



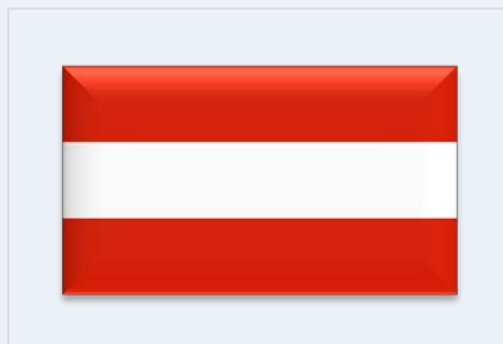
商業信託
Commercial Trust



Country Profile: Austria

The Facts

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| Location | Central Europe, north of Italy and Slovenia |
| Languages | Official language – German Others – Turkish, Serbian, Croatian, etc. |
| Nationality | Austrian |
| Religions | Roman Catholicism – 73.6% Protestant – 4.7% Others – 21.7% |
| Government | Federal Republic |
| Head of Government | Federal Chancellor |
| Legislature | Federal Assembly |
| Constitutional Document | Federal Constitution |
| Economy | A Member of the European Union. Austria offers a free market economy with a strong social focus, which features a system of economic and social partnership. The major industries are food, luxuries, mechanical engineering and steel construction, chemicals, and vehicle manufacturing. |
| Currency | Euro (EUR) |
| GDP (2011) | Total – EUR 300.86 billion Per capita – EUR 35,774 Real GDP growth – +3.1% |
| Population | 8.4 million (approx.) |
| Percentage of population | Austrians – 91.1% Former Yugoslavs – 4% Others – 4.9% |
| Area | 83,855 km ² |
| Time zone | CET (UTC +1) CEST (UTC +2) |
| Public Holidays | National holidays – 12 |
| Climate | Austria features a combination of Oceanic, Continental, and Pannonian climate. The east enjoys cold winters and hot summers with moderate precipitation throughout the year, whereas the west is subject to mild weather conditions. |



Sources: Embassy of Austria, Central Intelligence Agency, International Monetary Fund

Austria

Austria is considered a sophisticated and prosperous business location and is known as a trading bridge to European nations and the Balkans. The country has a well developed economy and is closely tied to the European Union. Investors from across the world find the country's legal, social and political climate highly attractive for setting up operations. The very fact that Austria can be used as a stepping stone to other European markets makes it a lucrative location. With the government supporting an investment friendly climate, relaxed tax norms and incentives for foreign investment, Austria is certain to garner the interest of many more businesses in the future.

The Austria Business Climate

In 2011, Austria's National Investment Promotion Company (ABA) reported a 34% rise in the foreign investment entering the country and a 31.8% rise in the number of jobs created in the country. The number of international companies setting up operations in Austria in 2011 stood at 183, with Germany and Italy leading the way as the largest investors. The relaxation of Austrian commercial laws is one of the main reasons why more and more businesses are now entering this developed market. In 2004, Austria revamped its Foreign Exchange Act to fulfill the requirements established by the EU. The act not only provided tax exemptions but also removed the restrictions on business transactions. With the restrictions on foreign investment considerably reduced, and a market that possessed both global and domestic potential, Austria predictably started gaining the attention it deserved in the business world.

- **Favorable investment climate:** Apart from reducing restrictions on foreign investment, the government runs a business promotion company, the Austrian Business Agency, which offers both support and incentives for companies setting up business operations in Austria.
- **Bright market potential:** The developed economy has a lot to offer in terms of business potential and its robust relationship with European countries makes it a great entry point to the European markets.
- **Low business taxation, solid legal structure:** Austria not only maintains low corporate tax regulations (provides a competitive corporate income tax rate of 25%) but also has a robust legal system, which protects business interests (Intellectual property rights, etc.).
- **Highly skilled labor:** The country offers highly skilled labor force, is crime free, and encourages a good standard of living.
- **Communications:** The country's communication lines, whether they are internal, external (transport systems) or digital (internet, wireless, etc.), are excellent, imparting a user friendly communications network for businesses.

According to the World Bank's Doing Business Index, Austria ranked 28 in terms of ease of doing business among 183 economies in 2011. With the liberalization of laws and its investment policies, along with enhanced government support, Austria has established itself as one of the premier investment locations in Europe.

