case of a name change, also marriage certificate or notification of the change of name
- For licensed trades: Certificate of Professional Competence
- If you live abroad or have lived in Austria for less than five years: criminal record certificate (not older than three months) as well as proof of residence in the country of origin or previous residence (e.g. confirmation of registration)

3.2. OTHER AUTHORITIES

3.2.1. Social insurance

As a rule, you must be covered under compulsory insurance as of the day you acquire a trade licence. The trade authority automatically transfers the trade licence application to the Social Insurance for Self-Employed Persons (SVS). You will receive a welcome letter within four weeks of your trade licence becoming effective. If you don't, please contact the SVS. You can find general



information on social insurance in chapter 2.8 'Social insurance' as well as directly from the SVS at www.svs.at → Unternehmensgründung (Starting a business).

3.2.2. Revenue Office

The business must notify the Revenue Office of its opening within one month of being founded. The opening of the company can be communicated to the Revenue Office in writing or verbally (by telephone). The Revenue Office will then send a form (questionnaire) – 'Verf 24' for sole proprietorships, 'Verf 16' for partnerships and 'Verf 15' for corporations – which must be completed and returned. A copy of an identification document (passport, driving licence, etc.) must be enclosed with the questionnaire.

Please note that among other items, the expected profit and the expected turnover of the opening year and the following year should be stated on the questionnaire. The advance tax payments are then determined. The estimated turnover is used as the basis for classifying the enterprise as a small business for value added tax and assigning a VAT registration number (VAT ID number) – for details, see chapter 2.9. Taxes. We recommend that you fill in the questionnaire with the help of a tax expert. A field representative from the Revenue Office may pay a 'first visit' to your company. This allows the tax authority to get a better picture of your actual circumstances.

OUR TIP

Sole proprietorships (and under certain conditions also single-person GmbHs) can complete certain founding formalities electronically, such as the trade licence application, registration with social insurance and the Revenue Office, via the Business Service Portal of the Republic of Austria. You will need the ID Austria to do this: www.usp.gv.at

3.3. STARTUP COSTS

Business registration is generally free of charge. Other startup costs depend on whether you are starting a sole proprietorship or a partnership.

In a partnership, articles of association are usually drawn up by a lawyer or notary. In addition, the partnership must be entered in the Company Register, which results in costs for legal advice and the entry in the Company Register.

A sole proprietorship only incurs fees when it is entered into the Company Register. According to the New Business Foundation Support Act (NeuFöG), the Company Register entry fees are waived for new businesses and business takeovers. This requires proof of consultation from the Austrian Federal Economic Chamber (Startup Service, district or regional office or professional group): declaration of startup/business transfer – NeuFöG form.

For more information, please visit: www.gruenderservice.at

3.4. STARTUP SERVICE CONSULTATION

Still have questions? Simply get in touch to arrange a consultation with the Startup Service or a district or regional office of your Austrian Federal Economic Chamber. With more than 90 locations in Austria, we are there for you from the very start. During a personal consultation, we will help you analyse your business idea and provide comprehensive advice on the topics of trade law, legal form, social insurance, taxes, financing, subsidies and much more.

And take advantage of our startup workshops to get all the key information you need in one session. You can find information on current courses on our 'Veranstaltungen' (Events) page at www.gruenderservice.at.



[Direct link](#)



3.5. Overview of the steps to starting a business

3.5.1. The 7 stages of founding your sole proprietorship

1

Founding, financing and legal advice

from the Startup Service, the district/regional offices and/or the competent departments and/or groups of your Austrian Federal Economic Chamber. Pay special attention to the trade information and whether you need a business premises permit.

2

Declaration of startup/business transfer (NeuFöG)

When you found a new business or take over an existing one (regardless of whether or not you pay for it), there are certain fees, contributions and taxes that you do not have to pay. To take advantage of these benefits, you must submit a declaration on founding a new business or taking over an existing one on the form provided (NeuFö 2) after obtaining advice on the matter. This form is available at the Startup Service, the professional groups or guilds and at the district/regional offices.

3

Trade registration

Electronic application for a trade licence: to register your business electronically, please contact the Startup Service, the district/regional offices and/or the competent departments or groups of your Austrian Federal Economic Chamber. You can also register your trade yourself via GISA (Trade Information System Austria) or the USP (Business Service Portal). You will need the following documents to register your trade:

3.1 If you are providing a Certificate of Professional Competence yourself (e.g. via a master craftsman's examination certificate):

- Passport or national identity card
- Criminal record certificate from the country of origin (in a certified translation) for persons not resident in Austria or resident in Austria for less than five years. Alternatively, you now have the option of submitting a statutory declaration stating that there are no grounds for exclusion from the trade. (In this case, however, please note the legal consequences of making a false declaration!)
- Proof of qualification, e.g. master's or qualification examination certificate, school or work certificates or confirmed individual qualification. Except for free trades – no proof is required for these
- Declaration that there are no grounds for exclusion from a trade due to insolvency or criminal record (Art. 13 of the Trade Regulation Act (Gewerbeordnung, GewO)); this is not necessary if a statutory declaration is submitted.
- Proof of establishment or residence permit for the purpose of self-employed activity for third-country nationals



3.2 If you are not providing a Certificate of Professional Competence yourself and, instead, are appointing a managing director authorised under trade law (working in the firm for at least 20 hours a week):

Persons registering a trade must submit:

- Passport or national identity card
- Criminal record certificate from the country of origin (in a certified translation) for persons not resident in Austria or resident in Austria for less than five years. Alternatively, you now have the option of submitting a statutory declaration stating that there are no grounds for exclusion from the trade. (In this case, however, please note the legal consequences of making a false declaration!)
- Proof of establishment needed for third-country nationals

For managing directors authorised under trade law:

- Passport or national identity card
- Criminal record certificate from the country of origin (in a certified translation) for persons not resident in Austria or resident in Austria for less than five years. Alternatively, you now have the option of submitting a statutory declaration stating that there are no grounds for exclusion from the trade. (In this case, however, please note the legal consequences of making a false declaration!)
- Confirmation from the social insurance commission (ÖGK) of registration as an employee of the person registering the trade for at least 20 hours per week, and if applicable, confirmation of the number of hours worked from the payroll accountant
- Proof of qualification (e.g. master's or qualification examination certificate, etc.)
- Declaration by the managing director under trade law that they are employed by the company. The person registering the trade and the managing director under trade law must not be disqualified from practising the trade
- Declaration that there are no grounds for exclusion from a trade due to insolvency or criminal record (Art. 13 of the Trade Regulation Act (Gewerbeordnung, GewO)); this is not necessary if a statutory declaration is submitted.

When you register your trade you become a member of the Austrian Federal Economic Chamber and must pay contributions accordingly. You can obtain further information from the Austrian Federal Economic Chamber in your federal province.

4

Austrian Health Insurance Fund (ÖGK)

You must report employees to the Austrian Health Insurance Fund prior to hiring them (commencement of work). If you employ someone in order to appoint them as a managing director under trade law, you must register them at the ÖGK before registering your trade (or you can opt to have this take effect when the business is registered), since you must submit confirmation from the ÖGK of the employment relationship to the trade authority.

5

Social Insurance for Self-Employed Persons (SVS)

You must register with the Social Insurance for Self-Employed Persons within the first month of operation. This registration may also be submitted directly when registering your business with the district administrative authority, which will then forward it to the social insurance commission.

Simon Bolter creates dough mixes for pizza night at home.

PIZZA FINITO
amore
EST. MIT VIEL AMORE
AUS VORARLBERG 2021

SUCCESS STORY

From hobby to business: pizza mixes handcrafted with love

**Simon Bolter is the founder of Pizza Finito Bolter e.U.
and makes pizza dough mixes.**



Simon Bolter

Pizza Finito Bolter e.U.

I started my company in 2021 – it was somewhat of a fluke, given that I had originally completed my training at a school for social care. During the year I wrote my thesis, I spent a lot of time working from home due to the pandemic and started experimenting with different pizza dough recipes for fun. I set up an Instagram account for my creations, where I was quickly discovered by other pizza lovers and started getting more and more likes and encouraging comments. As pizza restaurants weren't open at the time, my idea gradually turned into a project in its own right, which I initially worked on alongside my training. Right after completing my course, I ventured into full-time self-employment.

I was motivated by a deep desire to create something that was completely mine.

What had been a simple hobby turned into a passion that I loved more all the time. My drive for perfection kept pushing me on. I wanted to offer a simple yet top-grade baking mix of the highest quality. Even though my goal had never been to go self-employed, I had the feeling that I just needed to try it – I didn't want any regrets and had little to lose.

There were various challenges, of course. I didn't know much about being an entrepreneur at first, so I had to get to grips with all sorts of things – from regulatory requirements such as HACCP through to the right production

environment. A number of different authorities and contacts for companies were a huge help to me here. My family was sceptical at first; after all, I had just completed my training in social work. But when they saw how much it meant to me, they also gave me a great deal of support.

My mission is to get my product and the idea behind it out to as many people as possible – sustainability thanks to top-quality flours, no additives and a product that's easy to use at home in the kitchen. My first product, a pizza baking mix made with wheat flour, is the basis. Over time, the range has grown to include everything you need to make perfect pizza at home, from pizza sauce to a pizza herb mix.

→ www.pizzatudefinito.com



6

Revenue Office

Report your trade activity and apply for a tax ID number at the Revenue Office within the first month of operation. The report for the Revenue Office may also be submitted when registering your trade with the district administrative authority, which will then forward it to the Revenue Office.

7

Municipality/city

Please note that you require a zoning certificate and/or a building permit (usage permit) for your chosen business premises if the work is not usually performed in homes/apartment buildings (e.g. trade, crafts and hospitality services). Notify the municipality or city administration of employees you have hired (for municipal tax purposes). Furthermore, sole proprietorships must be entered into the Company Register once they reach the accountability threshold. This threshold is a net annual turnover of EUR 700,000. If the threshold is not reached, they can register voluntarily.

3.5.2. The 9 stages of founding an OG or a KG

1

Founding, financing and legal advice

from the Startup Service, the district/regional offices and/or the competent departments and/or groups of your Austrian Federal Economic Chamber. Pay special attention to the trade information and whether you need a business premises permit.

2

Declaration of startup/business transfer (NeuföG)

When you found a new business or take over an existing one (regardless of whether or not you pay for it), there are certain fees, contributions and taxes that you do not have to pay. To take advantage of these benefits, you must submit a declaration on founding a new business or taking over an existing one on the form provided (Neufö 2) after obtaining advice on the matter. This form is available at the Startup Service, the professional groups or guilds and at the district/regional offices. Documentation and records created and issued on the basis of the Trade Regulation Act, as well as related submissions, are generally exempted from government stamp duties and administrative levies.

3

Articles of association

OGs/KGs are established on the basis of articles of association (concluded between at least two persons); there are no special formalities involved and the articles may be concluded verbally or in writing. However, we recommend that they be made in writing for evidentiary reasons.

4

Entry in the Company Register/application for registration

OGs/KGs do not fully exist in legal terms until they are entered in the Company Register. Partners may draw up an application for registration themselves. However, the signatures appearing on the applications and the sample signatures must be certified by a notary public or a court (district court).

