

CONTRIBUTIONS AND NOTIFICATION

Contribution Basis

The contribution basis for agricultural/forestry entities is, as a rule, derived from the **assessed value** (flat calculation). The assessed value is a value established by the revenue office for tax purposes, expressing the productive capacity of the agricultural/forestry entity. Based on a legally defined formula, the assessed value is computed into a monthly contribution basis.

If the farm manager's place of residence and his/her business are located in Austria and he/she owns or utilizes agricultural/forestry areas abroad in an EEA member state, these areas will also be used for the calculation of contributions.

In general, income generated from farming activities as ancillary work entails a higher social security contribution basis. If these side activities are not pursued by the farm manager himself/herself but by a full-time employed relative on his/her behalf, any accrued earnings may also attributed to such a relative directly so that he/she will reach a higher contribution basis for his/her own pension. Works managers have two options for calculating such **contribution basis**. When determining its amount pursuant to an **income-tax assessment ruling** ("Einkommenssteuerbescheid"), the earnings indicated therein shall be applied as a basis. Thereby the revenues generated from alle side activities must be considered. If, however, the farm manager decides to opt for a **flat calculation** of the contributions payable for side activities, then, as a rule, 70 percent of gross earnings will be deducted as flat business expenses. The remaining 30 percent are entered into the calculation as the annual contribution basis.

For running the entity as well as for any side activities, provision is made for a separate **minimum contribution basis** warranting a minimum payment of contributions.

If an **option for contribution basis** is applied for, the earnings stated in the **income tax assessment notice** (net profit) will be decisive for the main activity as well as for any side activities. However, if an option for contribution basis is claimed, a higher minimum contribution basis will apply and an additional charge of three percent of the total contribution is payable.

In all cases, contribution payments will be limited by a **maximum contribution basis**. Any income exceeding this value will be exempt from social security contributions.

Contribution Rates

Proceeding from the **contribution basis**, the contributions payable per calendar month are calculated by applying contribution rates. The applicable contribution rates are as follows:

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| Farmers' retirement insurance: | 22.8 %* |
| Farmers' health insurance | 7.65 % |
| Farmers' accident insurance | 1.9 % |
| Retirement provision for the self-employed (see page 79) | 1.53 % of the retirement insurance contribution basis |

* 22.8% of the contribution basis must be paid as contribution to pension insurance by all persons who are subject to compulsory insurance under the Austrian Federal Social Insurance Act (Bundessozialversicherungsgesetz – BSVG). One portion of this contribution is payable by the insured party himself/herself and the other portion is covered by the Austrian Federation in the form of a so-called "Federal Partner Benefit" ("Partnerleistung des Bundes"), partially drawn from the fiscal income that is generated from all contributions paid by persons subject to compulsory insurance. As of 1 January 2015, the insured party is liable to pay 17 %, the Austrian Federation 5,8 % of said contribution respectively.

Retirees' health insurance contributions account for 5.1 percent of the old-age retirement benefits. Additionally, all retirees have to pay a **solidarity contribution** of 0.5 percent of the old-age retirement benefit which indirectly contributes to the financing of the retirement insurance compensatory supplement. Hence, the total contribution amounts to 5.6 percent.

Due to the problematic demographic structure of the insured farmers – more and more retirees, less and less gainfully employed and the lack of co-financing through employers' contributions – the Federal Government pays grants in the form of **federal contributions**, to support the farmers' retirement insurance system, as it does for the retirement schemes of other occupational groups.

In order to secure farmers' health insurance despite the problematic **demographic development** – more retirees than gainfully employed – the farmers' health insurance branch receives funds from the tobacco tax, which is earmarked for health purposes.

The Insured's Obligation to Notification

Within one month after the beginning or end of compulsory insurance, the farm manager is obliged to submit to the SVB his/her registration/cancellation and that of family members regularly working in his/her entity, respectively.

When failing to notify the SVB or if the notification is effected late, **additional charges** may apply. Moreover, notification has to be made within one month, of any changes occurring during the period of compulsory insurance and relevant for the insurance fund. The notification of earnings from an agricultural/forestry side activity for the respective calendar year must be received by the SVB no later than **April 30 of the subsequent year**.

Bearing in mind that as of 2013, the data submitted by Agrarmarkt Austria (AMA) stemming from grant applications will be annually collated with the SVB, it is important to ensure timely and consistent notification regarding your operational management and cultivation situation.

Charging of Contributions and Due Date

Insured persons will be charged contributions (health, accident and retirement insurance) **ex-post** on a **quarterly** basis. Contributions are due on conclusion of the month following the charged period. Contributions for persons to whom, pursuant to BSVG, merely accident insurance applies, are only charged once a year (at the beginning of April) with the contribution due by the end of the month in which the bill was rendered. Charging of contributions for agricultural side activities is effected together with the charging of the contributions for the third quarter of the following year at the latest. The contributions for the retirement provision for the self-employed, if applicable, will be charged together with the social insurance contributions.

The insured is obliged to pay the contributions within two weeks following the due date. If failing to do so, he/she will receive a **reminder** and will be charged a **late payment penalty in addition to the contributions**.