

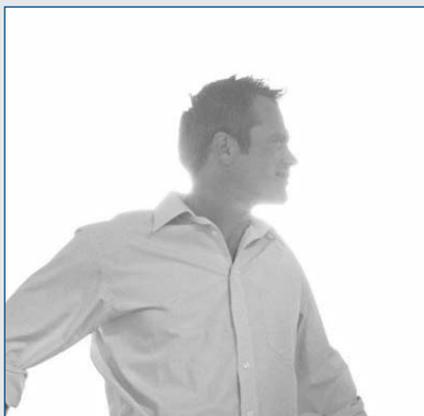


# GUIDE FOR BUSINESS START-UPS

10<sup>th</sup> Edition

# **GUIDE FOR BUSINESS START-UPS**

**10<sup>th</sup> Edition**



## IMPRINT

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This booklet is available on the internet at [www.gruenderservice.at/publikationen](http://www.gruenderservice.at/publikationen).

In the interest of easier readability, we have dispensed with the feminine forms (e.g. she, her). However, we do feel it important to emphasise that this brochure is intended for use by both male and female persons.

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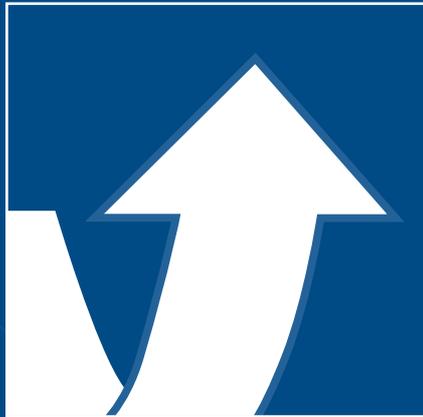
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## ■ PLANNING WELL FOR SUCCESS

## ■ PLANNING WELL FOR SUCCESS

Becoming an entrepreneur – an excellent chance for people with creative ideas and who are prepared to make that extra effort to realise them, people who enjoy mastering challenges and being solely responsible for building up their own livelihoods.

There are almost no limits to the range of your business ideas – but whether you can successfully put your idea into action is often quite another matter, since there are unfortunately no guarantees that your business will succeed. As a founder of a new enterprise, you should be aware of the risks as well as the opportunities.

Therefore, examine your move toward independence in terms of the market and financing, and also with regard to your own personal inclinations, capabilities and objectives. Take the legal framework into account and compile your goals, strategy and planning in writing together in a business plan or commercial concept.

This brochure can help you along the way.

Need more information?

Then take advantage of our Internet service at [www.gruenderservice.at](http://www.gruenderservice.at).

You are also welcome to discuss your concept and subsequent steps with an expert; contact the Start-Up Service at the Chamber of Commerce in your province directly. The addresses are listed in Chapter 7.5.



## 1.1 THE IDEA

### 1.1.1 Ideas Without Limit

- **New Ideas:** The wealth of ideas for founding businesses is practically limitless. Keep your eyes and ears open and you will garner new stimulus again and again, often prompting you to look around for ideas about completely new products or services; although true novelties and inventions seldom come along, that does not mean that you need to reinvent the wheel.
- **Improving Tried and Tested Ideas.** Often, just small changes to products and services – or simply better customer service – can set you apart from other offers. Therefore, a promising business idea can consist of extending or improving tried and tested ideas or transferring them to new or different markets.
- **Business Succession.** However, you can also take over an existing business. In the next 10 years, over 50,000 business operations will be facing takeover in Austria. Succession no longer takes place automatically within a family; thus more and more entrepreneurs are looking elsewhere for suitable successors. Therefore, think about whether you could take over an existing business instead of founding a new one. You can find detailed information about this in our brochure “Guides to Business Succession” or on the Internet at [www.gruenderservice.at/nachfolge](http://www.gruenderservice.at/nachfolge), and visit our succession exchange at [www.nachfolgeboerse.at](http://www.nachfolgeboerse.at) as well – perhaps you will find the company you are looking for right away at the touch of a button.
- **Franchising:** Franchising also offers you an opportunity to attain independence in almost all branches of business. You take on a complete business concept; you profit from an established brand name or trademark, a tried and tested concept, assistance from franchisers and from a reciprocal

exchange of ideas and experience. However, franchising does not come free. Depending on the system, you are obliged to pay various charges for the know-how. You can find comprehensive information on this in our brochure “Franchising Guides” or on our Internet platform [www.gruenderservice.at/franchise](http://www.gruenderservice.at/franchise). Simply consult our franchise exchange at [www.franchiseboerse.at](http://www.franchiseboerse.at) to find franchise offers in Austria.

- **Outsourcing:** Many companies outsource services performed within the company to external, independent firms. For example, services formerly performed by salaried employees are now offered by former employees on an independent basis. Outsourcing entails risks and opportunities alike for both the company and the employee; therefore, weigh the pros and cons carefully.

**NOTE:** if you are working for someone in a manner similar to an employment situation, the Health Insurance Commission may classify you as employed after a review, despite your desired independence and a trade licence; in this case, you will be obliged to pay overdue social insurance contributions.

### 1.1.2 How Good is Your Business Idea?

No matter whether you are realising a new idea, improving an existing one or wishing to take over a business, the move toward independence always involves risks and opportunities alike. Being convinced of your plan is a good starting point for success; however, you also need to convince your future customers and partners of your idea. In doing so, do not place your products or services in the foreground, but highlight the appurtenant problem solutions and benefits for the customers. They will only buy from you if you offer them a solution which is a good one for them.

