



EMPLOYMENT IN AUSTRIA



Austria, officially known as the Republic of Austria is a landlocked country in southern part of central Europe. The Austrian Alps cover 62% of the countries land area. Austria is a federation of 9 states, one of which is the capital, Vienna. Austria has been part of the European Union since 1995. The official language of Austria is German. Other recognised languages include Hungarian, Slovene, and Burgenland Croatian. The Austrian economic system can be characterised as a free market economy with a strong social focus. Austria is a highly developed industrialised country with an important service sector. The most important industries are food, luxury commodities, mechanical engineering, steel construction, chemicals, and vehicle manufacturing.

Employment in Austria is governed by statutory regulations, including the labour protection act (Arbeitnehmerschutzgesetz). Trade unions are prevalent in almost every sector in Austria. Collective bargaining agreements are very common, including industrywide collective agreements. Every employee in an applicable sector by law is a member of their trade union. Works councils are very common and can be established in every business with at least 5 employees. Below is some key information regarding employment in Austria, intended to provide a brief overview of employment law in Austria. It is not intended as substitute for professional legal advice and counsel.



PROS AND CONS OF HIRING IN AUSTRIA

Austria is centrally located within the EU. Being a member of the EU means there is vast talent pool of experienced and highly skilled workers able to relocate from other EU countries, as well as talent already located within Austria. However, Austrian employment law does provide strong labour conditions and protections for employees with. There are many industrywide collective agreements. A works council should be established in a business with more than 5 employees.

WHY AUSTRIA IS GOOD FOR REMOTE WORKERS

Remote working is becoming increasingly popular in Austria. In April 2021 a remote working law took effect, this includes the definition of remote work, requiring employers and employees to agree to remote working, setting out the arrangements for providing work equipment or compensatory payments, and allows remote work agreements to be negotiated with works councils.

WORKING TIME AND OVERTIME

There is a general limit of 40 hours per week, 8 hours per day working hours in Austria. Some industries do have a collective agreement in place that set the working hours at 38 per week. Overtime is generally permitted, there will need to be an agreement in place as to whether this is compensated by payment at an additional rate, or time off in lieu of payment. Working hours should not exceed 12 per day, apart from in exceptional circumstances. Employees who work over 6 hours per day are entitled to a rest period of at least 30 minutes.

ANNUAL LEAVE

Full-time employees are entitled to 25 days holiday per year, this increases to 30 days after 25 years seniority. In addition, there are 13 public holidays a year.

TRIAL PERIOD

Probation periods in Austria are permitted for one month, during this time either the employee or employer may terminate without explanation.

RESIGNATION AND DISMISSAL

If an employee is terminated without cause, then notice periods will apply depending on the duration of employment. Below is a table as general guidance.

Years of Service	Notice Period
0 - 2 years	6 weeks
2 – 5 years	2 months
5 – 15 years	3 months
15 – 25 years	4 months
25+ years	5 months





RESIGNATION AND DISMISSAL CONT...

Employment that commenced after January 2003, if employment lasts longer than 1 month, the employer is required to pay 1.53% of the employee's monthly gross salary into an employee provision fund (betriebliche Vorsorgekasse). When terminated, the employee has a severance right against this fund (given a minimum of 3 years of service and the employee did not give notice or was dismissed by cause) or the amount can be left in the employee provision fund, in which a future employer continues to contribute. Employment generally should only end at the end of each calendar quarter (31st March, 30th June, 30th, September, 31st December). This can be changed by individual agreement so that employment can also end on the 15th or at the end of each month. If a works council is established, it must be informed at least one week prior to termination. Failure to comply results in the invalidity of the termination. Immediate dismissal is possible with cause, this type of termination is referred to as summary dismissal (Entlassung). This can be for reasons such as theft, serious breach of contract, falsified records, and disclosure of confidential information.

RESTRICTIVE COVENANTS

Post termination restraints can be enforceable if they are reasonable and protect a business's legitimate interests. Garden leave is common amongst senior employees. Any clauses cannot exceed 12 months. There is no requirement for payment by an employer during a non-compete clause if the employee has resigned, or the employer has dismissed with cause. If an employer dismisses without cause, this is not enforceable. However, the employer can make this enforceable by paying the salary during the non-compete period. Customer non-solicits are permissible only in very narrow circumstances. Employee non-solicits are permissible.

CONTRACT OF EMPLOYMENT

Although a written contract of employment is not legally required in Austria, it is always best practice to have strong written contract in place. Employers are required by law to provide a document to the employee stating the terms and conditions of their employment. This is known as a 'Dienstzettel'. This does not have to be signed by the employee but must contain information such as the workplace location, salary, collective agreements, job title, annual leave, and termination requirements.

