

Austria

Payroll & Employment Law Guide

2026 Edition · Last updated October 14, 2026

The Kollektivvertrag wage floor, the single-roof ASVG system, and BMSVG severance mechanics

Overview —

A reference for employing in Austria

Any structure that employs staff in Austria must be registered as an employer with ÖGK before the employee starts work. Unlike Germany's six week notification tolerance, this is the strictest rule at the setup stage of Austrian payroll. The legal form chosen determines the formation capital required and which authorities you contact first.

No statutory minimum ~450 SECTOR KOLLEKTIVVERTRÄGE SET THE REAL WAGE FLOOR	0-55% INCOME TAX BRACKETS, TOP RATE SUNSETS IN 2029	€10,000 GMBH MINIMUM SHARE CAPITAL SINCE 2024	1.53% EMPLOYER BMSVG SEVERANCE-FUND CONTRIBUTION
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WHAT THIS GUIDE COVERS

I	Setting Up and Doing Business	Any structure that employs staff in Austria must be registered as an employer with ÖGK before the employee starts work.
II	Working Conditions and Leave Entitlements	Statutory working time in Austria is 8 hours a day and 40 hours a week.
III	Tax and Social Security	Unlike Germany and the Netherlands, Austria has no statutory minimum wage (Mindestlohn).
IV	Payroll Operations	Austrian payroll runs in EUR on a monthly cycle.
V	Hiring and Termination	When hiring a new employee in Austria, the ÖGK notification must be filed before the employee starts work.
VI	Compensation and Benefits	Austria has no statutory annual wage increase mechanism.
VII	Visas and Work Permits	Because Austria is an EU member state, EU, EEA and Swiss citizens can work under free movement without a visa or work permit.
VIII	Practical Notes and Common Pitfalls	Every statutory figure in this guide is a floor.
IX	Incentives and Employer Support Schemes	The standard employer social security burden in Austria is roughly 21% (insurance branches).

I —

Setting Up and Doing Business

Any structure that employs staff in Austria must be registered as an employer with ÖGK before the employee starts work. Unlike Germany's six week notification tolerance, this is the strictest rule at the setup stage of Austrian payroll. The legal form chosen determines the formation capital required and which authorities you contact first.

LEGAL FORMS AND REGISTRATION STEPS

STRUCTURE OR STEP	RULE OR AMOUNT	AUTHORITY
GmbH	Minimum capital EUR 10,000 (reduced since 2024), at least half paid at formation	Firmenbuch (commercial court)
FlexKapG	Minimum capital EUR 10,000, more flexible than the GmbH for venture capital structures	Firmenbuch
AG	Minimum capital EUR 70,000 (to be confirmed before publication)	Firmenbuch
Zweigniederlassung (branch)	No separate legal entity, parent company remains liable	Firmenbuch
Tax registration	Steuernummer and, for intra-EU transactions, a UID number	Finanzamt
WKO membership	Every business carrying out a commercial activity is automatically a member	WKO (relevant sector chamber)
First employee notification	Anmeldung filed before the employee starts work	ÖGK (through ELDA)

Verify before payroll

Common mistakes at the setup stage: The GmbH's former EUR 35,000 capital threshold no longer applies, EUR 10,000 has been in force since 2024. Where electronic notification to ÖGK is not possible, an on-site notification (Vor-Ort-Anmeldung) can be filed, but the full notification must be completed within 7 days at the latest. Electronic invoicing in dealings with the federal public administration has been mandatory since 2014, but as of 2026 there is no general business to business e-invoicing obligation. Where a third party acts as the formal employer while another company directs the worker, this counts as Arbeitskräfteüberlassung (personnel leasing) and falls under the AÜG; the user company is treated as an employer equivalent for equal treatment duties. For long term employment, setting up a local legal entity (GmbH, FlexKapG) or a branch is generally the more sustainable route.

II

Working Conditions and Leave Entitlements

Statutory working time in Austria is 8 hours a day and 40 hours a week. A Kollektivvertrag can extend these to 10 hours a day and 50 hours a week, but the weekly average must still be kept at 40 hours. Maximum hours and rest entitlements are public policy rules under the Arbeitszeitgesetz. The actual level of leave entitlements and overtime premiums is largely set by the sector Kollektivvertrag.

