Types of business entities in Austria

In Austria the following forms of business entities are available:

- **Sole trader** (“Einzelunternehmen”)
- **General partnership** (“Offene Gesellschaft” - OG)
- **Limited partnership** (“Kommanditgesellschaft” - KG)
- **Company constituted under civil law** (“Gesellschaft bürgerlichen Rechts” - GesbR)
- **Limited liability company** (“Gesellschaft mit beschränkter Haftung” - GmbH)
- **Silent partnership** (“stille Gesellschaft” - stGes)
- **Cooperative society** (“Erwerbs- und Wirtschaftsgenossenschaften” - Gen)
- **Joint-stock company** (“Aktiengesellschaft” - AG)

It makes a big difference whether the business is founded for example as a sole trader, GmbH or OG. Not only in terms of financial expenses for the foundation, but also with regards to the running costs, future taxation, the basic conditions for social insurance and liability issues.

Accounts and audit requirements for companies

In Austria, companies subject to accounting requirements must prepare a financial statement for the previous financial year **within nine months** after the end of the financial year. **In the first five months** of the financial year **stock corporations** (limited liability companies - GmbH, joint-stock companies - AG, Societas Europaea - SE), hidden corporations (GmbH & Co. KG) and private foundations must publish the annual financial statements for the previous financial year including the annexes as well as, where appropriate, a group management report, a corporate governance report (e.g. large stock corporations) and a report on payments to governmental bodies (e.g. major companies operating in the extractive industry or in the sector of commercial logging in primary forests) and submit all legally required accountable documents to the members of the Supervisory Board (if one exists).

In Austria exists a legal requirement for **retention obligation** - in addition to annual financial statements and other documents, consolidated financial statements and group management reports must also be kept in an orderly manner for seven years from the date of compilation, or as long as they are important for a pending court or administrative procedure in which the entrepreneur holds a party status.

	Deadlines for sole traders and partnerships
Submission of the annual accounts to the Commercial Court of Registration:	within **first nine months** after the end of the financial year: preparation of the annual financial statements
	Deadlines for corporations
Submission of the annual accounts to the Commercial Court of Registration:	1) within **five months** after the end of the financial year: Presentation of all legally required accountable documents to the members of the Supervisory Board 2) no later than **nine months after** the balance sheet date: Submission to court 3) major joint-stock companies: immediately after the

	annual financial statements have been dealt with at the Annual General Meeting, **at the latest nine months after** the balance sheet date: Publication of the annual financial statements in the official gazette "Amtsblatt der Wiener Zeitung"
Payment of corporation tax of 25 percent of the income (profit) to the tax office:	On February 15, May 15, August 15 and November 15 (payment in advance, according to last income tax declaration)
Payment of the VAT to the tax office in the amount of 20 percent or 10 percent of sales revenue (net amount):	Deadline: 15^{th} day of the second month following the period in which the VAT was accumulated

In addition, special accounting regulations exist for various corporate forms such as cooperatives, associations, insurance companies, EEIGs, mutual and mutual-type associations, savings banks, and others.

A corporation which is qualified as "medium-sized" or "large" as well as "small" joint-stock companies are required to have an audit. This regulation does not apply on "small" limited liability companies, if they are not required by law to have a supervisory board.

"Microfinance" companies which are not investment companies or holding companies, do not have to add an annex to the financial statement if they do not exceed the legally required indications (e.g. contingent liabilities, advances and loans to directors) of at least two of the following three criteria:

- € 350,000 balance sheet total
- Revenues of € 700,000 were generated in the twelve months prior to the balance sheet date
- An average of 10 employees per year.

Liability and tax burden of the business entities

The aspect of liability is particularly important for sole traders and partnerships. Individuals and partners are directly and personally liable. This means that in the case of company debts the founder is also liable with his/her private assets. An exception here is the partnership form limited partnership (KG). Here an entrepreneur acts as a general partner and is thus also personally liable (unlimited). Other partners (the limited partners) are liable only to the extent of their capital contributions. In the case of corporations, for example the limited liability company (GmbH), the shareholders' liability is limited to their corporate assets.

The tax burden is also different. The taxable entity of the sole trader is the entrepreneur. She/He taxes the profits of her/his enterprise (regardless of whether the profit was paid out) via an income tax declaration.

The **transparency principle** applies to the company. It describes the shareholder as a tax subject. In this case, the profit share of the shareholder is taxed with income tax.

The **separation principle** applies to corporations. The taxation subject is the company, not the shareholder. The profit is therefore subject to corporation tax. Dividends distributed to the shareholders are, in turn, taxed with the capital gains tax.