You will need to submit the following documents when applying for registration:

- Articles of association (if available; not mandatory but recommended)
- Sample signature of all bodies authorised to represent the company (personally liable partners) certified by a notary or district court; the application for entry in the Company Register of a KG must also be signed by the limited partner and the signature must be certified.

You must provide the following information with your application for the registration of a company in the Company Register even if you do have articles of association:

- Company (limited partners may not appear in the company name, the legal form suffix OG or KG must be used)
- Liability amount of the individual limited partners
- Registered office of the company and the main business address used for the company
- Description of business sector
- Names, dates of birth and addresses of the shareholders
- If not all the personally liable shareholders are authorised signatories, this must be entered into the Company Register
- Rules on representation
- Date on which the articles of association were established
- For citizens of third countries (non-EEA citizens), a residence permit and, for the personally liable shareholders, a valid work permit or exemption certificate are also needed

5

Trade registration

Electronic application for a trade licence: to register your business electronically, please contact the Startup Service, the district/regional offices and/or the competent departments or groups of your Austrian Federal Economic Chamber. You can also register your trade yourself via GISA (Trade Information System Austria).

You will need the following documents to register your trade:

- Passports or national identity cards of all persons with significant influence (i.e. personally liable shareholders or limited partners with special management powers or similar)
- Criminal record certificate from the country of origin (in a certified translation) for persons not resident in Austria or resident in Austria for less than five years. Alternatively, you now have the option of submitting a statutory declaration stating that there are no grounds for exclusion from the trade. (In this case, however, please note the legal consequences of making a false declaration!)
- A declaration that there are no grounds for any of the persons with significant influence (i.e. personally liable shareholders or limited partners with special management powers or similar) to be excluded from practising this trade due to insolvency or criminal record (Art. 13 of the Trade Regulation Act (Gewerbeordnung, GewO)); this is not necessary if a statutory declaration is submitted.

Managing directors authorised under trade law must also submit:

- Passport or national identity card
- Confirmation from the social insurance commission (ÖGK) that they are registered as an employee for at least 20 hours per week, and if applicable, confirmation of the number of hours worked from the payroll accountant (not necessary if the managing director under trade law is also a personally liable shareholder)



- Proof of qualification (e.g. master's or qualification examination certificate, school or work certificates) or issued individual qualification (except for free trades)
- Declaration by the managing director under trade law that they are employed by the company. The personally liable partner and the managing director under trade law must not be disqualified from practising the trade.
- For employees: Declaration that there are no grounds for exclusion from a trade due to criminal record (Art. 13 of the Trade Regulation Act (Gewerbeordnung, GewO)); this is not necessary if a statutory declaration is submitted.

When you register your trade you become a member of the Austrian Federal Economic Chamber and must pay contributions accordingly. You can obtain further information from the Austrian Federal Economic Chamber in your federal province.

6

Austrian Health Insurance Fund (ÖGK)

You must report employees to the Austrian Health Insurance Fund prior to hiring them (commencement of work). If you employ someone in order to appoint them as a managing director under trade law, you must register them at the ÖGK before registering your business (or you can opt to have this take effect when the business is registered), since you must submit confirmation from the ÖGK of the employment relationship to the trade authority.

7

Social Insurance for Self-Employed Persons (SVS)

All partners in an OG and personally liable partners in a KG (general partners) must be insured with the Social Insurance for Self-Employed Persons (SVS). Insured persons must register with the Social Insurance for Self-Employed Persons within one month. The registration with the social insurance commission may also be submitted directly when registering your business with the district administrative authority, which will then forward it to the social insurance commission.

8

Revenue Office

Report your trade activity to the Revenue Office and apply for a tax ID number for the shareholder(s) and the company within the first month of operation. The report for the Revenue Office may also be submitted when registering your trade with the district administrative authority, which will then forward it to the Revenue Office.

9

Municipality/city

Please note that you require a zoning certificate and/or a building permit (usage permit) for your chosen business premises if the work is not usually performed in homes/apartment buildings (e.g. trade, crafts and hospitality services).

Notify the municipality or city administration of employees you have hired (for municipal tax purposes).



3.5.3. The 11 stages of founding a GmbH or FlexKapG

1

Founding, financing and legal advice

from the Startup Service, the district/regional offices and/or the competent departments and/or groups of your Austrian Federal Economic Chamber. Pay special attention to the trade information and whether you need a business premises permit.

2

Declaration of startup/business transfer (NeuföG)

When you found a new business or take over an existing one (regardless of whether or not you pay for it), there are certain fees, contributions and taxes that you do not have to pay. To take advantage of these benefits, you must submit a declaration on founding a new business or taking over an existing one on the form provided (Neufö 2) after obtaining advice on the matter. This form is available at the Startup Service, the professional groups or guilds and at the district/regional offices. Documentation and records created and issued on the basis of the Trade Regulation Act, as well as related submissions, are generally exempted from government stamp duties and administrative levies.

3

Articles of association/establishment declaration

The founders draw up articles of association in the form of a notarial deed. If there is only a single founder, then it is an establishment declaration, which is carried out either in the form of a notarial deed or as a simplified founding (see chapter 2.2.4).

4

Shareholder resolution

These resolutions concern the appointment of the managing director(s) and the assignment of authority of representation (sole, joint or potentially together with [institutional] authorised signatories [Prokurist]) unless such appointments and assignments have already been set out in the company's articles of association. Here, the general shareholders' meeting's power to revoke managing director appointments can be limited in the articles of association so that the meeting may only exercise the power on important grounds. The relevant minutes can either be drawn up privately or be certified by a notary. The managing directors (at least one) need not be shareholders in the GmbH.

5

Bank confirmation

Payment of the equity capital (the minimum equity capital is EUR 10,000, at least half of which must be paid in cash) into the business account which is freely available to the management board..



6

Entry in the Company Register/application for registration

The following documentation is required for certified Company Register entry (the application itself must also be certified):

- Articles of association (establishment declaration) in notarised form; for simplified founding of a GmbH, see chapter 2.2.4
- Certified shareholder resolution on the appointment of the managing director (certified by a notary or district court), if not included in the articles of association
- List of shareholders and managing directors
- Bank confirmation as per. Art. 10 (3) Limited Liability Companies Act on the payment of the capital contributions
- Sample signature of the managing director and any authorised signatories (certified by a notary or district court)

7

Trade registration

Electronic application for a trade licence: to register your business electronically, please contact the Startup Service, the district/regional offices and/or the competent departments or groups of your Austrian Federal Economic Chamber. You can also register your trade yourself via GISA (Trade Information System Austria). If your company is a single-person GmbH or single-person FlexKapG, you can also use the Business Service Portal (USP).

You will need the following documents to register your trade:

- Passports or national identity cards for all persons with significant influence (e.g. managing directors, shareholders with majority holdings, shareholders with minority holdings but with special co-determining rights or other special company management authorisations, etc.)
- Criminal record certificate from the country of origin (in a certified translation) for persons not resident in Austria or resident in Austria for less than five years. Alternatively, you now have the option of submitting a statutory declaration stating that there are no grounds for exclusion from the trade. (In this case, however, please note the legal consequences of making a false declaration!)
- A declaration that there are no grounds for any of the persons with significant influence to be excluded from practising this trade (i.e. managing directors, shareholders with majority holdings, shareholders with minority holdings but with special co-determining rights or other special company management authorisations, etc.); this is not necessary if a statutory declaration is submitted.

Managing directors authorised under trade law must also submit:

- Passport or national identity card
- Confirmation from the social insurance institute (ÖGK) that they are registered as an employee for at least 20 hours per week, and if applicable, confirmation of the number of hours worked from the payroll accountant (not necessary if the individual is the managing director under trade law as well as the managing director under commercial law)
- Proof of qualification (e.g. master's or qualification examination certificate, school or work certificates) or confirmed individual qualification (except for free trades)
- Declaration by the managing director under trade law that they are employed by the company



- The majority shareholder and the managing director under trade law or commercial law must not be disqualified from practising the trade.
- For employees: Declaration that there are no grounds for exclusion from a trade due to criminal record [Art. 13 of the Trade Regulation Act (Gewerbeordnung, GewO)]; this is not necessary if a statutory declaration is submitted.

When you register your trade you become a member of the Austrian Federal Economic Chamber and must pay contributions accordingly. You can obtain further information from the Austrian Federal Economic Chamber in your federal province.

8

Austrian Health Insurance Fund (ÖGK)

You must report employees to the Austrian Health Insurance Fund prior to hiring them (commencement of work). If you employ someone in order to appoint them as a managing director under trade law, you must register them at the ÖGK before registering your trade (or you can opt to have this take effect when the business is registered), since you must submit confirmation from the ÖGK of the employment relationship to the trade authority.

9

Social Insurance for Self-Employed Persons (SVS)

Unless the managing partners are already covered under ASVG insurance (which is considerably more expensive than GSVG insurance), they are to be registered with the Social Insurance for Self-Employed Persons within the first month of their activity. The registration with the social insurance commission may also be submitted directly when registering your business with the district administrative authority, which will then forward it to the social insurance commission.

10

Revenue Office

Report your trade activity to the Revenue Office and apply for a tax ID number for the shareholder(s) and the company within the first month of operation. The report for the Revenue Office may also be submitted when registering your trade with the district administrative authority, which will then forward it to the Revenue Office.

11

Municipality/city

Please note that you require a zoning certificate and/or a building permit (usage permit) for your chosen business premises if the work is not usually performed in homes/apartment buildings (e.g. trade, crafts and hospitality services).

Notify the municipality or city administration of employees you have hired (for municipal tax purposes).



Six tips

for planning your business successfully



1 Check your idea

What is your business idea? Is it new? Is it attractive enough? A good business idea is essential to becoming successfully self-employed. It's worth taking a critical look at your own business idea and putting it to the test – before the market does.

2 Plan your business

Risk is part of entrepreneurship. Extensive planning helps to reduce this risk as much as possible right from the outset. The backbone of successful startup planning is a business plan. It is also an important decision-making tool for financiers and investors.

3 Get advice

It pays to get advice before you start your own business. The Startup Service and the district offices of the Austrian Federal Economic Chamber provide professional expertise on all aspects of founding, financing and legal issues. In addition, getting advice from the Startup Service means that the costs of registering a company are waived.

4 Enhance your knowledge

Entrepreneurial knowledge isn't just important for your own business idea – it's also key to running your own business successfully. Labour and social security law, accounting, bookkeeping, trademark protection, liabilities – you have to know how to deal with all these issues. The Austrian Federal Economic Chamber is there to provide advice and support.

5 Actively network

Potential customers and important contacts don't just appear by themselves. You have to work for them. This is easier if you have a steadily growing network rather than going it on your own. As a result, networking is important even before and during the startup phase. The Austrian Federal Economic Chamber offers attractive networking opportunities.

6 Have confidence in yourself

Entrepreneurship is not just a profession, but a mindset. Anyone who founds a company shows that they approach challenges proactively. As a founder, you have every reason to be confident in yourself.



Anyone who decides to become an entrepreneur should also take enough time for comprehensive and precise planning, from the idea, to finances, to marketing.

→ www.gruenderservice.at

Knowledge helps

Starting a company opens up exciting new challenges – from accounting to HR management. By gaining the right knowledge and making good preparations, you can approach potential obstacles with confidence and successfully set up your company.



