

R&D Tax Incentives: Austria, 2021

Design of R&D tax relief provisions

Austria provides R&D tax relief through a volume-based R&D tax credit.

Table 1. Main design features of R&D tax incentives in Austria, 2021

		Research premium
Tax incentive		Tax credit
Type of instrument		Volume-based
Eligible expenditures[†]		Current and capital
Headline rates (%)		14
Refund		Yes (no ceiling)
Carry-over (years)		Indefinite (carry-forward)
Ceilings	R&D expenditures (subcontracted R&D)	EUR 1 million

Note: For more details, see [OECD R&D Tax Incentive Compendium](#) and [Eligibility of current and capital expenditure for R&D tax relief](#)

Source: OECD, R&D Tax Incentives Database, <http://oe.cd/rntax>, December 2021.

Key features:

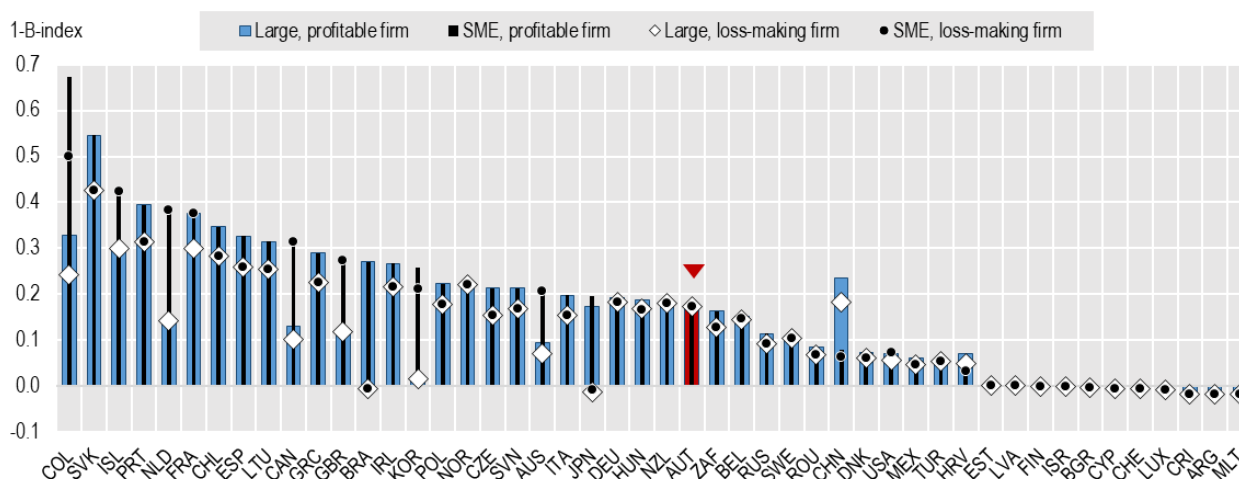
- In case of insufficient tax liability, firms can receive a refund of unused credits. No ceiling is placed on such a refund. Alternatively, firms can carry-forward unused credits indefinitely.
- Subcontracted R&D expenditures are limited to a maximum of EUR 1 million per year.

Generosity of R&D tax support in 2021

Differences in the design of R&D tax incentives drive significant variation in the expected generosity of tax relief per additional unit of R&D investment. In 2021, the implied R&D tax subsidy rate for SMEs and large firms in **Austria** is estimated at 0.17 in both profitability scenarios. In the case of SMEs, this subsidy rate is smaller than the OECD median in both the profit-making (0.20) and loss-making (0.18) scenario. In the case of large firms, the implied R&D tax subsidy rate is equal to the OECD median for large profit-making firms (0.17) but exceeds the OECD median for large loss-making firms (0.15).

Figure 1. Implied tax subsidy rates on R&D expenditures: Austria, 2021

1-B-Index, by firm size and profit scenario



Note: Implied marginal tax subsidy rates, presented for different firm size and profitability scenarios, are calculated based on headline tax credit/allowance rates (see [methodology](#) and [country-specific notes](#)), providing an upper bound value of the generosity of R&D tax support, not reflecting the effect of thresholds and ceilings that may limit the amount of qualifying R&D expenditure or value of tax relief.