WORKING TIME, LEAVE AND SICK PAY

ITEM	STATUTORY FLOOR	NOTE
Standard working time	8 hours a day, 40 a week	Can rise to 10 and 50 under a Kollektivvertrag
Maximum working time	12 hours a day, 60 a week	Average over a 17 week period cannot exceed 48
Rest periods	11 hours daily, 36 hours weekly, uninterrupted	A Kollektivvertrag can reduce daily rest to 8 hours
Overtime premium	Statutory floor of 50%	Actual rate largely depends on the Kollektivvertrag
Annual leave	25 working days, 30 after 25 years of service	Totals 5 and 6 calendar weeks
Sick pay	6-12 weeks at full pay, tiered	Rises with tenure, then shifts to ÖGK Krankengeld
Maternity protection	8 weeks before birth, 8-12 weeks after	Wochengeld is paid by ÖGK, not the employer

Verify before payroll

A feature specific to Austria: The existence of a statutory national overtime premium of 50% is a key difference from Germany, which has no such statutory premium. By contrast, the 2 year leave forfeiture period and the count of 13 national public holidays could not be confirmed from a primary source in this research and need verification before publication. The current 2026 amounts for parental leave (Elternkarenz, available until the child turns 2), the Kinderbetreuungsgeld and the Papamonat could also not be finalized; these items are described in this guide at the mechanism level, without a current figure.

III —

Tax and Social Security

Unlike Germany and the Netherlands, Austria has no statutory minimum wage (Mindestlohn). The wage floor is set entirely by the sector Kollektivvertrag that applies to the employee, and around 98% of employees are covered by one. Social security is governed by a single umbrella law, the ASVG, with contributions collected at a single point, ÖGK (Österreichische Gesundheitskasse), which then distributes contributions to the PVA (pension) and AUVA (accident insurance). For 2026, the income tax bracket thresholds below were shifted upward by roughly two thirds of the official 2.6% inflation estimate, about 1.73%, continuing the automatic bracket indexation introduced in recent years; a payroll setup still running on 2025 thresholds will compute the wrong tax band.

INCOME TAX BANDS AND SOCIAL SECURITY THRESHOLDS

ITEM	2026 VALUE	NOTE
Minimum wage	No statutory national figure	Floor is set by the employee's Kollektivvertrag
Income tax, first two bands	EUR 0-13,539 at 0%	EUR 13,539-21,992 at 20%
Income tax, middle bands	EUR 21,992-36,458 at 30%	EUR 36,458-70,365 at 40%
Income tax, top bands	EUR 70,365-104,859 at 48%	EUR 104,859-1,000,000 at 50%, above that 55% (temporary until 2029)
Geringfügigkeitsgrenze (minor employment threshold)	EUR 551.10 a month	Partial social security exemption below this
Hochstbeitragsgrundlage (contribution ceiling)	EUR 6,930 a month, EUR 231 a day	Not fully settled between sources, one source gives EUR 6,830
Dienstgeberbeitrag (DB) and Kommunalsteuer	3.70% and 3.00%	On total gross wages, plus a DZ surcharge of 0.31%-0.40% depending on the Bundesland

III

Tax and Social Security

Verify before payroll

A central feature of Austria: A 2017 social-partner agreement (ÖGB and WKO) recommends that every new Kollektivvertrag set a monthly gross wage floor of at least EUR 1,500, but this is not a law — sector agreements can land above or below it. Retail minimum wages rose 2.55% in 2026, and footwear set a category A weekly minimum of EUR 462.29 (EUR 11.56 an hour); these are EXAMPLES, not a general rule. The branch specific ASVG Article 51 social security rates were compiled from secondary calculator sources and could not be confirmed line by line against the primary legal text — the total employer burden of roughly 21% should be read as a rounded figure and verified against RIS before publication.

IV · PAYROLL OPERATIONS

Austrian payroll runs in EUR on a monthly cycle. The 13th and 14th salary are not a statutory obligation, but are practically universal through the Kollektivvertrag and are usually paid as an extra payment in specific months, for example in June and in November or December. All social security filings go through a single electronic channel, ELDA, to ÖGK.

PAY AND FILING OBLIGATIONS

ITEM	RULE	NOTE
Pay cycle	Monthly, in EUR	13th and 14th salary paid in example months set by the Kollektivvertrag
Payment method	Bank transfer is the standard method	Legal basis for cash payment could not be confirmed in this research
Filing channel	ELDA (electronic data exchange)	Anmeldung, Abmeldung and mbGM all run through this channel
Monthly filing	mbGM, due by the 15th of the following month	To ÖGK
End of employment filing	Abmeldung, within 7 days	To ÖGK
Record retention	General BAO rule of 7 years	Rises to 22 years for real estate transactions
Foreign employees	ASVG coverage and Austrian income tax filing apply if the physical workplace is in Austria	An A1 certificate is mandatory for intra-EU postings

IV — Payroll Operations

Verify before payroll

Filing outside ELDA is not valid: Lohnsteuer is commonly reported as due to the Finanzamt by the 15th of the following month, though this could not be confirmed against the EStG in this research. Tax records, likely including the Lohnkonto, are said to fall under BAO Article 132's general 7-year retention rule — whether this applies directly should be confirmed against RIS before publication. No cash-payment limit could be confirmed either, so bank transfer remains the recommended default.