Therefore, be sure that you have self-critically considered the following questions:

- Who benefits from your product or service?
- Why should a customer buy from you instead of from someone else?
- How do your services differ from those already being offered?
- How large is the market and how is it developing?
- Who are your competitors?
- How will you reach your customers?
- How good is your location and what are the important factors involved?
- What financing will you require?
- What expenses will you incur?
- What profits can you anticipate?
- What are the legal framework conditions to keep in mind?
- Etc.

If you can give good answers to these questions, then you are on the right road. There are no guarantees for success – but you can safeguard the founding of your business through careful consideration and planning.



## 1.2. PERSONAL QUALITIES

Becoming independent often means giving up the security of a well-paid job. For a while, you will have to face the fact that your business development will be unpredictable, and you will be continuously confronted with new tasks and problems to master and overcome.

And yet these factors can form the very appeal of being independent. Overcoming such tasks and problems is a great boost to self-confidence; the rewards of self-employment include the satisfaction of doing good work, putting your own ideas into action, the freedom to resolve and act on your own, and building up something independently and autonomously.

### Do you have the potential to be an entrepreneur?

Before rushing into establishing your own business, you should have a clear idea of your personal objectives. Do you really want to become an entrepreneur? – if so, do you have the essential personal capabilities?

As the saying goes, confidence in your own abilities can move mountains. However, a healthy portion of self-criticism is also required when setting up a company. Successful entrepreneurs have specific basic qualities or **personal capabilities**. The prime keys to success include believing in your concept, having confidence in your own strengths, being willing to take risks, wishing to be independent, having good contact skills and unshakeable motivation, the ability to think and organise, a fertile imagination and persevering dedication.

Nor should **professional qualifications** be neglected when founding your company; basic commercial knowledge and experience in your line of business are also central factors.

It is also important that your partner and your family agree to your start-up and support you in realising your project.

Of course, it is not necessary that you have all of these entrepreneurial qualities and qualifications from the very outset; you will also learn much through experience and you can outsource many tasks to experts (tax accountants, etc.). Nevertheless, you should honestly ask yourself if you truly desire to become independent, whether you have the capabilities and qualities to do so and what your strong and weak points are.

### Do you have the potential to be an entrepreneur?

#### Personal qualities

- No fear of pressure or stress
- No anxiousness about crises and conflicts
- A desire for independence
- A dislike of mediocrity
- Enjoyment of flexibility
- Pleasure in organising
- Thirst for success
- No anxiousness about risk and danger
- Keen on change
- Willingness to take responsibility
- Enjoyment of co-operation
- Desire to stand out among others
- Dislike of standstills and regression

#### Professional qualifications

- Professional knowledge
- Experience in your line of business
- Basic commercial skills

#### Family

- Agreement
- Support

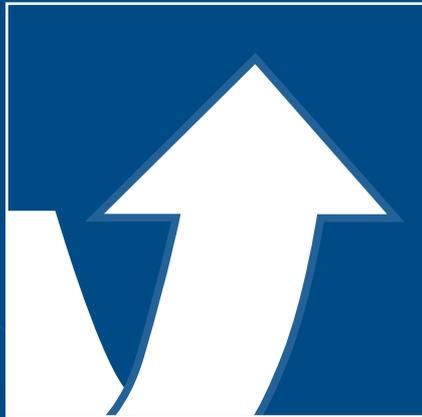
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**TIP:** Try out your entrepreneurial characteristics by taking the Entrepreneur Test on the Internet at [www.gruenderservice.at](http://www.gruenderservice.at).





2



## ■ LEGAL FRAMEWORK PROVISIONS

## 2.1 TRADE LAW

### 2.1.1 When do you need a trade licence?

You need a licence to practise every trade; they are issued by the trade authority (district administration, municipal authority) (“Extract from the Trade Register,” formerly “Trade Licence”). A trade is of a commercial nature if you wish to practise it independently, regularly and for financial gain. An activity is deemed to be independent if you practise it for your own account and at your own risk. In turn, an activity is considered “regularly practised” if it can be assumed that the activity will be repeated or will usually take a longer period of time to carry out.

The type of trade entitlement you require depends on the activity you will be performing. If it is a type of manual work, you will need a licence in a licensed trade (manual work) (e.g. automobile repair = motor-vehicle engineering, making furniture = carpenter). However, there are also activities which cannot be so easily classified; in these cases, it will be necessary to find out which trade entitlement is required.

**NOTE:** If you wish to work in a trade as described above, you need a trade licence.

It regulates your rights and obligations as one who practises a trade. Only those trades are expressly precluded from the Commercial Code’s scope of applicability which are in any event covered under other laws (e.g. medical doctors, pharmacists, notaries public, farmers, etc.) and/or the “new independent” trades (e.g. psychotherapists, physiotherapists, lecturers, etc.). Even if you believe that the occupation you wish to practise is not a trade, apply all the same to the Founder Service (regional or community office) in your province, where you will receive comprehensive information free of charge on whether your assumption is correct.

This provides clarification of whether you are a member of the Chamber of Commerce (e.g. if you are a certified accountant), defined on the basis of other statutory provisions.