Most aspiring entrepreneurs are not self-employed when they start their companies, so they bring fresh perspectives with them. The Startup Service guide offers valuable expertise to help you successfully get to grips with your new tasks as an entrepreneur – both in the preparatory stage and for the startup itself.

If you're starting out with a team, you will benefit from your employees' various skills. The Austrian Federal Economic Chamber can support you with labour and social insurance matters so you can focus fully on the essentials of your business. Recruiting qualified staff as well as a knowledge of accounting and bookkeeping are also key components of a company's success. Even if bookkeeping and payroll accounting are outsourced, having this knowledge will get you off to a successful start.

If you are already in gainful employment when you start your own business, it is important to think about multiple insurance-plan coverage and income thresholds. The Austrian Federal Economic Chamber can also support you with these matters.

4. GOOD TO KNOW

4.1. Employees

What's important with regard to recruitment, labour law and social insurance

→ **p.102**

4.2. Accounting and bookkeeping

What and who can help with accounting and bookkeeping

→ **p.106**

4.3. Entrepreneur as a secondary occupation

What to keep in mind when you are employed and self-employed at the same time

→ **p.112**

4.4. Other important information

Tips on terms and conditions, warranties, intellectual property rights, international transactions and digital know-how

→ **p.116**



4.1. EMPLOYEES

Work can be carried out in a variety of forms. Information on recruiting team members can be found at wko.at under 'Employing workers'.

In the case of orders (contracts for work and services), you have to make sure that you do not have a true employment relationship or freelance relationship. You must also determine whether it constitutes a commercial activity. If it is, you will need a trade licence. If not, you are regarded as a 'new self-employed person'. For further information on this topic, please see the leaflet on 'Neuer Selbstständiger' (new self-employed persons). You must always clarify all labour law and social insurance matters before hiring staff.

4.1.1. How to find employees

There are many ways of recruiting employees. Important: Prepare a profile of the vacancy you wish to fill, tailored to the specific area of work concerned. You can then recruit employees by advertising in newspapers, via the AMS, personnel consultants, employment agencies and via contacts with educational institutes (polytechnical and vocational schools, etc.). Please note that employers and private employment agencies are obliged to indicate the minimum salary (specific amount) according to the collective bargaining agreement and, if applicable, their willingness to effect excess payment in their job vacancy advertisements. The salary that is to serve as a minimum basis for work contract negotiations (basis for negotiation) and which is customary for the region and industry is to be indicated if no collective bargaining agreement is applied. If you conduct interviews as part of your recruiting efforts, make sure you indicate that travel and accommodation expenses cannot be reimbursed.

Furthermore, the advert must be gender neutral. An applicant's attitude and outlook are just as important as their professional skills and qualifications. If the interview goes well, a work contract can be concluded. Make

sure that you do not overlook the relevant legal statutes and the provisions set out in collective bargaining agreements when hiring employees. Given that labour law is a complex matter, we can only go into the most important aspects here.

4.1.2. The work relationship

Employment contract (also known as work contract)

The essential components of an employment contract include the employee's personal work performance, a clause binding them to the firm's business hours, the required place of work and a clause requiring the employee to follow certain instructions. Start by establishing whether the position is that of a labourer or a salaried employee.

- **Salaried employee:** commercial business work, other executive duties or office work
- **Labourer:** manual work or skilled labour

If no employment contract is concluded, a work card must be issued. However, we recommend concluding a written employment contract for your staff in which the terms negotiated are set down in writing for the purposes of verifying this information. ❶

Possible agreements

Apart from a contract's standard content (name, type and place of work, remuneration, working hours, leave entitlement), a number of other arrangements may be included in an employment contract. In this regard, please also note that employment contracts and work cards are required to include certain minimum content since 2024. We recommend that you make use of the various templates provided by the WKÖ for this.

- **Probationary period:** If the collective bargaining agreement does not stipulate one, you may arrange a probationary period lasting up to one month (not corresponding to a calendar month).
- **Time limitation:** After a period of time stipulated at the outset of the work relationship has elapsed, the employment relationship ceases or is



IMPORTANT!

There is no official fee payable for issuing employment contracts and work cards. You can obtain sample contracts from your Austrian Federal Economic Chamber.



renewed for an indefinite period of time. Please note that it is not permitted to string together multiple work contracts of limited duration to create a chain contract.

- **Overtime:** You may negotiate a duty to perform extra work and/or to work overtime with both full-time and part-time employees.
- **Provision for termination:** For employees or labourers (as of 01/10/2021), you may negotiate that notice of termination is possible on the 15th or the last day of a month (provided that the collective bargaining agreement in your business branch permits this). In any case, the statutory or collective bargaining agreement notice periods must be observed.
- **Competition clause:** Subject to certain provisions, you may negotiate that if an employee resigns, they may not work for a competing company for one year thereafter.

Collective bargaining agreements regulate a multitude of items as a supplement to the applicable legal statutes.

These include, for example:

- Minimum wages and salaries
- Working time and allocation of working hours – calculating hours and flexible working arrangements
- Reasons for leave of absence
- Notice periods and dates, etc.

Collective bargaining agreements ensure that the same working conditions apply to all employees within a branch of business or industry. Work contracts may not contain provisions less advantageous than those set out in a collective bargaining agreement. On the other hand, collective bargaining agreements also provide for the same conditions for all competitors within a branch of business or industry.

4.1.4. Social insurance for employees

Employers must report new employees to the Austrian Health Insurance Fund before they start work in all cases.


Social insurance contributions are divided into employer and employee portions, based on the employee's gross remuneration. Expense allowances such as per diems or mileage allowances are exempt from social insurance up to certain limits. In 2025, the monthly maximum contribution basis is EUR 6,450.00.

Marginal employment is an employment relationship in which the marginal earnings thresholds relating to statutory social insurance are not exceeded. The monthly salary that is agreed and paid must not exceed EUR 551.10 (gross) per month (2025). Under employment law, marginal employment is regarded as a form of part-time employment. Those in marginal employment are therefore also entitled to the contractual minimum wage and bonus payments, as laid down in the collective agreement, sick pay, paid leave for other reasons preventing the employees from working, care leave, holidays and the corporate staff provision (new severance).

OUR TIP

We recommend that you consult a labour-law expert prior to negotiating such a clause.

Other forms of contract

There are other forms of contract apart from an employment contract which are not subject to labour law; however, they can only be applied in exceptional cases. Under a freelance contract for services, an independent agrees to perform work but is not bound to business hours and instructions and is therefore not personally dependent. A contract for work and services binds a commercially independent contractor for works and services to perform a task in the form of a finite project. 

4.1.3. Collective bargaining agreement

There is a collective bargaining agreement for every branch of business, concluded between the collective agreement partners (Austrian Federal Economic Chamber, trade unions).



IMPORTANT!

We recommend that you consult an employment law expert if you wish to use one of these contractual forms, since the boundaries between them and an actual work contract are often difficult to distinguish.




Employers must pay an accident insurance contribution of 1.1% of the general contribution basis for all employees in marginal employment. They must also pay an employer's levy of 19.4% in total of the contribution basis if they have more than one employee in marginal employment and the monthly wage bill (without special bonuses) of all the employees in marginal employment is more than 1.5 times the marginal earnings threshold. For 2025: EUR 551.10 x 1.5 = EUR 826.65. Together with the accident insurance contribution, the total contribution rate is 20.5%.

**IMPORTANT!**

Payroll accounting is a job requiring special skills training. If you have not had this training, you can either appoint a suitably qualified person from your team or outsource your payroll accounting to an external payroll accountant, certified management accountant or tax adviser.

As the employer, you must choose an employee provision fund (Mitarbeitervorsorgekasse – MVK) – at your bank, for example – for all the employees you have newly hired. Starting from the beginning of the second month, you must pay 1.53% of the remuneration as employee provision contributions to the Austrian Health Insurance Fund.

For more details see <https://www.wko.at/wko-muster-vorlagen>

Other incidental wage costs include 3% municipal tax, paid to the community (or to the City Treasury in Vienna), and the contribution to the Family Burden Equalisation Fund (employer contribution and employer surcharge), transferred to the competent Revenue Office for your business location. 

4.1.5. Worker protection

Technical measures to protect workers

As the employer, you are responsible for ensuring the health and safety of your employees while they are working (technical measures to protect workers). The Labour Inspection Board, a state body with access authorisation, monitors compliance with the technical safety regulations. Thus, you must check your business premises for possible hazards and have them eliminated. This procedure is called 'evaluation' and a record documenting safety and health protection measures is kept. The law also stipulates that measures be taken to ensure the occupational health and safety of all employees. Firms

employing up to 50 persons may avail themselves of the services of the Austrian Workers' Compensation Board (Allgemeine Unfallversicherungsanstalt – AUVA) at no charge. (Apply to the provincial AUVA office in your area at www.auva.at).

Work assignment limitations

As an employer, you must ensure compliance with working time limits, breaks, weekend rest, etc. Certain specially protected persons, such as pregnant women and juveniles, may not perform any heavy or hazardous work and must not be required to work at certain specified times. The Labour Inspection Board also closely monitors compliance with these regulations.

4.1.6. Employing foreigners

Third-country citizens

Workers who are not Austrian citizens or nationals of an EEA state (or Switzerland) are known as third-country citizens. They are not permitted to work in Austria without authorisation based on the Employment of Aliens Act (Ausländerbeschäftigungsgesetz). The Public Employment Service (AMS) issues the authorisations.

The main types of employment for foreign workers include:

- Work permit
- Red-white-red-white card
- Red-white-red-white card plus
- EU Blue Card
- Posting permit
- Exemption certificate
- Seasonal workers as part of a seasonal quota



IMPORTANT! If in doubt, seek the support of an employment law expert. Infringement of the Employment of Aliens Act can have severe consequences and entail heavy fines.

EU expansion

Citizens of EU member states are freely employable in Austria.

4.1.7. Terminating employment relationships

Types of termination: employment relationships are continuing obligations that exist until they are terminated by the employer, the employee or by mutual accord. The main types of dissolution are:

- Termination during trial period (max. one month)
- End of a time-limited employment relationship
- Termination of employment contract by employer or employee
- (Summary) dismissal – if there are grounds for dismissal
- Authorised early withdrawal by the employee – if there is a reason for withdrawal
- Mutually agreed termination

Especially as regards termination, employees and employers alike must comply with the applicable terms and deadlines. Those applicable to salaried employees are set out in the Salaried Employees Act (Angestelltengesetz), whereas the Civil Code of Austria and the collective bargaining agreement applicable in the branch of business usually determines them for labourers. As of 01/10/2021, the notice periods for labourers have been aligned with the notice periods for salaried employees. The notice periods for labourers will be significantly longer from this point on, and will then also be regulated consistently. Special agreement options (e.g. termination date on the 15th and the last day of the month) must be observed.


Special protected persons

Specific groups of employees are legally protected from dismissal and redundancy by the employer during certain times; however, there is usually nothing preventing the work relationship from being terminated by mutual accord (special form regulations apply).