V · HIRING AND TERMINATION

When hiring a new employee in Austria, the ÖGK notification must be filed before the employee starts work. Failing to notify in advance is treated as Sozialbetrug (undeclared work) subject to heavy administrative fines. The probation period, at a maximum of 1 month, is shorter than in Germany. Notice periods are tiered by years of service, and most Kollektivvertrag agreements raise these periods above the statutory framework.

HIRING, PROBATION, TERMINATION AND SEVERANCE

ITEM	STATUTORY FLOOR	NOTE
New hire notification	ÖGK Anmeldung before work starts	A Sozialbetrug penalty applies if not filed
Probation period	Maximum 1 month (Probemonat)	3 months for apprentices, can be shortened but not extended by a Kollektivvertrag
Notice period (0-2 years)	6 weeks	A Kollektivvertrag usually sets a longer period
Notice period (25 years and above)	5 months	AngG Article 20
Employee resignation	1 month, end of month	Can be extended by contract up to 6 months
Severance (Abfertigung Neu)	Employer pays 1.53% monthly to a BV-Kasse	Mandatory for all employees in relationships starting after 2002
Retirement age	Men 65, women 61.5 in 2026	Women's age reaches 65 by 2033

V —

Hiring and Termination

Verify before payroll

Abfertigung Neu has no equivalent in Germany: Germany has no statutory or general severance pay system, while under the BMSG, Austria has a funded and portable system where the employer pays a 1.53% monthly contribution for all employment relationships starting after July 1, 2002. The intermediate notice tiers, that is the 2-5, 5-15 and 15-25 year bands, were taken from a secondary calculator source and should be confirmed against the text of AngG Article 20 before publication. How notice periods are set for blue collar (Arbeiter) employees could not be confirmed in this research, and a separate check is recommended for that group.

VI · COMPENSATION AND BENEFITS

Austria has no statutory annual wage increase mechanism. Wage increases take place through Kollektivvertrag negotiations and are usually indexed to inflation. The 13th and 14th salary, while not a legal obligation, are practically universal through the Kollektivvertrag, and most employees receive the equivalent of 14 salaries. Health insurance is part of the general social security contribution, and ÖGK is the single national health insurer.

WAGE FLOOR AND BENEFIT OBLIGATIONS

ITEM	RULE	NOTE
Wage floor	No statutory minimum wage	Floor comes from the applicable Kollektivvertrag
13th and 14th salary	No statutory obligation	Practically universal through the Kollektivvertrag
Taxation of the 13th and 14th salary	Flat 6% within the Jahressechstel	Applies above the EUR 620 annual exemption
Jahressechstel threshold	Flat rate does not apply if it does not exceed EUR 2,100	EUR 2,615 estimated for 2026, to be confirmed
Public transport contribution (Jobticket)	Exempt under certain conditions	Cap and conditions should be confirmed
Meal vouchers (Essensbons)	Exempt up to a daily cap	Current 2026 cap should be confirmed
Health insurance	Included in the general ASVG contribution	ÖGK is the single national body, with exceptions for some professions

VI —

Compensation and Benefits

Verify before payroll

The question that sets the wage floor is always the same: The first step in any payroll setup is identifying which Kollektivvertrag applies to the employee, determined through WKO sector membership. The Jobticket and meal voucher exemption caps were compiled from secondary sources and should be confirmed against EStG Articles 3 and 26 before publication. The EUR 2,615 figure cited as the 2026 Jahressechstel threshold comes from a wage calculator and should not be treated as a final figure until confirmed from an official BMF source.

VII · VISAS AND WORK PERMITS

Because Austria is an EU member state, EU, EEA and Swiss citizens can work under free movement without a visa or work permit. Only residence registration is required. Third country nationals go through a points based Rot-Weiss-Rot Card system, with the application checked by AMS for points eligibility and pay. Positions on the Mangelberufe (shortage occupation) list follow a separate track within this system.

PERMIT REGIMES AND OBLIGATIONS

SITUATION	RULE	NOTE
EU, EEA and Swiss national	No work permit required	Only residence registration (Anmeldebescheinigung) applies
Rot-Weiss-Rot Card (shortage occupations)	At least 55 of 90 points required	Application through the residence authority or a foreign representation
Pay requirement	No national threshold	Must meet the applicable Kollektivvertrag level and be approved by AMS
Shortage occupation list	64 national and 66 regional occupations in 2026	Should be confirmed against the official AMS source
Rot-Weiss-Rot Card validity	Issued for the first 24 months	A Card plus application is then possible
EU Blue Card	2024 threshold of EUR 47,855 gross a year	Current 2026 threshold should be confirmed
Third country quota (Bundeshochstzahl)	Historically an 8% ceiling	Whether still operative in 2026 should be confirmed

VII —

Visas and Work Permits

Verify before payroll

Two items that need confirmation: The only figure found in this research for the EU Blue Card (Blaue Karte EU) is the 2024 threshold of EUR 47,855 gross a year, and the current 2026 threshold should be confirmed from migration.gv.at before publication. Whether the Bundeshochstzahl mechanism, the 8% ceiling on the share of foreign labor, is still actively applied in 2026 could also not be confirmed, although EU and EEA citizens and Rot-Weiss-Rot Card holders fall largely outside this quota, so its practical significance may be limited.