### 2.1.2 What types of trades are there?

Trades are divided into four different categories:

**1. Free trades** (without qualifying certificate), approx. 93% of all trades, e.g.

- automated data processing services
- itinerant market merchants
- filling stations
- commercial enterprises
- advertising agencies

**2. Licensed trades and manual work** (qualifying certificate required), approx. 6% of all trades, e.g.

- butchers
- management consultants
- insurance agents
- carpenters
- cosmeticians

**3. Licensed trades subject to special authorisation**, (so-called “officially regulated trades”), e.g.

- master builders
- pyrotechnical companies
- master carpenters
- asset consultants
- gas and sanitary technology

**4. Partial trades**, for which a reduced form of qualifying certificate applies, e.g.

- tailors who do alterations
- automobile glazing
- bicycle technology
- modelling fingernails
- assembling furniture kits

In order to keep to your foundation schedule, you need to know the trade to which your business corresponds – so clarify the matter at the earliest possible date.

### 2.1.3 Qualifying certificate

Your qualifying certificate is the proof of the professional and mercantile knowledge, skills and experience that you need in order to practise a trade independently.

The certificate is awarded to you after classic tests such as the master's certificate examination, the qualification examination (formerly the concessionary examination) or a number of other means, such as attending vocational training schools (HTL, HAK, etc.) combined with times of practical work. Qualifying certificates are valid for **one person** only, i.e. they are not transferable.

If you do not meet the requirements for a qualifying certificate, there are still other ways to become independent.

#### What to do if you do not have a qualifying certificate

The following options are open to you if you meet the general requirements but do not have a qualifying certificate:

- **Partial trade:** a reduced qualifying certificate is sufficient for some licensed trades to practise partial trades in those areas.
- **Individual qualification** (Art. 19 of the Commercial Code): After determining your individual qualification, the trade authority takes your professional experience into account. You should definitely submit all training and work certificates (work confirmations) and a social insurance summary for the purpose.
- **Qualifying and/or master's certificate:** The Chamber of Commerce and/or the Austrian Chamber of Commerce's Institute of Business Promotion offers courses to prepare for the examination. The Chamber of Commerce also organises and gives the examinations for the most part.
- **Founding a team:** as a general partnership (Offene Gesellschaft – OG) or a joint stock company (Kommanditgesellschaft – KG), for example. Here, the unrestrictedly liable shareholder (or general partner) must provide his qualifying certificate.
- **Hiring a managing director under trade law:** the managing director under trade law provides the qualifying certificate **for the company**. He is active in the company for at least one half of the normal weekly working hours and is an employee fully requiring social insurance and who must be paid at least in accordance with the collective bargaining agreement. He must be capable of enforcing the regulations under trade law for the trade concerned.

This issue is a tricky one, so be sure to acquire advice from the Business Start-Up Service and take advantage of our comprehensive competence for your own certitude.

### 2.1.4 What are the requirements?

A trade licence is given to you if you meet the following requirements, apart from the qualifying certificate necessary for some trades:

- you are 18 or older
- you are a citizen of the EU or an EEA signatory state or other state with which an international treaty has been signed or you have a residence title which entitles you to practise the independent trade you desire
- your residence is in Austria (residence in Austria is not required if enforcement of administrative penalties is assured in the trade holder's home country by virtue of a treaty, or if your managing director under

trade law is appointed who resides in Austria. Such a managing director need not be resident in Austria if he is a citizen of an EU member state or a signatory state of the EEA or if enforcement of administrative penalties is assured in the managing director's home country by virtue of a treaty; however, the managing director must be in a position to work in the business accordingly).

- there are no grounds for disqualifying you e.g. convictions on grounds of fiscal law felonies, court convictions, insolvency proceedings unopened or dropped with legal effect due to assets insufficient to cover costs, and the time has not yet expired in which inspection of the insolvency file is permitted in the bankruptcy case concerned.

Types of trade	Qualifying certificate	Commencement of work
<b>Free trade</b>	No qualifying certificate necessary; but you do need a trade licence	Upon registering the trade
<b>Licensed trade</b>	You need a qualifying certificate	Upon registering the trade, if a qualifying certificate is available
<b>Officially regulated trade</b>	You need a qualifying certificate and a reliability confirmation	As soon as the trade authority issues the legally effective ruling

### 2.1.5 Freedom of Establishment and Service

Due to the EEA Treaty, the EU regulations on freedom of establishment and service apply in Austria.

Freedom of establishment allows you as a businessman to found and operate an enterprise or company in every other EEA/EU member state.

Freedom of service provides you with the option of conducting your business in other member states.

Members of EEA/EU states who settle in Austria in order to ply a trade or to do commissioned trade work are equivalent to Austrians in terms of citizenship. However, they must have the requisite qualifying certificate to practise a trade in Austria.

If an EEA/EU citizen does not meet the requirements of evidencing qualification according to Austrian trade law, yet possesses the credentials necessary for acknowledgement, the Federal Ministry of Economics, Family and Youth must acknowledge qualification by way of a ruling.

Condition: An EEA/EU citizen provides evidence by submitting certificates confirming that he has performed the required professional work over a specific period of time as an independent, manager, non-independent or as an executive.

Unless shorter periods are stipulated for specific trades, such work as described above may not have been done more than 10 years ago. In addition, the applicant must fulfil the same general requirements for commencing every trade which apply to Austrians.

This is also the case for EU citizens who wish to take over the management under trade law of a company.