These groups primarily include:

- Pregnant employees
- Pregnancy up until four weeks after the end of an employee's maternity leave; if an employee is working part-time as part of their parental entitlement, they are protected against dismissal for a

maximum of four weeks after the child's fourth birthday (after that, protection against termination and dismissal applies)

- Persons performing their military or civil service, from the date they are summoned until one month after the service has ended
- Persons who have served on works councils, for up to three months after their term of office has ended
- Disabled persons with at least 50% disability under certain conditions from the date they are given supported disabled person status by the Social Ministry Service
- Apprentices (an apprenticeship is a time-limited and therefore non-terminable training relationship; only a premature dissolution for specific reasons or an extraordinary dissolution are possible) 



IMPORTANT!

Contact our employment law experts in matters concerning terminating an employment relationship with a specially protected employee.



The founders of MAD Tech software based in the Innviertel region.

Martin Schneglberger, Andreas Holzapfel, Dominik Reichinger Founders of MAD Tech GmbH

Founded in Ried im Innkreis in 2022, MAD Tech GmbH developed the award-winning communications solution blankmile. The innovative remote support solution enables industrial enterprises to resolve service cases anywhere in the world in a matter of minutes. These service calls are automatically documented, saving time and resources. In addition to blankmile, MAD Tech GmbH delivers tailored enterprise software projects as well as web and mobile apps. The team incorporates the expertise gained in the development of its own software product directly into customer projects to create real added value.

→ www.madtech.at

4.2. ACCOUNTING AND BOOKKEEPING

4.2.1 Accounting

The term 'business accounting' covers all methods used to document and monitor your company's financial activities. These records are crucial for protecting creditors' interests, calculating taxes and planning and controlling the business. Certain records are compulsory while others are voluntary.

4.2.1.1. Record-keeping obligations

As a self-employed individual, it is your responsibility to collect receipts, maintain records and to keep them for at least seven years. The term may extend to 22 years for receipts concerning real estate and buildings. The Commercial Code (Unternehmensgesetzbuch – UGB) contains the regulations on business accounting. Other regulations on mandatory records are set out in the Federal Fees Act (Bundesabgabenordnung – BAO) and the Income Tax Act (Einkommensteuergesetz – EStG). We recommend that you avail yourself of the advice of a tax expert (accountant, tax consultant, etc.) in this area.



IMPORTANT! You should first consider which tasks you can carry out yourself in order to reduce fixed costs (collecting receipts, basic records, etc.) and which ones experts should handle for you (your annual financial statement, for example). There are many ways in which you can optimise your book-keeping processes (electronic invoices, parking invoices, etc.) which will save you time and money.

Outgoing invoices

Outgoing invoices must be created and saved in an unchangeable form. We therefore recommend that you use an invoicing program (software that enables you to write out invoices, create quotes and manage orders). If you use such a program to create your invoices, the data must be able to be extracted and made available to the tax authorities in the form of print files. The same

also applies to programs used to manage warehouses, products and hours worked.

Obligation to use cash registers and issue transaction slips

You are required to use an electronic cash register, cash system or another system that allows transactions to be recorded electronically as a means of determining daily cash receipts. This obligation applies to all businesses (operating income) whose yearly turnover exceeds EUR 15,000, where the value of cash transactions exceeds EUR 7,500. Both limits apply to net amounts without VAT. Once both of these limits have been exceeded, business owners will be obliged to acquire a cash register.

PLEASE NOTE: Cash payments also include payments using bank cards or credit cards, cheques or other vouchers, coupons or gift tokens.

All cash registers must be equipped with a technical security device to protect against manipulation and must produce transaction slips with a digital signature.

An obligation to issue transaction slips was introduced at the same time as the obligation to use cash registers. Each business required to have a cash register is obliged to issue a transaction slip to the customer and the customer is obliged to accept this and to keep hold of it at least until they have left the retail premises.

There are certain important exceptions to this basic rule (turnover > EUR 15,000 and cash transactions > EUR 7,500), including those listed below:

- **Turnover generated outdoors:** Turnover of up to EUR 30,000 per year earned house-to-house or on public streets and in public places, but not in association with fixed enclosed structures (such as sweet chestnut roasters, market traders, Christmas tree sellers, etc.)
- Sales in mountain lodges, refuges and ski lodges up to EUR 30,000 (net) per calendar year
- Vending machines and service machines up to an individual sale value of EUR 20



- Online shops (no compensation via payment in cash directly to the service recipient)

Companies for which the relaxed rule is to be applied can determine their daily cash receipts in a simplified manner by cashing up. This consists of back calculating the day's sales based on the initial and final cash holdings, taking into account all cash outlays as well as private withdrawals and private deposits. The amounts listed must be written down each day and the calculations must be clear and comprehensible.

PLEASE NOTE: If you use a till that calculates electronically, you must also be able to present this data electronically. In the till guidelines, the Ministry of Finance has issued criteria designed to ensure the compliance of the cash systems used. The main focus here is that the data cannot be subsequently changed.

OUR TIP

Your cash register must be equipped with a technical security device.

Further information at
<https://registrierkassenpflicht.wkoratgeber.at/>

Operating expenses

In addition to operational takings, operating expenses must also be recorded. All expenses incurred for the purposes of generating revenue are generally deductible as operating expenses. These include at least the following: expenses for goods and external services; expenses for employees and ancillary costs; rent, investments, telephone, travel costs, motor vehicle costs, interest, compulsory entrepreneur's insurance contributions, etc. In order for operating expenses to be deductible for tax purposes, documentary evidence must be available, confirming how much was paid to whom, for what service or for which goods and when. For more detailed information about invoices, please see the chapter 'Value added tax (VAT)'.

In addition to these general requirements, the following items must also be recorded:

Purchase journal

A purchase journal need only be kept if you determine your profit using cash-basis accounting. The purchase journal must include the following information:

- Date of receipt of the goods or
- Date of invoice
- Name (company) and address of the supplier
- Description (a sector-specific generic description is sufficient)
- Price

Simplification in the event of consolidation into a lump sum:

- The receipts for all goods received are divided up according to their sector-specific generic descriptions, put into chronological order and issued with consecutive numbers.
- Each year, the receipts for the financial year just ended are grouped together by type, added up and entered into the purchase journal.
- The totals (adding machine printouts) and the calculation basis must be retained.
- Possible groups of goods: cuisine, bread and baked goods, ice cream, hot drinks, beer, wine, spirits, non-alcoholic drinks, tobacco products, auxiliary materials, other goods purchases.

Cash book

If an entrepreneur maintains a cash book, it must be updated every day. Cash receipts must be entered cumulatively on a day-to-day basis. All slips must be numbered and stored in that form. That numbering should also be referred to in the cash book. If cash is managed correctly, the daily balance can never and must never produce a loss. If you make a personal withdrawal, it is to be recorded with a receipt for the till as well as recorded in the cash book as an outlay. If you make a cash deposit, you must also note this. If you are obliged to keep accounts for your business, you must also keep a cash book. In all other cases, there is no obligation to do so.

Types of bookkeeping

In principle, there are three ways of calculating profit (and associated record-keeping obligations):

- Lump-sum consolidation
- Cash-basis accounting
- Double-entry accounting

The way in which you calculate your income depends on the legal form you have chosen, the type of income and the amount of turnover. The individual ways of calculating income are explained in detail below.

Consolidation into a lump sum

Self-employed individuals can use the 'lump sum consolidation' method as a simple means of calculating their income. This is a simplified means of calculating income that is particularly suitable for micro-enterprises and sole proprietors. Lump-sum consolidation is used, in particular, when there is no obligation to keep records or records are kept voluntarily. There are two main types of lump-sum consolidation: basic lump-sum consolidation and industry lump-sum consolidation, e.g. lump-sum consolidation for catering and accommodation businesses, chemists, commercial agents, athletes, freelancers and agriculture and forestry lump-sum consolidation. Basic lump-sum consolidation can be used by businesses that are not obligated to keep records and whose turnover in the preceding financial year did not exceed the threshold of EUR 220,000. This type of lump-sum consolidation offers several options for calculating operating expenses, advertising costs and input taxes as a lump sum. The operating expenses lump sum is either 6% or 12% of the operating income, depending on the type of self-employed activity. In the case of commercial or technical consulting services, the lump sum is 6% and limited to a maximum of EUR 13,200. For other self-employed activities, the lump sum is 12% and limited to a maximum of EUR 26,400. The operating expenses lump sum covers a range of expenses, including depreciation, rent, leases, telephone costs, office expenditure, advertising costs, legal and consultancy costs, insurance contributions and many other operating expenses. It eliminates the

need to list the individual expenses in detail. In addition to the operating expenses lump sum, expenditure on goods, raw materials, semi-finished products, ingredients, external services, personnel costs and compulsory social insurance contributions can be included in the tax return. Lump-sum consolidation is a simple way to reduce the tax and administrative burden for micro-enterprises. However, it is important to check the requirements and restrictions relating to lump-sum consolidation in detail and to speak to a tax adviser or the tax authority if necessary to ensure that you are fulfilling all your tax obligations.

Income

- Purchase of goods
- Personnel expenses
- Contributions to trade social insurance
- 12% operating expenses lump sum (but no more than EUR 26,400) or 6% operating expenses for certain activities (but no more than EUR 13,200)

= profit

Lump-sum consolidation for small businesses: From 2025, 'small VAT-exempt businesses' are permitted to calculate their profit on a lump-sum basis (lump-sum consolidation for small businesses) if their annual turnover is EUR 55,000 at most. The lump-sum operating expenses to be assessed amount to 20% of the operating income for service companies, and 45% for all other types of company. In addition to this lump sum for operating expenses, the compulsory social insurance contributions can also be applied.

Cash-basis accounting

This is a simple method of calculating a company's profit or loss. Cash-basis accounting can be used if the company's yearly turnover is below EUR 700,000. This method is suitable for smaller-scale business operators who do not exceed the bookkeeping limits and do not voluntarily keep records. All income and expenditure that has been received or paid out during the calendar year, either in cash



or via a bank account, is recorded individually and in chronological order. Only income and expenditure that has actually been received or paid out is taken into account; outstanding invoices are not included. The profit or loss is calculated at the end of the year by deducting the company's total expenditure from its total income. As well as recording their income and expenditure, companies that use this method must keep a purchase journal, record purchases that cannot be sold immediately in a register of assets and maintain payroll accounts if they employ staff. Cash-basis accounting is a simpler and less time-consuming way of determining a company's profit or loss than traditional accounting.

Income
– outlays
– write-offs
= profit

OUR TIP

The Austrian Federal Economic Chamber has produced its own information booklet all about 'Cash-basis accounting'. Enquire at your Startup Service office or the district/regional offices of the Austrian Federal Economic Chamber.

EUR 700,000 for two consecutive years, the obligation to maintain books will cease to apply from the following year. Entry in the Company Register has no bearing on the obligation to maintain books. Partnerships may choose to determine their profit using either cash-basis accounting or double-entry accounting.

2. Corporations and partnerships without a natural person as a shareholder with unlimited liability:

For corporations (GmbH, AG) and GmbH & Co KGs, the obligation to maintain books applies irrespective of their turnover or activity.

With double-entry accounting, you maintain accounts and draw up a balance sheet and a profit and loss account. You must also maintain a cash book, register of assets, payroll accounts and an inventory. These records are not just legal requirements – they also contain valuable information that will help you manage and develop your business. Double-entry accounting provides more information than simple cash-basis accounting and thus offers a wide range of benefits for many businesses.