MATERNITY AND PATERNITY LEAVE

Expectant mothers are entitled to 16 weeks maternity leave (Mutterschaftsurlaub). To be taken 8 weeks before the expected due date, and 8 weeks after the birth. During maternity leave employees are entitled to pay which is the equivalent of the average salary over the previous 13 weeks before the maternity leave began. Within 8 weeks of the birth fathers are entitled to one month leave unpaid. Fathers may apply for an allowance during this time which is the equivalent of approximately €22 per day. Both parents are entitled to parental leave until the child reaches 2 years old, the condition being that the parent must live in the same household as the child. The minimum period of any parental leave is 2 months. During the time of parental leave, and provided the conditions are satisfied, childcare allowance (Kinderbetreuungsgeld) may be drawn.

SICKNESS LEAVE

Employees in Austria are generally entitled to sick pay under the Sick Pay Act (Entgeltfortzahlungsgesetz) (EFZG). However, the length of any entitled sick pay depends on the seniority and position held by the employee.



SOCIAL SECURITY

Austria offers a high-level social security system that is contribution based by both employer and employees. Social security covers areas such as unemployment, pensions, health, maternity, paternity, and parental benefits, disability, and work accident benefits. Employers will automatically register employees for social security insurance when they are hired.

HEALTHCARE AND INSURANCE

Everyone residing in Austria must have health insurance whether this is public or private. Employers are responsible for enrolling their employees for public health insurance with both employer and employee making contributions. Healthcare is free for those that are studying, retired, disabled, and employees earning below a certain threshold. Some employers may offer private health coverage as an additional benefit.





EMPLOYMENT OF FOREIGN NATIONALS

Most foreign nationals will need a permit or visa to work in Austria. Residents of countries that are a member of the European Union (EU) or the European Economic Area (EEA) do not need a work visa for employment in Austria. Austria favours high-skilled immigration, which is why it has created a points-based system that ranks applicants based on their merits. The Red-White-Red card is a highly skilled immigration programme, allowing highly skilled non-EU workers to apply for a job and obtain a permit. Applicants must score more than 70 points. Points are given based on work experience, qualifications, language abilities, and salary. The Red-White-Red card is valid for 2 years, after which it maybe extended, or be replaced for a Red-White-Red plus, this will allow holders to work for any company in Austria.



The EU Blue Card is aimed at highly skilled workers from outside the EU. Non-EU citizens who already have the EU Blue card but work in another country within the EU, are able to more easily obtain a work permit for Austria. To be eligible for an EU Blue Card, there can be no equally qualified Austrian or EU nationals available. To apply for an EU Blue Card, the applicant must already have an offer of employment and be earning over 1.5 times the average gross income.

The Job Seeker Visa is again aimed at highly skilled and qualified non-EU citizens, that do not already have an offer of employment. To be eligible for this visa applicants must score over 70 out of 100 on a points based system. The visa will allow applicants to reside in Austria for up to 6 months to search for employment. During this time if employment is found then they must apply for a work permit such as the Red-White-Red card, or EU Blue Card.



SALARY AND SALARY TAXES

MINIMUM WAGE

There is no statutory minimum wage in Austria. However, national collective bargaining agreements set minimum wages by job classification for each industry. At present, employees in Austria should not earn less than approximately €1,500 per month.

INCOME TAX

The Austrian tax year runs from January to December. It is the employer's responsibility to ensure taxes are paid from salaries before payments are made to employees. Income tax is known as Einkommensteuer, the general personal income tax rates are listed below as guidance.



Tax Payable	Salary
23%	Up to €11,000
25%	€11,001 - €18,000
35%	€18,001 - €31,000
42%	€31,001 - €60,000
48%	€60,001 - €90,000
50%	€90,000 +



SALARY PAYMENTS

Salaries are paid on a monthly basis in Austria. A 13th and 14th month bonus payment equal to one month's salary are very customary, these are paid in the summer and before Christmas and are taxed at a low rate. A 13th and 14th month payment will need to be included in a contract, or any collective bargaining agreements.

SOCIAL SECURITY CONTRIBUTIONS

Social security contributions are the responsibility of the employer to deduct from an employee's salary before payment. Both the employer and employee are subject to social security contributions. Below is a guideline for contributions for employer and employee. Please note these can vary.

Contribution	Employer	Employee
Pension	12.55%	10.25%
Health Insurance	3.78%	3.87%
Unemployment	3%	3%
Family Allowance Fund	3.90%	0%
Severance Fund	1.53%	0%
Accident Insurance	1.20%	0%
Employer Provision Fund	1.30%	0%
Miscellaneous	0%	1%



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