Source: OECD, R&D Tax Incentives Database, <http://oe.cd/rntax>, December 2021.

Recent developments in R&D tax relief provisions

Regular reforms of R&D tax incentives lead to continuous changes in the availability, scope and generosity of R&D tax incentives. Such reforms relate to the launch of new tax incentives, the R&D definition adopted for tax purposes, changes in tax credit and allowance rates, adjustments of thresholds or upper ceilings on qualifying R&D expenditure or tax relief amounts, or changes in the terms and availability of refunds.

In 2021, **Austria** did not undertake **changes** in its R&D tax relief provisions. The **latest change** in the design of the R&D tax credit (R&D premium) in **Austria** occurred in **2018**, when the headline rate of the R&D tax credit was lifted from 12% to 14%. An important **change in the administration of R&D premium** occurred in **2012**, when for research credits relating to tax years beginning on or after January 1, 2012 an approval from the Austrian Research Promotion Agency (FFG) became mandatory. The application for an assessment by the FFG can be made free of charge after the end of the fiscal year in which the tax credits would apply, and has to be filed electronically.

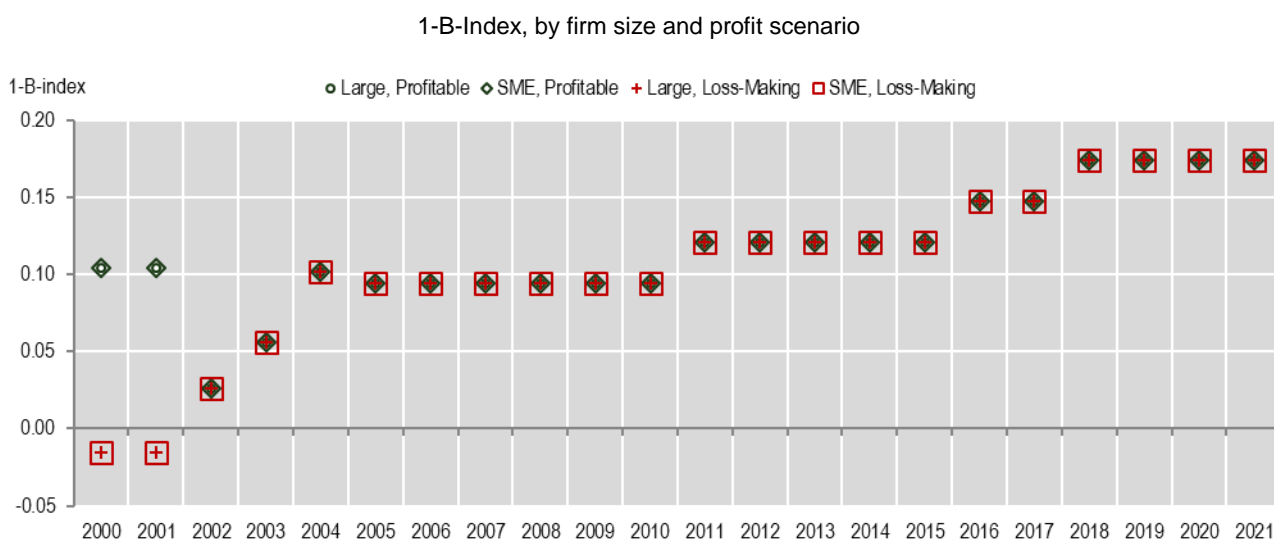
Trends in the generosity of R&D tax support

The generosity of R&D tax incentives has increased steadily in **Austria** over time, from an implied R&D tax subsidy rate of 0.09 in 2007 to a rate of 0.17 in 2021 (in each of the four scenarios considered).