The ordinance (Fed. Law Gaz. 775/1993) does not cover all trades. Thus the Federal Ministry of Economics, Family and Youth must decide whether submitted evidence can be declared equivalent to the Austrian provisions for trades not mentioned in the ordinance (equivalence review). Deadline: within four months.

If that is not the case, the Federal Ministry of Economics, Family and Youth must rule that the applicant is obliged to evidence the missing qualification by

- supplementary professional work within the country,
- a conformation course and/or
- passing a qualifying test.

**TIP:** Be sure to clarify the trade-law issues in advance – it is an elementary prerequisite for your entrepreneurial success. You will avoid serious liability, criminal and financial problems which can jeopardise your subsistence. Contact the Chamber of Commerce about precisely these issues (Start-Up Service, regional or district office). **Consultation is free of charge.**



## 2.2 BUSINESS PREMISES LAW

### 2.1.1 Location

Choosing and planning a location are important factors for your company's success. A wide variety of criteria play important parts in making your decision, including

- land zoning
- traffic (access road, parking areas, shipping and receiving options)
- proximity to raw material supply
- availability of manpower
- distance from suppliers and customers
- subsidies and public funding
- environmental regulations
- real estate costs
- competition situation
- purchasing power

Taking all of these influential factors into account when considering a business location will help you economically and successfully in the long term.

### 2.1.2 Business Premises law

#### GENERAL

Business premises are defined as a locally fixed installation serving a business activity. As a rule, such business premises (new or converted) require a licence according to the Commercial Code, i.e. you must apply for a business premises permit.

This is not necessary if your business premises have no negative effect on the protective interests set out in the Commercial Code (as is the case with office-only operations, for example). You may not begin constructing the business premises until you have a legally effective ruling authorising you to do so.

#### Commercial business premises include

- workshops
- retail outlets
- restaurants, etc.
- hotels
- garages
- parking areas

They may only be constructed or operated when authorised if, due to the use of machinery and equipment, their method of operation, configuration, etc., could jeopardise life and health, annoy the neighbours, impede traffic safety and flow, cause detriment to the quality of the waters or to specific public establishments (churches, schools, hospitals).

#### AUTHORISATION PROCEDURES

There are two types of authorisation procedure, differing in their length. Thus it is difficult to make a blanket statement as to what the ideal time is for submitting an application. The individual procedures can be comprehensive and take a long time. Therefore we recommend that you contact the authorising office at the earliest possible date. We will be glad to provide you with some initial information.

#### NORMAL PROCEDURE

This procedure breaks down into four phases, handled by the district administration/municipal authority or the district municipal authority office. You will need to provide the following documents for this procedure:

Documentation: informal application for authorisation of business premises which you attach in quadruplicate to the following information:

- description of the business (including a list of machinery and other operational installations: list of equipment and machinery including technical data, layout plan, site plan, requisite plans and sketches)
- procedural description of the operation (type of work, work procedures, hours of operation, type of heating, etc.)
- waste management concept including an estimate of future development and, one copy of the
- technical documentation necessary for evaluating the project and the plant's anticipated emissions during investigating procedures

- name(s) and address(es) of the business premises' owner(s)
- the owners of the properties immediately adjacent to the premises (name and address of the management in the case of condominium owner[s])
- documentation necessary to evaluate the protection of the interests of others which must also be taken into account (according to other statutory regulations) in proceedings to authorise the business premises.

### SIMPLIFIED PROCEDURE

In order to reduce the expense of business premises authorisation procedures, so-called simplified procedures can be conducted in some cases, which do not provide for visual inspection hearings and thus do not include neighbours as parties in the proceedings.

This is the case, for example, if the operating area is not larger than 800 m<sup>2</sup> and the machinery connection power (= the sum of the electricity consumption of all machinery used in the business, except office equipment and lighting) does not exceed 300 kW.

Furthermore, assurance must be provided that, due to the premises' planned design (prognosis – actual facts), it is anticipated that hazards, annoyances, etc. will be avoided.

### FURTHER AUTHORISATIONS

Apart from the business premises authorisation, a number of other authorisations may be required, e.g.

- building permit
- land rezoning permit
- authorisations under waste management law
- authorisations under water laws
- authorisation under natural conservation law
- authorisations according to the Federal Roadways Act [Bundesstraßengesetz]

Use the **checklist** below to determine if you require further consultation on business premises authorisation.

<b>Business premises location:</b>	
Land zoning known	Yes/No
Building regulations and workplace ordinance known	Yes/No
Situation with neighbours	Good/Poor
Traffic accumulation	Slight/Large
<b>Work procedures:</b>	
Working hours:	Day/Night
Noise	Yes/No
Dust	Yes/No
Odour	Yes/No
Effect on waters	Yes/No
<b>Future activities:</b>	
More production	Yes/No
More manpower	Yes/No
More buildings	Yes/No
More traffic	Yes/No

If you have answered “yes” to some of these questions, we recommend that you contact the competent office at the Chamber of Commerce. You can also attend building discussion meetings in some of the provinces to talk about the project there.

You can find more information on the topic of operating premises law by going to <http://wko.at>

**OUR TIP:** Find out at an early date whether you require authorisation for your business premises, and enquire at the same time about whether you also need other ones.

Let your Chamber of Commerce help you; and – very important! – do not sign any purchase contracts, rental agreements or leases before you have checked the topic of business premises authorisation off your list.



## 2.3 LEGAL FORMS

For you as a founder of a business, the question arises: which entrepreneurial form is the best one for you? Should it be a sole proprietorship, or is a company more advantageous? If so, what type of company? And what will it be called then?