Obligation to maintain books/ double-entry accounting

There are two reasons why a company may be obligated to maintain books (disclose accounts):

1. Exceeding the turnover threshold set out in the Commercial Code in connection with income from commercial activities:

If your business exceeds a turnover of EUR 700,000 for two consecutive years, you will be required to carry out double-entry accounting from the year after next. If your turnover exceeds EUR 1,000,000, you will be required to maintain books from the following year. These rules apply to all businesses except freelancers, farms and forestry enterprises. If your turnover falls below the threshold of



Commercial Code – bookkeeping obligation

The following illustration provides you with a good overview of the bookkeeping obligation:



Turnover less than EUR 55,000

Operating expenses can be consolidated as a lump sum amounting to 45% or 20% of operating income. Alternatively, cash-basis accounting or double-entry accounting can be used as an option.

Turnover less than EUR 220,000

Operating expenses can be consolidated as a lump sum amounting to 12% or 6% of operating income. Alternatively, cash-basis accounting or double-entry accounting can be used as an option.

Turnover less than EUR 700,000

Income and expenditure must be accounted for on a cash basis. Alternatively, double-entry accounting can be used as an option.

Turnover more than EUR 700,000 (in two consecutive years)

Double-entry accounting must be used.

Corporations (GmbH & AG & FlexKapG) and partnerships without a natural person as a shareholder with unlimited liability (GmbH & Co KG)

Double-entry accounting must be used even if turnover is less than EUR 700,000

4.2.1.2. Voluntary records

In order to consider topics such as cost accounting and calculations, entrepreneurs must know and plan their own costs in advance. The minimum turnover calculator is one very efficient way of preparing for your life as an entrepreneur and the related salary. Every retail or production company should think about the additional expense for materials, merchandise and third-party services in advance, so as to make efficient use of the minimum turnover calculation.

OUR TIP

Try the minimum turnover calculator for new businesses to prepare yourself for calculating the figures relevant to your company.

<https://www.gruenderservice.at/mindestumsatzberechnung>



Direct link



Cost accounting

In the long run, your company can only survive if your sales revenue is greater than the expenditure that goes into creating a product/service, i.e. the cost of making them. Estimating your own costs is the first step in establishing prices, and an absolute prerequisite for running a business responsibly. The idea of cost accounting is to determine the value of creating a product/service within the company (e.g. the cost of one work-hour), for which the customer will be billed.

You can't calculate and invoice costs if you don't know what they are. Furthermore, if you do not know the price limits, then you cannot form a viable pricing policy either. Therefore, you must determine the cost structure and monitor price developments in order to calculate your costs correctly.

The result of this calculation is the basis for establishing your selling prices. However, since market prices are not usually determined according to costs, you as an entrepreneur need to keep a constant watch on how your enterprise's costs are developing and to do whatever you can to keep costs down.

Financial accounting figures (accounting on a cash basis or double-entry accounting) are not always enough on their own. In many cases, they are calculated merely from the perspective of taxes, and the expenses booked in the accounts can be very different from the actual costs involved.

Above all, cost accounting helps:

- Determine cost prices as the basis of your market price
- Calculate the profitability of individual business goals, individual product groups or individual products as a basis for production and sales planning
- Determine lower price limits at which orders will be taken on (company pricing policy)
- Determine surcharge rates for balance sheet assessments of semi-finished and prefabricated products, and self-manufactured equipment

- Self-production or external procurement

For example, your operational accounting must be able to show you whether it is more economical to operate your own repair department or to engage another firm to do this work.

OUR TIP

In the leaflet 'Der Unternehmer und sein steuerlicher Berater' (The entrepreneur and their tax consultant), you will find information on the scope of the role of the individual occupational groups of tax consultant, certified management accountant, accountant and payroll accountant (wko.at).



Direct link

4.2.2. Bookkeeping

The information presented in the previous chapters has shown that it is necessary to maintain a whole series of records and that the administration costs incurred can therefore be considerable. However, organising your business effectively will make many things simpler – especially when it comes to keeping your accounts – and thus reduce the effort that goes into creating the necessary records.

TIP

[INCOME/EXPENSES CALCULATOR](#)

- Open a bank account for your business and keep personal and business transactions separate.
- If at all possible, make sure that all of your business transactions are conducted via that account.
- Pay cash amounts using your bank card.
- By downloading a list of your account transactions, you will simply need to add to the information from the file required for your accounting records or hand them to your bookkeeper or accountant for further processing.



- As the data required is already largely available, it will not be necessary to re-enter it manually. This will save time and reduce any possible typos, meaning it will also save costs.

By using interfaces, you can utilise data that is already available for book-keeping purposes. Nowadays, almost all data is available electronically and in addition to paper-based invoices, many companies, such as purchasing associations and wholesalers in food products, also offer datasets that will considerably simplify accounting processes.

You can also reduce the amount of purchasing paperwork by switching to weekly or monthly invoices from your suppliers. All of these measures will help you to reduce the cost of your accounting processes, decrease the amount of administrative work required and will therefore save you time and money.

4.3. ENTREPRENEUR AS A SECONDARY OCCUPATION

You will need to consider several important factors if you are thinking of taking up a self-employed business activity as a secondary occupation:

Labour law

You must inform your employer of your intention to take up a self-employed business activity and they must consent to your doing so. If you carry out business activities without their consent, this can be grounds for dismissal.

Social insurance (multiple insurance-plan coverage)

Regular employees are insured under the General Social Insurance Act (ASVG) plan, self-employed people are covered under the Social Insurance Act for Trade and Industry (GSVG) and farmers' compulsory insurance comes under the Farmers' Social Insurance Act (BSVG).

PLEASE NOTE: The regulations below apply to persons insured under the ASVG only; other regulations apply to other occupational groups (e.g. civil servants, farmers, cross-border commuters, etc.).

If you are simultaneously a non-independent employee and run a business and/or work as a farmer, you come under several compulsory insurance laws. You must therefore pay multiple contributions, with ASVG generally ranking first, followed by GSVG and then BSVG. However, contributions can never be higher than the maximum contribution basis.

Under certain conditions, sole proprietors may be exempted from commercial health and pension insurance and the contributions to the provision for self-employed persons within the scope of the small business operators' scheme. This does not apply to personally liable partners of a partnership, partners of a company constituted under civil law or managing partners of a corporation. Business operators may apply for exemption from compulsory insurance within the scope of the small business operators' scheme if their turnover and profit are below the limits shown below and if they have not been insured under GSVG for more than twelve calendar months in the last five years.

**ANNUAL TURNOVER
LESS THAN EUR 55,000 GROSS
(from 01/01/2025) AND
ANNUAL PROFIT
LESS THAN EUR 6,613.20**

Furthermore, all persons can be excluded who

- Have reached the age of 60 and do not meet the limits above
- Have reached the age of 57 and have not exceeded the limits in place prior to 2025 during the last five calendar years before submitting an application Please note that as a result of an exemption from compulsory insurance (under GSVG), you will not acquire any periods of reckonable service for pension purposes, which may affect when you become entitled to



draw a pension. There is also no health insurance protection as a result of exemption from health insurance.

Irrespective of the conditions specified above, the application can also

- Be made for the duration of receipt of childcare allowance and/or
- For a maximum of the first 48 calendar months of parenting per child (in the case of multiple births, for a maximum of the first 60 calendar months)

In these cases, the thresholds applicable to the calendar year are reduced to the months of the compulsory insurance exemption. Therefore, the average

- Monthly income (profit) must not exceed EUR 551.10 and
- Monthly gross turnover must not exceed EUR 4,583.33

The exemption from compulsory insurance does not extend to accident insurance, which must be paid in all cases.

Health insurance (with multiple insurance-plan coverage)

You must pay the full ASVG health insurance contributions on your income from regular employment. You pay the contribution rate of 6.8% on your self-employed income.

Pension insurance (with multiple insurance-plan coverage)

In this case, you pay the full ASVG pension insurance contributions from the ASVG income from your regular employment and the standard rate of 18.5% from your self-employed income to the GSVG pension insurance.

Maximum contribution basis

You only have to pay ASVG and GSVG contributions to health and pension insurance up to a joint maximum contribution basis (i.e. up to a maximum of EUR 90,300 per year).

Minimum contribution basis (with multiple insurance-plan coverage)

The GSVG provisions on minimum contribution bases do not apply if you have income from non-self-employed work (ASVG) and self-employed work (GSVG) (you already have insurance coverage via the ASVG insurance). For this reason, if your ASVG income reaches the GSVG minimum contribution basis, GSVG contributions are only assessed for business profits actually attained. No contributions are paid if you have made a loss.

PLEASE NOTE: These regulations apply to persons insured under the ASVG only; different regulations apply to other occupational groups (e.g. civil servants, farmers, cross-border commuters, etc.).

Income tax

All sources of income are combined to assess income tax, applying the relevant tax rate (percentage). Therefore, take into account that your income as a non-self-employed worker already places you in a specific tax bracket. Every additional euro you earn is taxed at this rate and/or at an even higher percentage if you should attain the tax bracket above the one you are presently in.

Subsidies

Certain subsidies (e.g. the AWS subsidy for new entrepreneurs) are not issued for part-time businesses. Keep this in mind when planning your investments and find out well in advance about the directives applicable to you from the Startup Service in your province or from your bank.

Income thresholds

- **Self-employment and family allowances:** The additional income threshold for self-employed persons who are entitled to family allowances (e.g. students, pupils) is EUR 17,212 per calendar year, although an 'annual calculation' is carried out. If your taxable income exceeds the additional income threshold during the calendar year, the amount by which the threshold was exceeded must be paid back. For further information, please go online and visit www.help.gv.at



IMPORTANT!

As of 01/01/2020, the SVS must set the provisional contributions to pension and health insurance at a level at which the contribution payments would not be expected to exceed the maximum contribution basis. In the case of multiple insurance-plan coverage, it is therefore no longer necessary to apply for a differential assessment.



- **Self-employment and grants:**

As a student, you can earn an additional income of up to EUR 17,212 per year from self-employed or mixed activities without your grant being reduced. There is no difference between income earned during the university term and during holidays. For more information, please go online and visit www.stipendium.at.

- **Self-employment and childcare**

allowances: Every parent receiving a childcare allowance may earn additional income each year, whereby the other parent's income is not taken into account. With lump-sum childcare allowance models (child benefit account, as of 01/03/2017) the additional income threshold must not exceed the threshold amount of EUR 18,000 per year or the (higher) threshold amount of 60% of final income. For income-dependent childcare allowances, an additional income threshold of EUR 8,100 per year applies (as of 01/01/2024). All income from non-self-employed work, farming and forestry, self-employed work and business activities are applied against the income limit. For more information, please visit: <https://www.svs.at/cdscontent/?contentid=10007.834951>

Additional income calculator of the Federal Chancellery: <https://services.bundeskanzleramt.gv.at/KBG-Rechner/index.html#willkommen>

- **Self-employment and pension:** There are many arrangements involved in the pension system: if you are drawing a premature old-age pension, you may not practise any gainful activity that is subject to compulsory social insurance and you may only earn up to the marginal earnings threshold, otherwise you lose your entitlement to the pension. The same applies in the case of the corridor pension.

