



RECHTSANWÄLTE
ATTORNEYS AT LAW

HOW TO DO BUSINESS IN AUSTRIA
FINDING BRILLIANT OPPORTUNITIES
IN AUSTRIA



Overview

Area: 83,879 km²

Population: 8,935,112

Capital (population): Vienna (1,930,000)

Time zone: GMT +1 hour

Currency: EUR

Climate: Temperate

Form of government: Federal Parliamentary Republic

Memberships: EU, UN, OECD, WTO, IMF, EC

Risk of natural disaster: Very low

The Federal President is the highest representative and term of office lasts 6 years. The Federal Chancellor of Austria is the head of government. The position corresponds to that of Prime Minister in several other parliamentary democracies. The Vice-Chancellor of Austria is a member of the Federal Government and the deputy of the Chancellor. Parliament consists of two chambers (National Council and Federal Council) and 244 seats (183 + 61).



ECONOMY

GDP growth prognosis

According to the European Commission so far for 2022, the GDP in Austria will increase by **4.3** percent, compared to the previous year, as a consequence of the coronavirus (COVID-19) pandemic. The IMF predicts growth of **4.5** percent.

GDP per capita, at PPP

EUR (2019) 44,545

USD (2020) 48,105.36

VAT rates:

20%, 13%, 10%, 0%

The most prolific investment:

- information technology which encompasses subsectors like security and financial technology;
- the financial sector which now includes cryptocurrencies and blockchain technology;
- trading which is one of the largest contributors to the Austrian economy;
- real estate, in which investors can set up construction companies and real estate agencies;
- manufacturing which is the top economic sector in Austria.

INTERNATIONAL TRADE

Exports (2020): \$160B

- Destinations:
 1. Germany (29.1%),
 2. United States (6.62%),
 3. Italy (6.08%),
 9. China (2.93%)
- Led by Cars (\$7.02B), Packaged Medicaments (\$6.48B), Blood, antisera, vaccines, toxins and cultures (\$4.96B), Vehicle Parts (\$4.14B), and Flavored Water (\$2.86B)

Imports (2020): \$165B

- Origins:
 1. Germany (39%)
 2. Italy (6.3%)
 4. China (4.86%)
 9. United States (2.61%)
- Led by Cars (\$7.91B), Broadcasting Equipment (\$4.53B), Vehicle Parts (\$4.23B), Blood, antisera, vaccines, toxins and cultures (\$3.69B), and Packaged Medicaments (\$3.64B)

ENTRY & RESIDENCE

Third-country nationals who stay or intend to stay in Austria for more than six months require a residence permit.

- Red-White-Red Card
- Residence permit for pupils, students and researchers
- "Family Reunification"
- "Settlement permit – gainful employment excepted"
- "Settlement Permit - Special Cases of Gainful Employment"
- EU Blue Card



SETTING UP YOUR BUSINESS IN AUSTRIA

1. Austria is geographically the heart of Europe and thus offers a unique starting position for new businesses.
2. Funding & Financing - even during the pandemic, many companies were able to rely on state aid funds.
3. The possibility of foundation privileges.
4. Know-how and expertise in the field of innovation and digitalization.
5. Various company forms, including those with limited liability, so that there is no personal liability on account of the shareholders.

Starting a Business (rank)	127
Score of starting a business (0-100)	83.2
Procedures (number)	8
Time (days)	21
Cost (number)	4.7
Paid-in min. capital (% of income per capita)	11.5

Dealing with Construction Permits (rank)	49
Score of dealing with construction permits (0-100)	75.1
Procedures (number)	11
Time (days)	222
Cost (% of warehouse value)	1.1
Building quality control index (0-15)	13.0

Getting Electricity (rank)	29
Score of getting electricity (0-100)	87.7
Procedures (number)	5
Time (days)	23
Cost (% of income per capita)	85.8
Reliability of supply and transparency of tariff index (0-8)	7

Registering Property (rank)	31
Score of registering property (0-100)	80.0
Procedures (number)	3
Time (days)	20.5
Cost (% of property value)	4.6
Quality of the land administration index (0-30)	23.0

Getting Credit (rank)	94
Score of getting credit (0-100)	55.0
Strength of legal rights index (0-12)	4
Depth of credit information index (0-8)	7
Credit registry coverage (% of adults)	2.2
Credit bureau coverage (% of adults)	53.5