### Alone or with a partner?

This is one of the most important decisions you will have to make. It is also contingent upon the business concept and the framework conditions surrounding your planned business start-up.

#### Advantages of founding a business with a partner/partners

- Complementary experience, knowledge and skills
- Better work distribution and savings of time
- Easier amassment of capital
- Less founding risk
- More dynamic business growth
- Greater chances of success

However, the drawbacks lie in that your individual decision-making is restricted, every partner is liable for the others' errors and it often takes longer to reach firm decisions.

As an alternative, it is worth looking into whether, as an individual, it is possible to agree on co-operations with others. The activities can cover all business functions, from acquiring raw and auxiliary materials and fuel, to manufacturing, all the way to distribution and service provision or sharing equipment. The regularity of the co-operation can be freely organised.

Depending on the objective, both a loose co-operation with independent enterprises and founding a joint company are conceivable.

### What to take into account when founding a partnership?

When founding a partnership, there is a risk in choosing a partner, i.e. that the choice might be made on an emotional basis rather than a purely professional one. However, this does not mean that you should ignore your feelings and your intuition; the most important prerequisite for success in business is trust in your partner.

However, consider carefully all the same – together with your life-partner – whether you have indeed found the right business partner by asking yourself these questions:

- Do you know your future business partner? Have you already worked with him constructively and efficiently in a team?
- Are his finances and private life in order?
- Does he have the personal aptitude to be an entrepreneur? Does he enjoy a good reputation in the branch of business you are aiming at?
- Is the “chemistry” good between your business partner and you? And how does your life-partner get along with him and/or his life-partner?
- Could your business partner also successfully found and run a business without you? – Why does he need you?
- What would be the consequences for you if the partnership were to fail?

Since this matter is an extremely complex one, we recommend that you reflect upon the adage, “Look well before you leap.”

### What legal forms are there?

A company's legal form defines both the legal relations within the enterprise and those with its environs. Carefully consider the aspects of personal, tax, administrative and commercial-law criteria when choosing a legal form for your business.

It is as complex as it is important to consider the optimal entrepreneurial form and thus the issue of commercial law. Your decision must take into account the factors of trade law, liability, social insurance and tax law, you must determine how decision-making is to be structured and establish whether the legal form you are considering seems expedient in terms of founding costs, ongoing expenses and business management alike.

For just these reasons, it makes sense to reach your final decision with the help of experts who can estimate the advantages and drawbacks involved in individual plans and circumstances. The comparison below is intended to give you a rough overview of the options available when determining a legal form, which essentially can lead to an initial broad estimate by applying these four preliminary questions;

- 1) How deeply do you want to commit with your potential business partner(s)?**
- 2) Do you wish to assume personal liability – perhaps for your business partner’s errors as well?**
- 3) How can you minimise taxes and/or social insurance contributions?**
- 4) Does the legal form make sense in terms of business management as well?**

There is no such thing as an “ideal” legal form; everything depends on the function it is to have. Therefore, consider the pros and cons of each legal form sufficiently in advance, keeping in mind that none of them will be permanently advantageous, since no matter how many reasons there are for making a selection at the outset, any one of them can change with time in any number of ways. Therefore, review the legal form you choose at regular intervals, every few years.

To make it easier for you and to provide you with a basis for choosing your legal form, consider these descriptions of the legal forms that business founders most commonly choose.



### 2.3.1 Sole proprietorship

The “owner” of such a business is an individual person who runs it. “Owner” means that the person can be both owner and lessee. As sole proprietor, you are unrestrictedly liable – with all your personal assets at risk – for your business’s debts. You bear all the risks – but because you do so, you also reap all the benefits.

The fact that you are a sole proprietor does not mean that you are entirely dependent upon yourself alone. You may hire employees, viz. conclude work contracts and avail yourself of the support and cooperation of your family.

#### ■ Foundation

As a rule, a sole proprietorship commences upon registering the trade and/or receiving authorisation.

#### ■ Company Register

As a sole proprietor, you must have yourself entered in the Company Register once you have reached the level of accountability. The limit for this obligation lies generally at EUR 700,000.00 in annual sales. If you do not reach this threshold, you may register voluntarily but without accounting obligation. This could be an interesting option due to the opportunities it offers under corporate law.

#### ■ Company name

If you are not entered in the Company Register, you are required to use your surname and at least one written-out given name to externally designate your workplace and business documents. Registered sole proprietors may use the names of people, things or imaginary names, but an addition indicating the legal form must be appended, such as *eingetragener Unternehmer* [“registered proprietor”] or else a generally comprehensible abbreviation of that designation, e.g. “e.U..” Sole proprietors must also give their names as well if they are

different from the company name, for example:  
Personnel company: Springer e.U.  
Commodities company: XY Lumber Trading e.U.  
Imaginative name: Complex e.U.

You may also use an additional designation indicating the type of business.

#### ■ Trade licence

You must have trade licence (a trade licence certificate) if you are a sole proprietor practising a trade. You must personally meet the general and specific requirements stipulated in order to obtain one. If you cannot evidence the requisite special (technical/commercial) prerequisites, you may appoint a managing director under trade law. The latter must have a job within the company, be employed for at least one-half the normal weekly working hours and be fully covered under the mandatory social insurance plan.