Apart from the old-age pension, there are no restrictions to your options to earn additional income: if an old-age pensioner (age 60 for women, 65 for men) earns a sum that is

higher than the marginal earnings threshold, they must pay social insurance contributions which may entail a slight increase in pension benefits. Should a person receiving an invalidity or disability pension earn an amount over the marginal earnings threshold, their pensions may be reduced.

Founding a business while drawing

unemployment benefits: There is only one very restricted option for earning additional money while you are drawing unemployment benefits from the AMS:

- To class as unemployed, you must have left employment (either as an employee or self-employed person) and you must have stopped paying compulsory pension insurance contributions. According to the present view of the AMS, unemployment insurance benefits can only be drawn in the case of an exemption from GSVG compulsory insurance, despite a valid trade licence. The small business operators' scheme in particular (in which no contributions are paid for health and pension insurance) constitutes such an exception.
- If you start engaging in any self-employed activity, you must report this to the AMS.
- Your monthly income (profit) must not exceed EUR 551.10 (monthly marginal earnings threshold).
- Your monthly turnover must not exceed EUR 4,964.86 (11.1% of the turnover must fall below the marginal earnings threshold).

You must also be available to the labour market for as long as you are drawing unemployment benefits, and you must accept any job offered to you which corresponds to your level of qualifications, otherwise you risk losing your entitlement to unemployment benefits. Anyone who is on their business premises from 9 in the morning until 6 in the evening, for instance, is 'de facto' not available to the labour market and therefore may not draw unemployment benefits. Once you have commenced self-employed activity, you must submit monthly records of profit and sales; thereafter, the income and VAT assessment notices are reviewed.



Direct link



Income thresholds

The table below provides an overview of the income thresholds.

	Thresholds	Bases	Consequences of exceeding threshold
Self-employment and Family allowance	EUR 17,212 annually	Taxable income without special payment annual calculation	Repayment equal to the excess amount
Self-employment and grant	EUR 17,212 annually	Income including Special payments	Repayment equal to the excess amount
Self-employment and Childcare allowance	up to EUR 18,000 or EUR 8,100 annually	Additional income, lump-sum childcare allowance or additional income-dependent childcare allowance	Repayment equal to the excess amount
Self-employment and pension			
premature old-age pension/ corridor pension	EUR 551.10 monthly	Monthly additional income	Loss of pension
Incapacity pension	up to EUR 551.10	Monthly additional income (no reduction)	Reduction in line with recognition rules (30 to 50%)
disability pension		Earned income	
Founding a business while drawing unemployment benefits	EUR 551.10 monthly	Monthly additional income Rolling calculation possible	Loss of unemployment benefit

The AMS business startup programme for the unemployed

The AMS continually offers assistance programmes to help make the option of self-employment more attractive to recipients of unemployment benefits, e.g. by increasing the amount of unemployment benefit as an incentive. First of all, an unemployed person submits a business concept which the AMS reviews for its chances of commercial success. A business-founding consultation meeting then follows. The AMS can also provide financing for you to acquire further qualifications. .



IMPORTANT!

There are many ways to become self-employed. Having a self-employed job as a secondary occupation means that there are always income limits that you must comply with. There are many options available to become partially exempt from GSVG compulsory insurance coverage.

4.4. OTHER IMPORTANT INFORMATION

4.4.1. Business insurance

Whether you are founding a new company or taking over an existing one, you face risks for which you should be insured. The following is an overview of these risks:

- **Property insurance:** This includes policies covering fire damage, burglary, damage due to storms and water, breakdowns of machinery, electrical appliances and computers.
- **Financial loss insurance:** To cover lost earnings or additional costs due to damage. For example, policies covering business liability, legal protection and interruption of operations (due to fire, machinery damage, etc.).
- **Personal insurance:** Examples include life, health and accident insurance policies. These policies can be taken out from private companies, alongside the statutory compulsory social insurance plans.

OUR TIP

For very small businesses, a long absence on the entrepreneur's part caused by illness or an accident can quickly threaten the continued existence of the business. Subject to certain conditions, small businesses are therefore entitled to a statutory support payment of approx. EUR 37.00 per day from the 43rd day of being unable to work, for a maximum of 20 weeks. Sickness benefit is paid retroactively starting from the 4th day. However, in order to receive financial protection from the 4th day even for shorter illnesses, there is the option of additional insurance.

For more information, please visit:

www.svs.at.

Be sure to discuss ways of optimising your coverage options with your expert advisers.

More detailed information on insurance brokers and insurance agents can be found on their websites at

→ www.ihrversicherungsmakler.at and

→ www.dieversicherungsgagenten.at

4.4.2. Patents and trademarks

Successful business ideas are often copied in short order, so it's wise to think about how you can protect your business idea. You should also make sure you do not infringe the proprietary rights of others. The most important proprietary rights are as follows:

Trademarks

A trademark is a company mark that distinguishes the goods and services of different manufacturers/providers from one another (e.g. in the form of a logo, name, lettering style). It also enables the consumer to recognise who provides the goods or services. In commercial practice, it serves as a means of making the company stand out from others and as an indispensable marketing tool.

OUR TIP

Consider carefully whether you would like to have your trademark protected nationally, within the EU ('EU trademark') or internationally. Depending on what you decide, there are different registration routes which all incur different costs. Use the 'fast track' trademark registration process.

Further information can be found

<https://www.patentamt.at/infoblaetter#c1647>

Patents

The patent is one of the most well-known proprietary rights. Once it is registered, a patent protects a technical invention for a certain period of time. Patents are used to protect inventions which

- Are new and industrially applicable and
- Solve a particular technical problem (inventiveness)



Patent protection begins upon registration in the patent register and ends after no more than 20 years, if the annual renewal fees are paid on time.

For further information, please visit:
<https://www.patentamt.at/infoblaetter#c908>

Utility model

Utility models may be used to protect new inventions that are capable of industrial application but do not exhibit the level of inventiveness required under patent law. An inventive step is sufficient.

Protection as a utility model begins on the day of official publication of the utility model in the Utility Model Gazette (Gebrauchsmusterblatt). It ends after ten years at the latest, as long as the yearly renewal fees are paid on time.

For further information, please visit:
<https://www.patentamt.at/infoblaetter#c908>

OUR TIP

Writing a patent or utility model application requires prior knowledge, so you should seek the advice of experts in this regard. For example, use the patent consultation days at your local branch of the Federal Economic Chamber with an experienced expert or patent attorney, or the Information Service of the Austrian Patent Office.

Registered design ('design protection')

A design (registered design) protects the appearance of an industrial or technical object (product) or a part thereof. The design must be new in order to be granted design protection. Specifically, the appearance (design) of products is protected. The protected features are the outlines, colours, layout, surface structure, materials or decoration of the product (design protection). A design may only be protected if it is new, possesses individual character and is not dictated by the technical function of the product.

Further information can be found at
<https://www.patentamt.at/infoblaetter#c577>

Copyright-protected works

A work is understood by the legislator to be a 'unique intellectual creation', particularly in the field of literature, including IT programs, visual art (graphics, etc.) and music and cinema. For this reason, the works must be individual and original and distinctive from conventional (traditional) works. Copyright exists upon the creation of the work. The copyright duration is 70 years after the author's death.

In Austria, there is no register in which someone can be listed or that can be viewed in order to establish whether or not a work is subject to copyright. In principle, it must be assumed that works (e.g. photographs, videos and texts) are protected under copyright law.

OUR TIP

Do not use third-party works (images, text, music, videos, etc.) on your website, advertising brochures, etc. without permission. A range of online providers offer the means of purchasing non-licensed works.

Violation of proprietary rights

If you violate proprietary rights, you may be obligated to cease and desist and remove the violation (e.g. destroy catalogues), pay reasonable compensation, submit to publication of the judgement and – if you are responsible for the violation – also hand over the profits you have made, pay damages, etc. The obligation to reimburse for the costs of proceedings should also not be overlooked. Cases of wilful violation may also result in prosecution.



OUR TIP

Protect yourself and your works with a creative industries securities account. Regardless of whether your work is photography, marketing concepts, blog posts, illustrations or open-source software – works with a digital time stamp make your copyright clear.

yourself. Members of the Austrian Federal Economic Chamber can also create a link to their personal entry in the 'WKO Firmen A-Z' (Companies A-Z) at <https://firmen.wko.at>. Examples of online shops that comply with the requirements can be found by visiting www.quetezeichen.at.

Here are a few tips on where to find detailed information on this topic:

<https://www.wko.at/unternehmensrecht/angaben-geschaeftpapiere>

At www.it-safe.at, run by the Federal Department for Information and Consulting (BSIC), you will find practical online advice as well as information and specific tips around IT security in your business. Further information: wko.at/datenschutzservice

4.4.5. Defects and questions of liability

Warranty

Warranty is the liability for defects that already existed at the time of sale. This is mandatory and, excluding a few exceptions, cannot be restricted. The seller or the party that produced the work in question is liable, regardless of whether or not they caused the defect.

In most cases, liability only covers the object itself, i.e. the defective product or service. Liability does not generally exist for follow-up costs, for example if the defective product causes further damage. An exception may be installation and removal costs. The duration of liability is two years for movable objects (e.g. a television) and three years for immovable objects (land, buildings).

Warranty claims

Warranty claims are divided into two levels:

1. Correction or exchange (first level of warranty remedy)
2. Price reduction or conversion (second level of warranty remedy)

The place of fulfilment for the warranty is generally the place where the object or service



Direct link



IMPORTANT!
A warranty is mandatory within the statutory warranty periods. In addition to the warranty, you can grant a guarantee.

4.4.3. General terms & conditions

General terms and conditions (GTC) are a compilation of fully formulated, standardised contractual terms and conditions on which you as a contractual party (e.g. as provider of goods or services) base a contract. The Legal Service of the Austrian Federal Economic Chamber offers a wide range of information online concerning general terms and conditions. For sample clauses on sales and delivery provisions as well as purchasing conditions, please visit: wko.at. Furthermore, the website of the Austrian Federal Economic Chamber includes a GTC database, which contains all available GTCs sorted according to the business sectors concerned. These constitute non-binding recommendations from the competent professional organisations within the Austrian Federal Economic Chamber. You can find the GTC database at <https://www.wko.at/agb>.

4.4.4. Information on business papers and online, data protection

Your image within the market is important not only from a marketing perspective but also from a legal perspective. On the basis of a wide variety of statutory regulations, your business is obliged to state certain details on its business papers and online (website, online shop) and to safeguard data protection.

OUR TIP

You do not need to incorporate all this information into your internet presence



was delivered, usually the seller's shop or the delivery destination. There are different provisions for this, depending on whether the transaction is between two companies or between a company and a consumer. In the case of transactions between a company and a consumer, if the defect appears within one year of delivery, it is assumed that the defect already existed before the time of delivery. In other cases, the period is six months.

Notification of defects

If both partners to the agreement are businesses, the buyer may only claim its right of warranty under the more stringent conditions of company law – which consists of examining the goods without undue delay and providing notification of the defect.

While the right of warranty is mandatory when it comes to consumers, different arrangements can be made as part of a purchase agreement between businesses.