VIII · PRACTICAL NOTES AND COMMON PITFALLS

Every statutory figure in this guide is a floor. In practice, the Kollektivvertrag that applies to the employee is decisive, and it almost always provides terms more favorable than the law. The first step in any payroll setup is always identifying which Kollektivvertrag applies to the employer or the employee.

KOLLEKTIVVERTRAG PRIMACY AND OTHER OBLIGATIONS

ITEM	RULE	NOTE
Kollektivvertrag primacy	Statutory figures are a floor	A Kollektivvertrag almost always provides better terms
Disability employment quota	1 person per 25 employees at employers with 25 or more staff	BEinstG, threshold should be confirmed before publication
Ausgleichstaxe 2026 (25-99 employees)	EUR 344 a month	The 100-399 and 400+ tiers should be confirmed
Contract language	Free choice, but a Dienstzettel is given in writing	Legal basis should be confirmed
Successive fixed term contracts	Can be converted without an objective justification	Exact limit should be confirmed
Betriebsrat (works council)	Can be elected at workplaces with 5 or more permanent staff	Consultation and consent rights should be confirmed
Cross border payments	SEPA zone, IBAN discrimination is banned	Payment to an intra-EU IBAN is mandatory

VIII —

Practical Notes and Common Pitfalls

Verify before payroll

Where audits most often find differences: Which Kollektivvertrag applies is determined through WKO sector membership, and applying the wrong one can lead to retroactive claims for differences in pay, leave and notice periods. The disability employment quota threshold and the Ausgleichstaxe tiers for 100-399 and 400+ employees, that is EUR 485 and EUR 512, were taken from a secondary source and should be confirmed against the current BGBl text on RIS before publication. The full scope of the Betriebsrat's powers and the exact limit on successive fixed term contracts could also not be confirmed in depth in this research.

IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

The standard employer social security burden in Austria is roughly 21% (insurance branches). Adding the 1.53% BV-Beitrag, the 3.70% Dienstgeberbeitrag, a DZ surcharge of 0.31%-0.40% depending on the Bundesland, and the 3.00% Kommunalsteuer brings the total burden on top of payroll to roughly 29%-30%. The schemes below reduce this burden for specific target groups through AMS, Sozialministeriumservice or WKO; there is no horizontal contribution reduction applied automatically to all employers.

IX

Incentives and Employer Support Schemes

TARGET GROUP SUPPORT, APPRENTICESHIP AND SHORT-TIME WORK

SCHEME	SCOPE	NOTE
Eingliederungsbeihilfe (AMS)	Unemployed aged 50+, under 25 unemployed 6+ months, 25+ unemployed 12+ months	Amount and duration are case by case, set in an AMS meeting before employment starts
Inklusionsförderung / Entgeltzuschuss	Employers with 25 or more staff, disability employment	Prior use of Eingliederungsbeihilfe is a precondition
Exemption from Ausgleichstaxe	Employer that fills its quota	Not a separate subsidy, but an avoided cost
Basisförderung (apprenticeship)	Year 1: 3, year 2: 2, years 3-4: 1 Kollektivvertrag monthly wage	Reduced to 75% of the base starting July 1, 2026
UBA (inter-company apprenticeship)	For young people who cannot find a workplace	Payment goes to the training provider, not the employer
Kurzarbeit (short-time work)	Regular AMSG model	No figure should be quoted until the current net replacement rate is confirmed
Localization or nationalization incentive	Does not exist	Incompatible with the EU free movement principle

Verify before payroll

Stating what does not exist is also part of this section: Austria has no horizontal, automatic social security contribution reduction catalogue of the kind Turkey operates (schemes such as 6111, 4447/10, 7103 and similar), support here is case by case and application based. A Gulf style localization or nationalization quota incentive is also structurally absent because of EU membership. The current net wage loss replacement rate for Kurzarbeit could not be confirmed in this research from an official AMS or BMAW page; the COVID era figures (the 80%-90% band from 2020-2022) are no longer valid and have not been used in this guide, and the current rate should be confirmed from ams.at before publication. The 75% cut to apprenticeship Basisförderung taking effect from July 1, 2026 should be read together with the exception that one apprenticeship per company can still be claimed at 100%.

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MENA MARKETS

1

ONE COMPLIANCE OPERATION

0%

MISSED PAYROLL DEADLINES