In 2002, **Austria** introduced a refundable R&D tax credit (R&D premium) at a credit rate of 3%. Compared to the previous R&D tax allowance (abolished in 2011), this new tax credit implied a lower R&D tax subsidy rate for profitable firms but was more generous for loss-making firms due to the refundability of excess claims in case of insufficient tax liability. As a result of this refundability provision, implied marginal R&D tax subsidy rates coincide for profitable and loss-making firms, independent of their size, from 2002 onwards.

The rate of the R&D premium increased in several instances, from initially 3% to 5% in 2003, to 8% in 2004, 10% in 2011, 12% in 2016, and 14% in 2018. Since then, it remained unchanged until 2021. With the increase in the rate of the R&D premium in 2011, the implied marginal R&D tax subsidy rate available to firms under the R&D premium surpassed the R&D tax subsidy rate available to profitable firms under the previous R&D tax allowance.

Figure 2. Implied tax subsidy rates on R&D expenditures: Austria, 2000-21



Note: Implied marginal tax subsidy rates, presented for different firm size and profitability scenarios, are calculated based on headline tax credit/allowance rates (see [methodology](#) and [country-specific notes](#)), providing an upper bound value of the generosity of R&D tax support, not reflecting the effect of thresholds and ceilings that may limit the amount of qualifying R&D expenditure or value of tax relief.

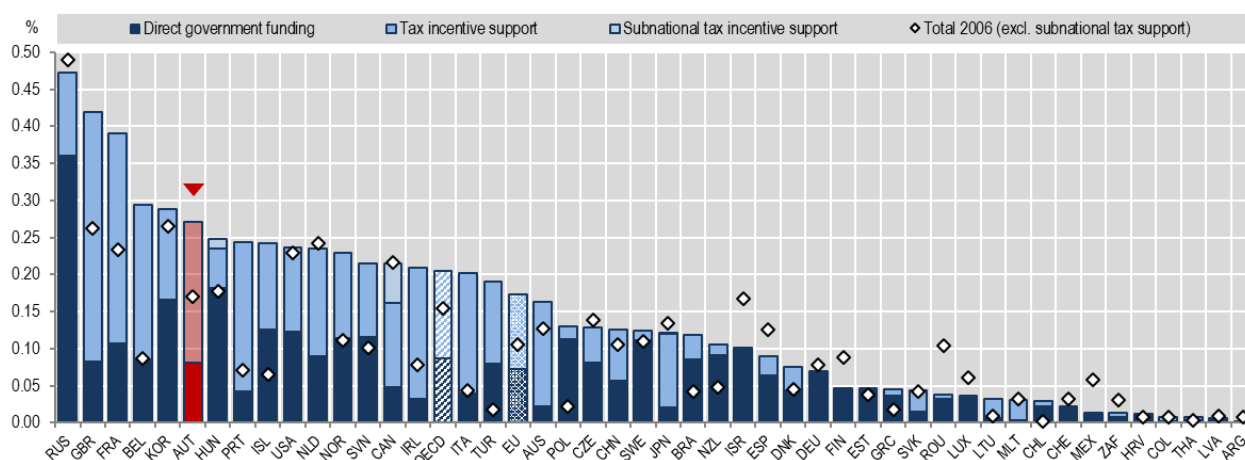
Source: OECD, R&D Tax Incentives Database, <http://oe.cd/rntax>, December 2021.

Policy support for business R&D: the policy mix

Austria is among OECD and partner economies that provide the largest level of total government support to business R&D as a percentage of GDP, equivalent to 0.27% of GDP in 2019.

Figure 3. Direct government funding of business R&D and tax incentives for R&D, 2019 (nearest year)

As a percentage of GDP



Note: Data on subnational tax support are only available for a group of countries.

Source: OECD, R&D Tax Incentives Database, <http://oe.cd/rdtax>, December 2021.