#### ■ Social insurance

If you are a sole proprietor operating a trade business – i.e. if you are a member of the Chamber of Commerce by virtue of trade or other professional authorisation – you must be covered under mandatory insurance with the Social Insurance Commission for Trade and Commerce in accordance with the Trade Social Insurance Act (GSVG). If you are independent in a secondary profession, you can be exempted from full insurance within the framework of the micro-business regulation (see the chapter on social insurance). There are also other exemption options for students and other household workers.

#### ■ Taxes

As a sole proprietor, you are assessed for income tax; you are also obligated to pay VAT.

(Possible exception: see the section concerning small-business arrangements in the chapter Taxes –Accounting).

**Advantages:**

- the enterprise is founded quickly and easily: entry in the Company Register provides the business with its legal status
- income-expenses calculation until attaining annual sales of € 700,000.00.

**Drawbacks:**

- unrestricted personal liability
- hiring a managing director under trade law if you do not personally have the qualifications under trade law

### 2.3.2 The General Business Partnership [Offene Gesellschaft – OG]

An OG is composed of at least two shareholders who are directly liable and whose personal assets are at risk. In doubtful cases, the shareholders must effect equal contributions; however, the latter may also be contributed in the form of services.

#### ■ Founding

Articles of association between at least two shareholders are a prerequisite for founding an OG. The articles are not bound to any legal form; they can even be concluded orally. However, we do recommend that you make them in writing. Notaries public or attorneys need not be involved. All the partners' rights and obligations towards each other and to the company should be set out in the articles, including company management and representation, profit and loss sharing, voting ratios for important decisions, provisions for death, resignations and dismissals, liquidating the company, etc.

#### ■ Company Register

After you have concluded the articles of association, you must apply to have the partnership entered in the Company Register, in which all facts

are entered which are important to persons having business contacts with the partnership (e.g. shareholder liability, authority of representation, company name, etc.). Only the entry in the Company Register gives the General Business Partnership company its legal status.

#### ■ Official company name

The company name of an OG may be derived from a surname, the object of the company or an imaginative name, whereby the designation "offene Gesellschaft" or a generally comprehensible abbreviation of that term (e.g. "OG") must be used, for example:

Name derived from the surname: Springer OG

Named derived from the object of the company: XY Lumber Trading OG

Imaginative name: Complex OG

You may also use an additional designation indicating the type of business.

#### ■ Representation

According to the law, every shareholder has the right and the obligation to represent his company. Should one or more of such shareholders be precluded from company management, this circumstance must be set out in the articles of association and entered in the Company Register. Restriction of authority of representation and/or company management does not effectuate a limitation of liability towards creditors.

#### ■ Trade licence

A company wishing to run a trade business must apply for a trade licence in the company's name. A managing director under trade law must be appointed for the purpose.

He may either be an unrestrictedly liable shareholder or an employee fully covered under compulsory social insurance and active in the company for at least one-half of the normal weekly working hours.

### ■ Social insurance

All shareholders in an OG in the trade business must be covered under the compulsory social insurance plan in accordance with the GSVG.

### ■ Taxes

OGs are not liable to income taxation; however, the shareholders must declare their share of profits. The company pays the applicable VAT. A shareholder can also have other income if he receives certain emoluments from the company (e.g. for co-op work, contribution of commercial goods). These, too, are liable to taxation.

Accounting is not compulsory until annual sales reach EUR 700,000.00.

#### Advantages::

- the enterprise is founded quickly and easily
- income-expenses account until attaining the compulsory accounting level
- only one shareholder need be qualified under trade law

#### Drawbacks:

- personal, unrestricted liability, jointly and severally (even if authority of representation or management is restricted)

## 2.3.3 Limited commercial partnership [Kommanditgesellschaft – KG]

KGs consist of at least one unrestrictedly liable shareholder (general partner) and at least one restrictedly liable shareholder (limited partner). As the former, you are directly, personally and unrestrictedly liable towards creditors, whereas as the latter you are liable for only that sum entered as a liability deposit [Haftungseinlage] in the Company Register. There are no regulations on this deposit; you can determine its amount as you wish. However, you are unrestrictedly liable for municipal taxes.

### ■ Founding

Articles of association between at least one general partner and one limited partner are a prerequisite for founding a KG. The articles are not bound to any legal form; they can even be concluded orally. However, we do recommend that you make them in writing. Notaries public or attorneys need not be involved. All the partners' rights and obligations towards each other and to the company should be set out in the articles, including company management and representation, profit and loss sharing, voting ratios for important decisions, provisions for death, resignations and dismissals, liquidating the business, etc.

### ■ Company Register

Once you have concluded articles of association, you must notify the Company Register of the partnership for entry. All facts concerning the public aspect of the business which are of importance to anyone having commercial contacts with it (e.g. shareholder liability, authority of representation, official company name, etc.) must be entered in the Company Register.

Entry in the Company Register gives a KG its legal status.



### ■ Official company name

The name of a KG must be derived from a surname, the object of the company or an imaginative name; it must be followed by "Kommanditgesellschaft" or a generally comprehensible abbreviation (e.g. "KG"). The partner's name may not be included in the wording:  
Name derived from a surname: Springer KG  
Name derived from the purpose of the company: XY Lumber Trading KG  
Imaginative name: Complex KG

In addition, a designation of the type of business may be used.

