



DR. GERNOT FELLNER
ÖFFENTLICHER NOTAR IN LINZ
Rainerstraße 20 A-4020 Linz

Tel.: 0732/600980
Fax: 0732/600980-12
office@notar-fellner.at



**Europäischer
Markenvertreter**

Opportunities, benefits and advantages of establishing your company or subsidiary in Austria

Author: Gernot Fellner

Ladies and Gentlemen,

At the beginning of the third millennium globalization, toughest competition, pricing and competitive pressure are influencing the parameters of the economic situation which confronts companies while selling their products, realizing their profits and developing their forward looking strategies.

The expansion of the European Union brings chances on the one hand and deficits on the other hand: chances as new markets can be supplied by innovative companies, deficits as a loss of security is felt by the competitors since the national governments are not able to influence negative economic situations. But national governments are able to set a positive external environment for starting a company and running a business.

Hence industrialists and entrepreneurs in the central and eastern European region have to look across borders to find the best terms of reference for their foreign investments. All the companies which are engaged in business abroad are facing quite specific challenges, especially with respect to EU expansion. Competition between national governments takes place in offering the most attractive macroeconomic environment for entrepreneurial activities in the new EU member states as well as in the original fifteen states of the European Union.

The Austrian cabinet for example cut corporate tax in 2005 from 34% to 25% and introduced group depreciation for groups of companies in national tax law.

With the Neugründungs-Förderungsgesetz (NeuFöG) Austrian law alleviates business start-ups for budding entrepreneurs who start a brand new business with their head office or a location (subsidiaries, branches) in Austria, regardless of whether you are Austrian or not. If you form a company or subsidiary in Austria to start up any business you have exemption from the following duties and taxes:

a) **stamp duty** for all documents concerning with the business start-up (e.g. memorandum of association);



Der Notar – Ihr Rechtsdienstleister – www.notar-fellner.at

Bankverbindungen:

Allgemeine Sparkasse OÖ Bank AG
Bank Austria - Creditanstalt

BLZ:

20320
12000

Kontonummer:

00000-214544
049 266 92 700

DVR:

106867

UID:

ATU 50964103

b) **land tax** when, as a consequence of the articles of association, estate is purchased by your company or given as non-cash benefit to your company;

c) **court fees** for the incorporation of your company in the register of companies and also in the proprietorship register if registration is necessary;

d) **corporation tax** for the shares of a new corporation (usually 1% of the asset value);

e) **stock transfer tax** when, as a consequence of the articles of association, stocks and shares are given as non-cash benefit to your company;

f) **payroll costs** (e.g. National insurance contributions / Familienlastenausgleichsfonds / Wohnbauförderungsbeitrag / statutory accident insurance / contributions to the chamber of commerce) for the first twelve months after starting business in Austria.

For this reason starting up a business in Austria and forming a company mainly in the developing economic regions of the federal state of Upper Austria may help your business to perform well. The provincial government of Upper Austria is starting a strategic program to accomplish the targets "*better industrial growth, competitive enterprises, security and prosperity*". Not only tax incentives but also an optimal general situation are the real stimulus for successful entrepreneurship. Economic experts are postulating that one year after the EU expansion the result is very positive. Companies located in Austria benefit from the emerging markets. The parameters for these companies are high export boom and a favourable balance of trade.

Therefore if you are interested in floating a company in Austria our national companies act offers you a wide range of opportunities:

- close company, partnership (Personengesellschaft);
- limited partnership (Kommanditgesellschaft);
- private limited company (Gesellschaft mit beschränkter Haftung);
- public limited company (Aktiengesellschaft).

To design the articles of association or articles of partnership and to incorporate your new company or subsidiary in the register of companies you need the know how of local experts, notaries as well as tax accountants. For this purpose the most appropriate procedure (chosen from the insights gained by years of experience) is carefully adapted to the new company's particular requirements and, using a network of local tax consultant partners specifically in Linz, Wien and Klagenfurt, tailor-made solutions are offered by my notary legal office. The choice of method employed is state-of-the-art and made to correspond to the relevant current jurisdiction, expert opinions and international standards.

Your company's or subsidiary's special non-legal needs will be satisfied by my partners namely small specialised tax advice offices as well as members of the "Big Four", specialised law offices and employment agencies.