Protecting Minority Investors (rank)	37
Score of protecting minority investors (0-100)	70.0
Extent of disclosure index (0-10)	5.0
Extent of director liability index (0-10)	5.0
Ease of shareholder suits index (0-10)	7.0
Extent of shareholder rights index (0-6)	5.0
Extent of ownership and control index (0-7)	7.0
Extent of corporate transparency index (0-7)	6.0

Paying Taxes (rank)	44
Score of paying taxes (0-100)	83.5
Payments (number per year)	12
Time (hours per year)	131
Total tax and contribution rate (% of profit)	51.4
Postfiling index (0-100)	98.5

Trading across Borders (rank)	1
Score of trading across borders (0-100)	100
Time to export	
Documentary compliance (hours)	1
Border compliance (hours)	0
Cost to export	
Documentary compliance (USD)	0
Border compliance (USD)	0
Time to export	
Documentary compliance (hours)	1
Border compliance (hours)	0
Cost to export	
Documentary compliance (USD)	0
Border compliance (USD)	0

Enforcing Contracts (rank)	10
Score of enforcing contracts (0-100)	75.5
Time (days)	397
Cost (% of claim value)	20.6
Quality of judicial processes index (0-18)	13.0

Resolving Insolvency (rank)	22
Score of resolving insolvency (0-100)	77.4
Recovery rate (cents on the dollar)	79.9
Time (years)	1.1
Cost (% of estate)	10.0
Outcome (0 as piecemeal sale and 1 as going concern)	1
Strength of insolvency framework index (0-16)	11.0

CORPORATE FORMS

PERSONAL LIABILITY

- Sole trader (*“Einzelunternehmen”*)
- General partnership (*“Offene Gesellschaft”*)
- Limited partnership (*“Kommanditgesellschaft”*)
- Company constituted under civil law (*“Gesellschaft bürgerlichen Rechts”*)

LIMITED LIABILITY

- Limited liability company (*“Gesellschaft mit beschränkter Haftung”*)
- Joint-stock company (*“Aktiengesellschaft”*)
- Silent partnership (*„Stille Gesellschaft“*)
- Cooperative society (*„Genossenschaft“*)