### ■ Representation

According to the law, every unrestrictedly liable shareholder has the right and the obligation to represent his company. Should one or more of such shareholders be precluded from company management, this circumstance must be set out in the articles of association and entered in the Company Register. Restriction of authority of representation and/or company management does not effectuate a limitation of liability towards creditors.

Limited partners are not entitled to represent the company externally. They merely have certain control rights which can be amended through the articles of association.

### ■ Trade licence

If a company wishes to run a trade business, it must apply for a trade licence in the company's name. A managing director under trade law must be appointed in order to obtain such authorisation. He may be either a shareholder with unrestricted liability (general partner) or an employee fully covered under compulsory social insurance working in the company for at least one-half of the normal weekly business hours.

### ■ Social insurance

All personally liable shareholders (full partners) in a KG belonging to the chamber of commerce must be covered under social insurance as set out in the GSVG. Shareholders having li-

mitted liability (limited partners) may also be covered under compulsory social insurance as set out in the GSVG if they are employed in the company.

If they are not, i.e. they merely hold capital in it (no company management authorisation or obligation to make further contributions), limited partners are generally insurance-exempt. If they bear entrepreneurial risk, they may be subject to compulsory insurance according to the GSVG.

### ■ Taxes

KGs are not liable to income taxation; however, the shareholders must declare their share of profits. The company pays the applicable VAT. A shareholder may also have other income if he receives certain emoluments from the company (e.g. for co-op work, contribution of commercial goods). These, too, are liable to taxation.

Accounting is mandatory as of attaining annual sales of EUR 700,000.00.

#### Advantages:

- limited partners have restricted liability
- the enterprise is founded quickly and easily - no formal contractual regulations
- income-expenses calculation until reaching the level of mandatory accounting
- limited partners' functions can be flexibly planned (pure capital contribution, true employment relationship or independent business activity)
- only one full partner need evidence qualification under trade law

#### Drawback:

- personal, unrestricted liability for full partners

### 2.3.4 Limited-liability company [GmbH = Gesellschaft mit beschränkter Haftung]

After the sole proprietorship, the limited-liability company is the most common legal entrepreneurial form. The appeal is self-explanatory; liability is limited to the company. Thus, it is a particularly suitable form for associations of partners who work in the company and yet wish to reduce capital investment risks.

Please note, however, that, in practice, this restriction of liability can be disregarded. That means that banks granting loans require sureties from the shareholders for the company.

#### ■ Equity capital

The equity capital of a GmbH must amount to at least EUR 35,000.00. Cash deposits must total EUR 17,500.00; a bank confirmation can serve as proof. Every individual shareholder must invest a minimum original capital contribution of EUR 70.00.

#### ■ Founding

You require articles of association to found a GmbH; they must be concluded in the form of a notarial deed.

#### ■ Company Register

GmbHs do not legally exist until they have been entered in the Company Register.

#### ■ Official company name

The name of a GmbH can be derived from a surname, the object of the company or be an imaginative one, but it must contain the designation Gesellschaft mit beschränkter Haftung; this designation may be abbreviated.

For example:

Name derived from surname: Springer GmbH

Name derived from the purpose of the company: XY Lumber Trading GmbH

Imaginative name: Complex GmbH

You may also use an additional designation indicating the type of business.

#### ■ Representation

Although GmbHs are legal entities, they have no capacity for acts of law, so they are publicly represented by one or more managing directors under trade law who are fully liable for losses in a case of debt.

#### ■ Trade licence

A GmbH must have a trade licence if it wishes to run a trade business. The trade licence must be issued in the GmbH's name. Since the company does not have full legal status until it has been entered in the Company Register, the trade registration and/or application for a licence may only be made with the trade authority after the firm is entered in the Company Register, so that an extract from the Company Register can be submitted at the same time.

A managing director under trade law must be named for a company to acquire a trade licence. This person must have all the personal prerequisites and have a corresponding function in the company. In addition, if the company is to submit evidence of qualification, the person must either belong to the company's authorised representative body (a member of the board or a managing director) or be an employee in the GmbH, fully covered by compulsory social insurance.

#### ■ Social insurance

In general, as a simple shareholder in a GmbH, you are not subject to compulsory insurance. However, if you are a shareholder in a GmbH and also a managing director under commercial law, you must be covered by compulsory social insurance as set out in the GSVG.

There is an exception if the managing director-shareholder cannot exercise a dominating influence on the company, i.e. if he holds less than 25%. Another exception consists of holdings of between 26 and 49% and dependency of instructions; in these cases, compulsory insurance coverage according to the ASVG is an option.

#### ■ Taxes

A company's profits are subject to corporation tax (25%). Should a company not turn a profit or if it posts a loss for a fiscal year, annual minimum corporation tax of 5% of the statutory equity capital, i.e. EUR 437.50 per quarter (only EUR 273.00 per quarter in the first year) is to be paid in the form of an advance. Profit sharing is subject to capital gains tax (25%). Salaries the shareholders draw for their work for the company are subject either to wage tax or to income tax. Emoluments are subject to income tax.

#### Advantages:

- basically, the amount of equity capital is the upper liability limit (note: managing directors under trade law may be liable in excess of this amount)
- only one trade licence in the company's name is required (cf. Trade Licence)

#### Drawbacks:

- high founding costs
- compulsory balanced accounting
- the managing director under trade law may also be personally liable
- possible shareholder liability to institutes granting loans
- fiscally only sensible as of a certain profit limit



A reform of GmbH law is slated for 2011. Consult the Chamber of Commerce in your province (district/regional office) for information on the current status of this law.