Setting Up a Business in Austria

Foreign investors looking to set up operations in Austria should decide upon the business structure for their activities. Austrian law offers many possibilities for establishing a business and based on your investment plans and purpose, you should choose the business structure that suits your requirements the best. According to Austrian law, investors can establish their business in Austria as an independent subsidiary or non-independent branch of a foreign company. Following are some of the legal forms of doing business in Austria:

- Sole Proprietorship
- Partnership
 1. General partnership
 2. Limited partnership
 3. Special case of limited partnership
 4. Civil law partnership
- Corporation
 1. Limited liability company
 2. Public corporation

Procedure for Setting up a Company in Austria

Here are the different steps through which a company can be registered in Austria. Following this approach ensures that your company is registered in the least possible time, and without any hassles.

- A company can only come to legal existence in Austria after it has been registered with the commercial register in Austria. The articles of association, in the form of a notarial deed, have to be filed with the commercial register.
- The company also has to receive confirmation from the Economic Chamber that the start-up is really a new enterprise.
- Apart from this, special forms specifying the managing directors also need to be filed with the commercial register.
- The company must register at the local court, where it must publish an announcement of formations as well as register with the trade authority.
- The company must fill Form 15 or 24 and submit to the tax authorities for tax registration and obtain a VAT number that will be used for business transactions.

The minimum capital required for the formation of a company is €35,000, half of which has to be paid in cash to the company before it is included in the commercial register. There is no maximum share capital. A company requires a notarial assignment deed for the assignment of shares. Also, different types of companies need to abide by the management structure and liability norms defined for them by Austrian law. For example, while a limited liability company requires at least one shareholder, a stock corporation requires two. On the other hand, in case of a limited liability company, the liability of shareholders is limited, while a general partnership has unlimited liability for all partners.



Sole Proprietorship

This business form is considered to be one of the simplest ways of establishing a company and doing business in Austria. The regulations that need to be followed for the formation of a Sole Proprietorship include:

- Business is carried by the sole proprietor, this business form is not considered as a legal entity apart from its owner
- The proprietor remains both the owner and the manager of the company
- The proprietor is subject to unlimited personal liability for the company, with all his personal assets
- The proprietor himself is subject to taxation

This is the business form usually used by small businesses and enterprises

Partnership

General Partnership

The regulations that need to be followed for the establishment of a general partnership include:

- Partners should enter into a contract of association and operate the organization on the basis of commercial principles
- The name of the partnership must be registered with the register of commerce
- Each partner is personally liable with his assets for all business debt
- The partnership can incur liabilities, acquire rights, take legal actions and it can also be sued
- Partners can be both legal entities (corporation) or individuals

Limited Partnership

A limited partnership is different from a general partnership in many ways. The regulations that need to be adhered to for the establishment of a limited partnership are:

- There should be two kinds of partners with diverse roles
- At least one of the business partners has to be personally liable for debts, without limitations
- The other partner will be liable to the extent of his capital contribution to the business
- Partners can be both individuals and legal entities
- Each partner will individually be subject to taxation

Special Case of Limited Partnership

This business form is unique to Austria and Germany. The regulations that need to be followed for the establishment of this kind of partnership include:

- The limited liability company acts as the partner with unlimited personal liability of the limited partnership
- The company provides no capital and generally plays an administrative role
- Limited partnerships run the actual business and take care of business assets
- Representing power to third parties and management decisions are the responsibility of the partner with personal liability

Civil Law Partnership

Following are the norms that need to be followed for the establishment of a civil law partnership.

- Defined as an agreement between two or more partners who pool in their capital towards a common purpose
- The partners have to represent themselves to third parties
- Each partner is liable for the debts of the company with his own assets
- Each partner is subject to taxation
- This type of partnership cannot be included in the register of commerce
- Civil law partnership can only have internal effect between the two partners
- Joint ventures, professional partnerships like law firms are mostly created as civil law partnerships

Corporation

Limited Liability Company

As compared to partnerships and proprietorship, companies have easier access to capital and finances. However, the cost of establishing a company is much higher than setting up partnerships or proprietorships. Also, companies have to comply with many government norms and regulations. A limited liability company is the most common company model used by businesses and the regulations that need to be followed for its establishment include:

- Articles of association and minimum capital are required to set up a limited liability company
- The liability of shareholders is limited and this form of company is also known as an incorporated enterprise
- Investments have to be contributed and transfer tax (1%) has to be paid after the company is founded
- The company can be established by a single person or entity, and be registered with the register of commerce
- The company can have more than one managing director, who has the authority to represent the company
- The company should have at least one business manager, who is a resident of Austria
- Shares can only be transferred with a notarial deed. The transfer of shares must be recorded in the register of commerce



Public Corporation

- Considered as a legal entity with limited liability for shareholders
- Transfer of shares have to made with notarial deeds, although the transfer doesn't have to be recorded in the register of commerce
- Must possess a share capital of €70,000, a quarter of which has to be paid in cash
- Founders of the corporation need to appoint a supervisory board in a meeting. The supervisory board subsequently appoints the executive board
- Becomes a legal entity after being registered with the register of commerce
- Executive board responsible for the running of the business
- The general body of shareholders, executive board and supervisory board form the corporate bodies of public corporation

Taxation

Over the past few years, in a bid to provide an investment friendly climate, the Austrian government has significantly relaxed its tax norms. The income (taxable) of a corporation is taxed at a flat rate of 25%. There is also a minimum corporation tax, based on the capital of the corporation, in accordance with the Corporation Tax Act:

- 5% of nominal capital, which comes to \$2398, for a limited liability company each year and \$4797 per year for a public corporation
- \$7472 per year applicable to credit institutions and insurance companies
- \$1492 for startup companies

The main taxes that are potentially applicable in Austria are:

- Corporate income tax, levied at a flat rate of 25%
- Personal income tax, applied at a progressive rate between 23% and 50%
- Value added tax, applied at 20%
- Capital transfer tax, applied at 1%

The Austrian government allows deduction of only those expenses that are economically linked to the resources of income. The following types of expenses are not deductible:

- Cost of living
- Income tax
- Expenses for entertainment purposes

Immigration and Visa Requirements

Whether you are applying for a business visa or a travel visa, you have to get the permission from the Austrian embassy before you can start anything. Residents of EU member states and Switzerland don't require a visa in Austria and can stay for an unlimited period of time. To kick start the visa approval procedure, you must fill the visa application form and submit it to the Austrian Embassy. The form must be duly signed by the applicant and accompanied by the following documents:

- **Passport:** Must be valid for more than 3 months beyond the validity of the requested visa
- **Business letter:** Stating your business purpose in the country. It is advisable that you present a robust business plan to avoid any issues
- **Proof of sufficient funds:** You need to show sufficient funds to support your stay and purpose in the nation
- **Letter of support:** If you have a business partner in Austria, you can also request your partner to draft a letter of support for you
- **Photographs:** You have to attach two passport size photographs along with your visa application
- **Other required documents:** Proof of health insurance and transport documentation papers

Your visa application, along with all these documents, should be submitted in original and photocopy to the Austrian embassy. Make sure that you are as descriptive and transparent as you can be to improve your chances of approval. Incomplete applications are either not dealt with or you may have to take another appointment to present the lacking documents.

Banking Requirements

To open a corporate bank account, Austrian banks require detailed business and personal information of all the owners of the account. The bank will not only authorize the actual owner but also people who have been given signatory rights. Generally, banks request for a personal meeting with the owner of the company before setting up the account. Apart from filling in the account opening form, a list of other documents also have to be provided, such as:

- **Business plan:** For corporate bank accounts, you need to submit a business plan and show capital to support the plan
- **Tax and financial statements:** You need to show your tax statements, along with other financial documents to impart transparency to the procedure
- **Fees:** Each bank requires you to pay introductory fees for opening an account. The fee amount varies from bank to bank
- **Other documents:** You also need to show your passport and visa papers to the bank

The success of your application depends on the particulars of your business. If your credentials are authentic and descriptive, and you maintain a clear financial history, then your chances of success are pretty high.

Apart from the investment friendly climate and legal regulations, one of the major factors that is driving businesses to Austria is its untapped potential. Compared to its European counterparts, Austria still remains widely unexplored, as does its potential. Doing business in Austria is not only lucrative because of the strong domestic market but also because it opens the gateway of opportunities for businesses in other areas of Europe.

Reference

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|------------------------------------|--|
| Embassy of Austria, Washington D.C | www.austria.org |
| International Monetary Fund | www.imf.org |
| Central Intelligence Agency | www.cia.gov |

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