Guarantee

Unlike a warranty, you assume liability voluntarily in the case of a guarantee. Without a written guarantee, there is no entitlement to a guarantee. You can generally choose what you want to include in a guarantee.

The guarantee usually depends on the defect appearing during the agreed period, and not on the presence of a defect upon delivery. A warranty always involves the direct contractual partner, whereas guarantees are often issued by the manufacturer. The question of whether the guarantor is at fault is not relevant in the case of a guarantee.

Compensation

The customer is only entitled to make claims for compensation if, among other things, the seller/work contractor or their staff are responsible for the defective nature of the delivery/the 'work', or for the occurrence of damage. Such claims do not become invalid until three years after the date on which the purchaser becomes aware of the damage and the party that caused the damage, or after

a period of 30 years. This means that, if the damage for which the supplier is responsible arises in the 8th year, the purchaser has from the 8th until the 11th year to bring a claim for damages.

Product Liability Act

Product liability is liability without fault for certain damages caused by defects in a product. It only covers consequential damages, never the defective product itself. However, not all consequential damages are compensated, only personal injury and damage to property; corporate property damage is not compensated.

The following entrepreneurial groups are liable for product damage:

- The manufacturer of a product
- The first importer in the EEA
- Any business that has marketed the product, if neither the manufacturer nor the importer can be identified

You and your business are also liable as the 'manufacturer' if you have identified yourself as the manufacturer by attaching your name, your trademark or another mark to the product.

If the manufacturer or importer cannot be identified, any business that has brought the product to the market shall be liable unless they inform the aggrieved party within a reasonable time of the identity of the manufacturer or importer or of the person who supplied them with the product.

Defectiveness of a product

The defect must already be present at the time the product is placed on the market.

Under Austria's Product Liability Act, a product is defective if it does not offer the level of safety that is to be expected from this product in accordance with the state of the art. For example, incorrect or incomplete information in the operating instructions or advertising can be grounds for deeming the product defective.



Direct link

Operational measures

- You can usually limit your product liability risk by taking out appropriate insurance cover.
- The obligation to provide evidence means that comprehensive documentation must be kept within the business. Commercial enterprises in particular must keep precise records of the type, quantity and particularly the origin (manufacturer) of the merchandise.
- Check all documents that are used to present the product (advertising statements, instructions for use) for completeness and sources of error.
- Make sure that you have a contractually agreed right of recourse against foreign manufacturers.
- Adapt any delivery and purchase terms and conditions you are already using in order to take account of this legal situation.

4.4.6. International transactions

Exploiting international markets can be lucrative for new businesses even during the initial phase. Taking the step to do business abroad will be much simpler if you have access to key information on the target market. Advantage Austria, operated by the Austrian Federal Economic Chamber in collaboration with the provincial chambers' Advantage Austria departments, provides Austrian companies worldwide with comprehensive support in marketing their products and services. In addition to information about foreign markets, events such as trade fairs, group tours and financial support, over 100 support centres are available worldwide in the form of foreign trade centres and offices. They help Austrian companies enter these markets by providing support in seeking business partners, starting up companies abroad, finding suppliers and solving other country-specific problems. You will need to consider possible customs regulations, import and export licence requirements, etc., when importing or exporting goods in other countries.

If you want to offer your services abroad as well, you should learn about the specific features affecting trade, industrial and tax

laws in each case. You can find more detailed information as well as guidance on questions relating to importing and exporting and on funding opportunities in the export sector from the Department of Foreign Trade at your Austrian Federal Economic Chamber (contact: wko.at/aussenwirtschaft).

4.4.7. New service from the Austrian Federal Economic Chamber: digital expertise for your business

Prospective business owners are responsible for managing all aspects of their business. To help you get up to speed on the relevant skills, the Austrian Federal Economic Chamber has created *wise up*. This digital training and development platform makes the process quick and easy by delivering expertise straight to business founders and offers digital training in a flexible, efficient form. Together with the Startup Service, dedicated learning pathways were created especially for founders on topics such as sales, marketing and legal aspects. Use the app to access this expertise on any device and get ready to make a successful start as an entrepreneur.

wise up is a one-stop-shop that provides founders with expertise on becoming an entrepreneur. The platform's content is quality checked and specifically tailored to your needs as a founder. This way, you can learn the exact skills you need to make your business a success – from social media marketing, to financial management through to cybersecurity, export and much more. Plus *wise up*, gives you access to over 20,000 online courses provided by prestigious training partners, including LinkedIn Learning und Microsoft.

OUR TIP

To ensure you have the best possible support when starting your company, the Startup Service will provide you with a one-year licence for *wise up* at no cost. Find out more from your Startup Service now by visiting: <https://www.wko.at/gruendung/beratung>



Direct link

Manuela Mark
creates corporate language
that exudes empathy
in a wealth of detail.

SUCCESS STORY

Turning brands into stories: communication with heart and depth

Manuela Mark is the founder of MEA Storytelling and creates compelling narratives for brands and companies.

I'm a native of Vienna and gained an initial insight into the world of media, especially PR work, while studying German language and literature. After working at a PR agency for a number of years, I decided to become self-employed in 2019 at the age of 27. Even as a child, I knew I wanted to be independent and decide for myself, without knowing exactly what job I wanted to have someday. I was inspired by the dream of being my own boss – and the idea of working when and where I wanted to.

The transition to working for myself went relatively smoothly as I already had my first customers thanks to my network. My colleagues from the industry helped me with important questions on financing, taxes and social insurance. Even though it can

often be difficult and uncomfortable to openly discuss these issues, I found it incredibly valuable. The Covid-19 pandemic in 2020 was a challenging time of course, especially due to the delays in payments and the uncertainty at the beginning. But thanks to the good advice I received at various points and close collaboration with other young entrepreneurs, I was also able to overcome these initial difficulties, and this also helped me continually move my company forwards.



Manuela Mark

—
MEA Storytelling

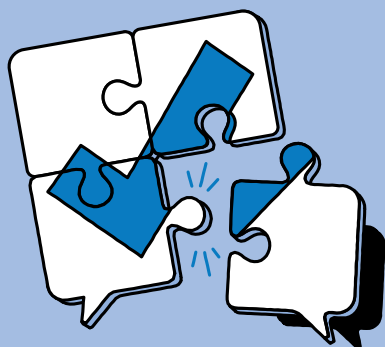
**My goal is
to make the world
a tiny bit better.**

Our world is a hectic, digitalised place, and this is where I tell authentic stories that get people thinking. I see the printed word as a valuable asset and a genuine alternative to the flood of digital information. Something that's particularly important to me is empowering women and bringing sustainability issues to the public's attention. What I love most is taking a project from start to finish – from deciding on a name through to the final website. Whether business or tourism, my work stands for enduring values that I believe are essential in our fast-paced world.

→ www.mea-storytelling.at

Strength in numbers

Networking and speaking with other entrepreneurs play a key role in the success of your business. The Austrian Federal Economic Chamber offers attractive platforms and a wide range of partnerships that help put you on the right path.



In addition to opening up new opportunities, you can also tap into exciting networks and partnerships by becoming self-employed. Those who make active use of these opportunities can count on receiving a wide range of support. As a member of the Austrian Federal Economic Chamber, you are automatically part of the relevant professional organisation that offers a diverse range of networking platforms and services.

Junge Wirtschaft (Young Enterprise) offers young entrepreneurs an inspiring network where they can make contacts at the district, national and international level. Female entrepreneurs in particular will also benefit from Frau in der Wirtschaft (Women in Business), an Austria-wide network organising a wide range of events and providing targeted support for women.

The Startup Service guide also provides you with a comprehensive overview of relevant platforms and partnerships. The Startup Services throughout Austria are your first point of call for valuable advice, support and practical assistance on the road to success.

5. NETWORKING

5.1. After starting up

Benefits and services provided by the Austrian Federal Economic Chamber to ensure your success

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5.2. Networks and platforms

Who can help during the startup phase

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5.3. Startup Services in Austria

The Startup Services throughout Austria at a glance

→ p.131



5.1. AFTER STARTING UP



Direct link

Once your company has been successfully founded, you become a member of your professional group/specialist board or guild of the Austrian Federal Economic Chamber. These expert representatives deal with important issues affecting your sector such as special statutory regulations, ancillary rights and tax issues. They also provide information on industry insurance, sometimes even with premium reductions, and thus represent your interests in industry matters. You pay a membership fee in exchange for this. In addition, the Austrian Federal Economic Chamber offers a comprehensive range of services and advice on legal and economic topics. These include, for example:

- What subsidies can I apply for?
- How do I take on my first employee?
- How do I train apprentices?
- How do I get started with exports?
- Which collective agreement do I have to use?
- Do I need general terms and conditions?

Visit wko.at – where you'll find a wide range of leaflets with answers to many of these questions. As a member, you will have further access to exclusive information in the 'Meine Branche' (My sector) area.

Obligation for electronic delivery

Since 01/01/2020, companies are obliged to use electronic delivery. The only exceptions are those businesses which are not obliged to submit advance VAT returns because they fall below the turnover threshold or for which electronic delivery is unreasonable, i.e. if the company does not have the necessary technical capabilities or does not have an internet connection. There are currently no sanctions in place for 'non-participation' in electronic delivery. If no electronic delivery option is available, the sending authority will make a postal delivery.

The critical third year. Tips to ensure success after founding your business

Taxes and social insurance for self-employed individuals:

Please allow for the fact that the Revenue Office and the Social Insurance for Self-Employed Persons (SVS) will subsequently adjust amounts based on the actual income generated according to the income tax assessment (this will be the case after approx. the third year of self-employment). The social insurance contributions are based on the income and average around 27% of the annual profit. These tips can help you avoid financial surprises and make adequate plans for the payments:

- 1. Build up financial resources:** Set aside around a third of your income for taxes and a quarter for social insurance contributions.
- 2. Get tax advice:** So you can make the most of any tax benefits available to you.
- 3. Check your legal form:** Changing your legal form may be advantageous for tax purposes.
- 4. Payments to the Revenue Office and SVS:** Make adjustments to account for higher profit, and arrange to pay in instalments if large additional payments are required

Hire employees:

If a company is growing, hiring employees can help to fuel this growth. It is important to calculate costs precisely and make use of subsidies to counteract the shortage of skilled workers.

Useful tips:

1. Think about what type of employment is the best fit for your employees.
2. Use the break-even calculator provided by the Austrian Federal Economic Chamber to calculate how much your first employee will cost.
3. Get information on subsidies for various age groups (AMS).
4. Delegate tasks to make effective use of employees.
5. Adjust the way your company is organised as it grows, ideally with the help of an expert.
6. Use digital approaches to boost efficiency, e.g. via online marketing and online shops.



5.2. NETWORKS AND PLATFORMS

Entrepreneurs have a wealth of offers available to them that make it easier to start your own business and establish your daily work routine, from networks for entrepreneurs and online portals to platforms which support young entrepreneurs. You will find an overview of helpful offers below.