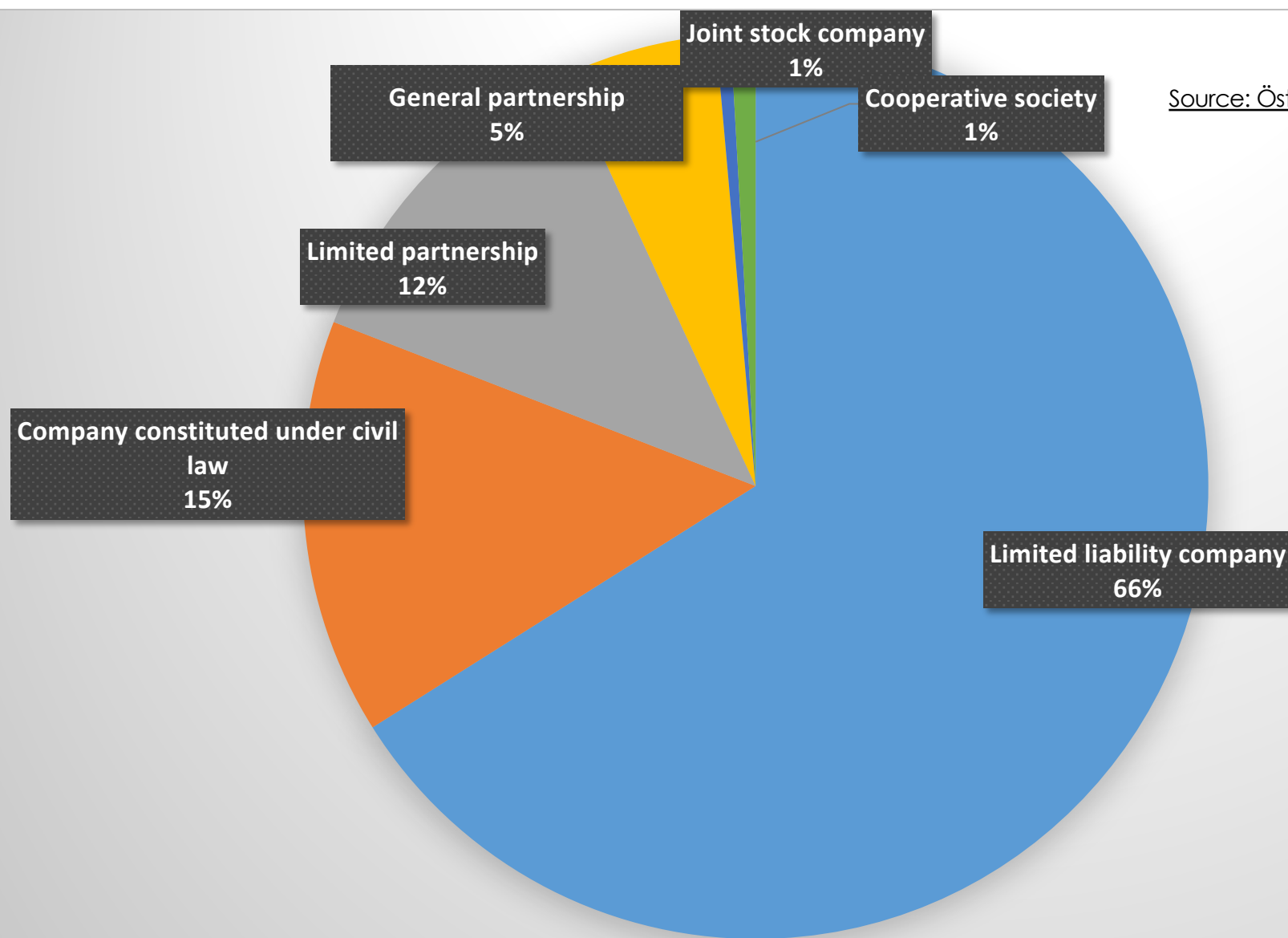


ONE STEP AHEAD



Companies by legal form in 2019

Source: Österreich - Unternehmen nach Rechtsformen 2019 | Statista



- Limited liability company
- Company constituted under civil law
- Limited partnership
- General partnership
- Joint stock company
- Cooperative society

LIMITED LIABILITY COMPANY

Next to sole traders the limited liability company is the most frequently chosen corporate form in Austria.



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FOUNDATION

- Partnership agreement in the form of a notarial deed;
- Election of managing directors;
- Registration at the commercial register;

CAPITAL CONTRIBUTION

- At least EUR 35.000,- (half must be paid in cash at incorporation) **or** EUR 10.000,- (foundation privilege for the first 10 years, half must be paid in cash at incorporation);

LIABILITY

- Each shareholder is only liable for the amount of his capital contribution.

TRADE LICENSES

- General prerequisites
- Special prerequisites for certain regulated trades (proof of qualification)
- Legal entities must appoint a manager under the Trade Act (*Gewerbeordnung*)
- Applications for trade licenses submitted to relevant district or city administration authorities

LEGAL & COURT SYSTEM

- Civil law country, based on Roman Law;
- Separation into public law, private law and criminal law;
- Legislation, administration and jurisdiction are strictly separated from each other;
- The main source for private law is the General Civil Code ("*Allgemeines Bürgerliches Gesetzbuch*" – ABGB);

PUBLIC COURTS

- 3 instances;
- relatively fast and reliable;
- potentially costly (court fees are a percentage of the value of dispute with no upper limit);
- treaties for the enforcement of foreign judgements.



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ARBITRATION

Arbitration is of great importance especially in (international) trade. It has many advantages over the ordinary courts, especially for disputes between Austrian and Chinese companies.

- Enforceability: Austria is a member of the New York Convention
 - reciprocal enforcement of arbitral awards with Austria
- Efficiency: Austrian Supreme Court is first and last instance for challenging an arbitral award
- Arbitration friendly: Austrian Arbitration Act is based on the UNCITRAL Model Law
- Vienna is a popular venue for international arbitration
 - located in the heart of Europe
 - highly regarded meeting point for businesses and public services
- Vienna International Arbitral Centre
 - Predictable and comparatively reasonable costs
 - Mostly electronic administration of proceedings

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