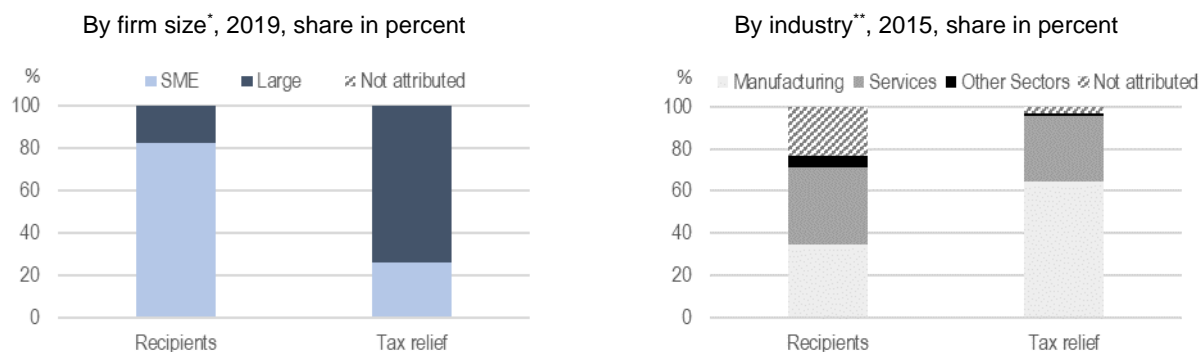
Key points:

- From 2006 to 2019, government support for BERD as a percentage of GDP increased in **Austria** by 0.1 percentage point (pp), while the OECD average (2006-2019) increased by 0.05 pp.
- During this period, business R&D intensity in **Austria** increased from 1.66% to 2.2%.
- In 2019, R&D tax incentives accounted for 70% of total government support for BERD in **Austria**.

Distribution of R&D tax relief recipients and government tax relief for R&D

The distribution of R&D tax relief recipients and government tax relief for R&D expenditures (GTARD) provide insights into what types of firms claim and benefit from tax relief.

Figure 4. Number of R&D tax relief applicants and value of government tax relief for R&D, 2019 / 2015



Note: Figures refer to the R&D premium. Recipient figures refer to applicants instead of recipients. *SMEs are defined as firms with 1-49 employees. **Industry classification based on ÖNACE 2008 (NACE Rev. 2).

Source: OECD, R&D Tax Incentives Database, <http://oe.cd/rdtax>, December 2021.

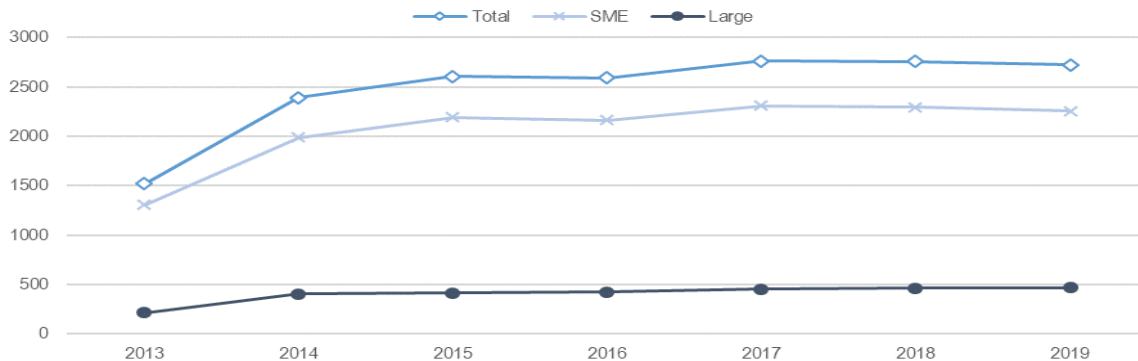
Key points:

- In **Austria**, SMEs accounted for 83% of R&D tax relief applicants in 2019, while the share of R&D tax support accounted for by SMEs amounted to 26% in this year. 74% of R&D tax benefits were allocated to large firms, comprising 17% of the population of R&D tax relief applicants in 2019.
- In 2015, firms in services represented around 37% of R&D tax relief applicants in **Austria**, followed by firms in manufacturing with a share of 34%. The share of R&D tax benefits accounted for by the latter amounted to 65% in that year, while the share attributable to firms in services amounted to 31%.