Gründerservice (Startup Service)

- Comprehensive startup advice/business succession advice
- New Business Foundation Support Act (NeuFöG) advice and endorsement
- Trade registration
- www.gruenderservice.at
- www.facebook.com/gruenderservice
- www.youtube.com/gruenderservice
- LinkedIn @Gründerservice
- TikTok @dasfoundicheasy

Austrian Federal Economic Chamber

- Service departments (tax, commercial, social and labour law, general legal issues, subsidies)
- Professional groups (industry information, health insurance information)
- District offices/regional offices (your regional contact)
- <https://wko.at>

AKM/society of authors, composers and music publishers

Reporting obligation when playing copyrighted music

- www.akm.at

General accident insurance

The Austrian Workers' Compensation Board (AUVA) is the social accident insurance institution for employees, students and pupils as well as nursery aged children, and numerous voluntary aid and rescue organisations

- www.auva.at

Office of the State Government

- Application for issuance and surrender of licences (application for leniency for reasons for exclusion from trade)
- Accreditation or equivalence of professional qualifications acquired in an EU/EEA member state
- www.oesterreich.gv.at

Chamber of Labour

Provides advice on the subjects of labour and tax law, consumer protection, work and family, education and health in the workplace

- www.arbeiterkammer.at

Labour Inspectorate

Monitors provisions designed to protect workers

- www.arbeitsinspektion.gv.at

**Austrian Public Employment Service**

- Labour recruitment
- Support for unemployed business founders (UGP)
- Employment permits for foreigners, etc.

→ www.ams.at

ABA Invest in Austria

Contact for foreign companies wishing to establish a branch in Austria

→ <http://investinaustria.at>

Banks

Financing/funding applications

Certified management accountants

Accounting/tax support

→ https://firmen.wko.at/suche_ubitbh/

Accounting authority

Authority responsible for accounting professions

(certified management accountants – accountants – payroll accountants)

→ www.bilanzbuchhaltung.or.at

District administration/Magistrate/District office

- Trade registration
- Applications for waivers of grounds for exclusion from a trade or business
- Business premises permits
- Applications for recognition of individual qualification
- Appointment of managing directors under trade law
- Notification of additional business premises
- Relocation
- Withdrawal of trade licence

→ www.oesterreich.gv.at

Federal Ministry of Labour and Economy

Notification of cross-border activities of licensed trades by nationals of an EU/EEA member state

→ www.bmaw.gv.at

Federal Chancellery

- Coordinates general government policy; responsible for providing information concerning the federal government and the Constitution
- Provides the Legal Information System (RIS)

→ www.bundeskanzleramt.gv.at

i2b Businessplan Initiative

Austria's largest business plan competition

→ www.i2b.at

**Data Protection Authority (DSB)**

Monitors data protection regulations

→ www.dsb.gv.at

EAN – Austria

GS 1 Austria – the official issuing agency for GTINs/EAN barcodes in Austria

→ www.gs1.at

Disposal businesses

Communal

Private (e.g. ARA – Altstoff Recycling Austria). There is a duty to notify when packaging is brought into circulation. Contact your Austrian Federal Economic Chamber for more information

→ www.ara.at

EPU

Service and support for one-person businesses

→ <http://epu.wko.at>

REVENUE OFFICE – Local tax office (responsible for partnerships and legal entities/corporations; the place of management determines the responsible office)

- Application for a tax number within one month of trade registration
- Completion of questionnaire and submission to the Revenue Office
- Application for a UID number (VAT ID number)
- Ongoing payment of taxes and payroll taxes
- Calculating income from partnerships
- Submitting an annual tax return for turnover tax; for GmbH also for corporate income tax and capital gains tax
- Cancelling your tax number

→ www.bmf.gv.at

REVENUE OFFICE – Residential Revenue Office

(responsible for natural persons with income tax liability)

- Application for a tax number within one month of trade registration
- Completion of questionnaire and submission to the Revenue Office
- Application for a UID number (VAT ID number)
- Ongoing payment of taxes and payroll taxes
- Submitting annual tax return for VAT and income tax
- Cancelling your tax number

→ www.bmf.gv.at

Plan4You finance planning software

Plan4You is a free finance planning tool designed to help you create your financial plan

→ www.gruenderservice.at/businessplan

Company Register

- Registration of companies; registration of sole proprietorships possible on a voluntary basis
- Data of registered companies can be queried

→ <https://www.justiz.gv.at/firmenbuch>

**Firmen A-Z (Companies A-Z)**

Complete and up-to-date online Austrian business directory

→ <http://firmen.wko.at>

Funding agencies

Consultation, support

Austria Wirtschaftsservice

→ www.aws.at

Österreichische Hotel- und Tourismusbank GmbH

→ www.oeht.at

Environmental subsidies

→ www.umweltfoerderung.at

Austrian Research Promotion Agency

→ www.ffg.at

Frau in der Wirtschaft (Women in Business)

Representation of interests for female entrepreneurs and networking platform

→ www.unternehmerin.at

Municipality/Magistrate

Building permit (change of use), use permit, zoning

Municipal charges, tourism contribution, municipal tax

→ www.oesterreich.gv.at

Health Professions Register

For members of the health care and nursing professions as well as advanced technical medical services, registration in the Health Professions Register is a prerequisite for practising the respective health profession

→ <https://www.gesundheit.gv.at/gesundheitsleistungen/gesundheitsberuferegister.html>

Land Register (Land Registry Court)

- Land register entry
- Mortgages
- Easements (servitudes), land charges
- Building law

→ https://www.oesterreich.gv.at/themen/bauen_wohnen_und_umwelt/grundbuch.html

Junge Wirtschaft (Young Enterprise)

Represents interests of young entrepreneurs and provides networking platform

→ www.jungewirtschaft.at

Apprenticeship office of the Austrian Federal Economic Chamber

- For training of apprentices – informal application for assessment notice (before first-time apprenticeship training)
- Apprenticeship contract
- Final apprenticeship examination
- Apprenticeship subsidies

→ www.wko.at

Master Craftsperson's Examination Centre/Office of the State Government

Trainer, entrepreneur, master craftsperson, competence/licence examinations

→ www.wko.at

**Nachfolgebörse (succession pool)**

Online platform provided by the Startup Service for business transfers and acquisitions

→ www.nachfolgeboerse.at

Notary

Consultation and drafting of contracts

→ www.ihr-notariat.at

Austrian Franchise Association

Representative of the Austrian franchise industry

→ www.franchise.at

Austrian Cooperative Union

Auditing association of Austrian credit unions and commercial goods, service and production cooperatives

→ www.genossenschaftsverband.at

Austrian Health Insurance Fund

Registration of employees prior to beginning employment

→ www.gesundheitskasse.at

Austrian Standards

Austrian service centre for standards

→ www.austrian-standards.at

Patent Office

Trademark, design and patent searches and registrations

→ www.patentamt.at

Lawyers

Consultation and drafting of contracts

→ www.oerak.at

Main Austrian Association of Experts

Main Association of Court Experts

→ www.gerichts-sv.at

Social Ministry Service

Subsidies and consultation services for new business founders and entrepreneurs with disabilities

→ www.sozialministeriumservice.at

Social Insurance for Self-Employed Persons

- Notification of startup within four weeks

- Handling of all social insurance matters

→ www.svs.at

**StartupNOW**

The Austrian Federal Economic Chamber startup initiative. Working together with the community to create a genuine startup ecosystem. More about our startup services.

→ www.startupnow.at

Tax advisers

Tax support, bookkeeping

→ www.ksw.or.at

Management consultants

Business advice

→ www.ubit.at

Business Startup Experts Group

→ www.ubit.at → [ExpertsGroup](#)

Unternehmensserviceportal (Business Service Portal)

The Business Service Portal (USP) is the link between the administrative authority and the economy

→ www.usp.gv.at

Insurance (private)

For buildings, merchandise, liability, legal protection, business interruption due to illness or accident

Utilities

Electricity, water, gas, phone, fax, internet, etc.

→ <http://oesterreichsenergie.at> (Association of Austrian Electricity Companies)

WIFI Wirtschaftsförderungsinstitut (WIFI Institute for Economic Promotion)

Training and development

→ www.wifi.at



5.3. STARTUP SERVICES IN AUSTRIA

BURGENLAND

Gründerservice (Startup Service)
Robert-Graf-Platz 1, 7000 Eisenstadt
Tel.: 05 90 907-2000
Email: gruenderservice@wkbgl.at

STYRIA

Gründerservice (Startup Service)
Körblergasse 111-113, 8010 Graz
Tel.: 0316/601-600
Email: gs@wkstmk.at

CARINTHIA

Gründerservice (Startup Service)
Europaplatz 1, 9021 Klagenfurt
Tel.: 05 90 904-745
Email: gruenderservice@wkk.or.at

TYROL

Gründerservice (Startup Service)
Wilhelm-Greil-Str. 7, 6020 Innsbruck
Tel.: 05 90 905-2222
Email: gruenderservice@wktirol.at

LOWER AUSTRIA

Gründerservice (Startup Service)
Wirtschaftskammer-Platz 1,
3100 St. Pölten
Tel.: 02742/851-0
Email: gruender@wknoe.at

VORARLBERG

Gründerservice (Startup Service)
Wichnergasse 9,
6800 Feldkirch
Tel.: 05522/305-1144
Email: gruenderservice@wkv.at

UPPER AUSTRIA

Gründerservice (Startup Service)
Hessenplatz 3, 4020 Linz
Tel.: 05 90 909
Email: gruenderservice@wkoee.at

VIENNA

Gründerservice (Startup Service)
Straße der Wiener Wirtschaft 1,
1020 Vienna
Tel.: 01/514 50-1050
Email: gruenderservice@wkw.at

SALZBURG

Gründerservice (Startup Service)
Julius-Raab-Platz 1, 5027 Salzburg
Tel.: 0662/88 88-541
Email: gs@wks.at



IMPORTANT LINKS

- www.gruenderservice.at
- www.nachfolgeboerse.at
- LinkedIn: Gründerservice
- TikTok @dasfoundicheasy
- www.facebook.com/gruenderservice
- www.youtube.com/gruenderservice
- www.gruenderservice.at/video
- <https://wko.at>

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ERASMUS FOR YOUNG ENTREPRENEURS

The European exchange programme

Recently started your own business and want to gain international experience that will take you and your business to the next level? The 'Erasmus for Young Entrepreneurs' programme gives you the opportunity to spend one to six months with experienced entrepreneurs abroad, where you will work closely together on projects. Founders will receive a monthly grant from the European Union during this exchange.



"The EYE exchange gave me the opportunity to spend time on a wine estate in Cyprus. I gained practical experience in the vineyards and wine cellar and learnt so much about running a business from my mentor and host entrepreneur."

Viktoria Konrad, founder in wine marketing, completed an exchange with Marcos Zambartas, who runs a family wine business in Cyprus.

"I know the programme from two perspectives: I took part in it as a new entrepreneur at the start of my career and gained valuable experience abroad. Since then I've become an active host entrepreneur, sharing my experience with young entrepreneurs from Spain, Germany, Italy and Lithuania. Every exchange has been enriching."

**Mathias Haas, founder and owner of SuperSocial e.U.
(www.supersocial.at)**



The benefits at a glance:

- Promote international networking and collaboration
- Work side by side with experienced entrepreneurs
- Promote the exchange of knowledge
- Develop business plans and expand entrepreneurial skills

Interested? Then get in touch!

erasmus@wko.at | www.jungewirtschaft.at/erasmus
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TIP:

If you have been self-employed for more than three years, you can apply to be a host entrepreneur!



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