Trends in the uptake of R&D tax incentives

Over the period 2013-2019, the number of R&D tax relief applicants increased in **Austria**, reaching a peak of 2 760 applicants in 2017. Most of the increase observable for the 2013-19 period is attributable to SMEs. Throughout these years, SMEs accounted for around 80% of R&D tax relief applicants in Austria. From 2013 to 2019, the number of SMEs receiving R&D tax support increased from around 1 300 to 2 250, while the number of large firms receiving tax support increased from around 215 to close to 470.

Figure 5. Number of R&D tax relief applicants, Austria, 2013-2019



Note: Figures refer to the R&D premium and correspond to applicants instead of recipients.

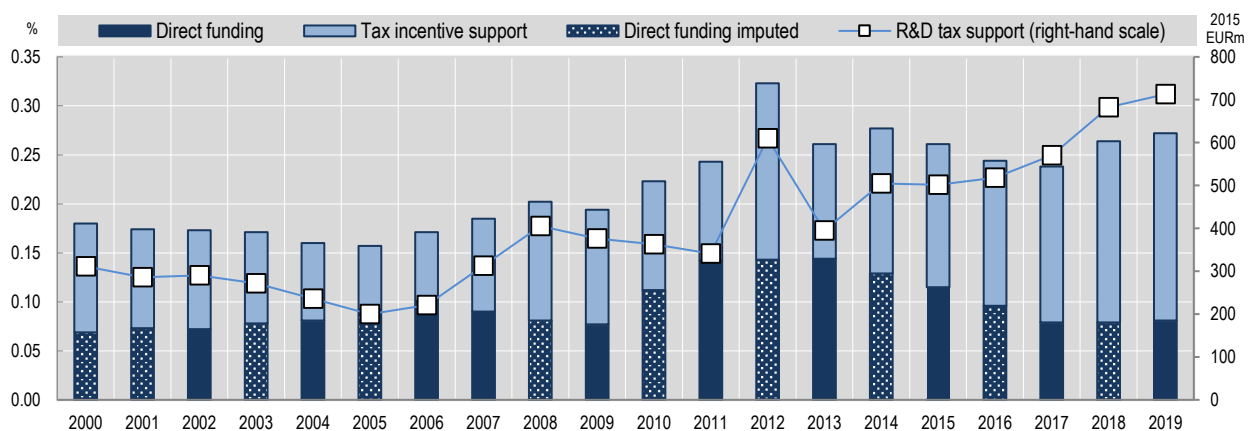
Source: OECD, R&D Tax Incentives Database, <http://oe.cd/rdtax>, December 2021.

Trends in government support for business R&D

Between 2005 and 2019, the importance of R&D tax relief increased in **Austria** in absolute terms. The relative magnitude of tax compared to direct support has also increased, especially in more recent years.

Figure 6. Direct funding of business R&D and tax incentives for R&D, Austria, 2000-19

As a percentage of GDP, 2015 prices (right-hand scale)



Source: OECD, R&D Tax Incentives Database, <http://oe.cd/rdtax>, December 2021.

- The cost of tax support rose (in 2015 prices) from EUR 311 million in 2000 to EUR 713 million in 2019.
- As percentage of GDP, the amount of tax support increased from 0.11% to 0.19% of GDP during this period. The peak observable in 2012 (0.18% of GDP) was due to the ceiling on subcontracted R&D expenditure being increased from EUR 100 000 to EUR 1 million and R&D credits requiring approval by the Austrian Research Promotion Agency (FFG).
- Direct funding of BERD increased from 0.07% of GDP to 0.08% of GDP over the 2000-19 period, but has declined since 2013.
- The share of R&D tax incentives in total government support varied over the 2000-19 period, amounting to 62% in 2000, 42% in 2005 and 50% in 2010 and reaching 70% in 2019.

Please cite this note as: OECD (2021). "R&D Tax Incentives: Austria, 2021", www.oecd.org/sti/rd-tax-stats-austria.pdf, Directorate for Science, Technology and Innovation, December 2021.

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