### 2.3.5 Companies constituted under Civil law [Gesellschaft bürgerlichen Rechts – GesbR]

A GesbR consists of at least two companies and can be called a joint roof. The idea is to unite money and/or monetary-value services or workers for purposes of joint benefit.

A GesbR differs from other partnerships and corporations in that it has no legal personality. Consequentially, a GesbR

- a) has no qualification under trade law (cf. the chapter on trade qualification)
- b) has no capacity to be a party in a lawsuit (i.e. it may not litigate or be sued as a company)
- c) has no Land Unit Register capacity (i.e. it cannot be a landowner. The shareholders – not the company – are entered in the Land, Trademarks and Patents Registers)
- d) has no official company name. There is, however, an exception under sales tax law; a GesbR also has a type of legal personality within this framework.

#### ■ Founding

You require articles of association concluded between at least two shareholders if you wish to found a GesbR. In terms of the law, such articles of association are not bound to any form; that is, you may also conclude them orally. However, we recommend that they be set down in writing. You need not involve a notary public or an attorney.

The articles of association should regulate all the shareholders' rights and obligations among each other and toward the company, including company management and representation, profit and loss sharing, voting conditions for important decisions, provisions for death, resignations and dismissals, liquidating the business, etc.

#### ■ Company Register

GesbRs may not be entered in the Company Register.

#### ■ Official company name

Since a GesbR itself is not a corporation, it is imperative that all the shareholders publicly represent the firm with their company designation. In addition, a joint designation of the type of business can be used.

#### ■ Representation

As a rule, the provisions on representation may be freely negotiated; otherwise, the capital majority is entitled to representation. In general, with the exception of labour shareholders, all shareholders are entitled to authorisation to manage the company.

Restriction of authority of representation and/or company management does not effectuate a limitation of liability towards creditors.

#### ■ Trade licence

Due to the lack of a trade licence, all the shareholders must register all trades.

#### ■ Social insurance

Shareholders must be covered under compulsory insurance as set out in the GSVG if they are carrying out trade activities. That is, if the shareholders are sole proprietorships and if the relevant criteria obtain, the "micro business operator regulations" may apply, and they could be exempt from paying pension and health insurance (cf. the chapter on social insurance).

Accident insurance contributions must be paid in every instance.

#### ■ Taxes

GesbRs are not liable to pay income tax. However, the shareholders' profit shares are taxable. The company pays sales tax.

#### **Advantages:**

- the enterprise is founded quickly and easily; no contractual form regulations
- no entry in the Company Register
- simple form for work co-ops

#### **Drawbacks:**

- no legal personality and therefore
- no qualification under trade law (each shareholder requires one or more trade licence certificates)
- no Land Register capacity
- no official company name
- joint and several liability

### **2.3.6 Other Legal Forms**

#### **Associations**

As defined under the Associations Act, an association is a legal entity. It has its own legal personality, its executive body handles legal affairs and it functions according to its own philosophy and objectives. They may also do commercial business as long as the revenues are put toward their' non-material objectives. They are independent, i.e. they may have rights and obligations independent of those of their members. They may acquire possessions and property, conclude contracts, order services, act as an employer, etc. – but they are also liable to taxation and for damages. They may become insolvent,



whereby they are liable with their association's capital.

Just like other legal entities, associations must have a trade licence, and their co-active bodies and employees must be covered under compulsory social insurance.

This is the legal form to choose for co-op activities whenever a large number of people join together to work towards a common ideal over a longer period of time. Before making the final decision to found an association, verify that its purpose is permissible and consider whether it is the most suitable organisational form for realising your objectives.

#### **Cooperatives and Industrial Societies**

Cooperatives are associations of an unlimited number of members serving to support their members' acquisitions and commercial activities.

In practice, there are many kinds of cooperatives, in the branches of loans, purchasing, sales, consumers, utilisation, exploitation, construction, residential and establishment, for example. A cooperative is a legal entity and has its own legal personality. The cooperative's executives include the board of directors, the supervisory board and the general shareholders' meeting. The board of directors manages and represents the cooperative.

**IMPORTANT NOTE:** keep in mind that no legal form will be permanently advantageous, since no matter how many reasons there are for making a selection at the outset, any one of them can change sooner or later in any number of ways. Take time at regular intervals to think about what is the best legal form for you.

### 2.3.7 Company designation

Business founders are often confronted with the question of what to call their company.

#### COMPANY NAME (DESIGNATION OF LEGAL FORM)

The official company name is the one belonging to the entrepreneur and entered in the Company Register. The official company name must suitably designate the company and be distinctive. It may not contain any components which are misleading as to the company's circumstances which are important to the commercial circles addressed.

No misunderstandings about the company's type, scope and branch of business may arise.

The distinctiveness of a company name is targeted at individualising and identifying the enterprise. Thus the company name must be idiosyncratic and evoke an association with a specific enterprise.

In particular, an official company name must be distinctly different from every other one in the vicinity or the same community and entered in the Company Register, thus increasing distinction.

Names derived from a surname, the company's object or an imaginative name are permissible, and descriptions of the business may be central to the name. Unpronounceable or meaningless symbols and combinations of letters are impermissible. In general, the company name must be written in Latin letters. The name of a person other than that of the sole proprietor or unrestrictedly liable shareholder may not be included in the official

name of a sole proprietorship or a registered limited partnership.

On the other hand, an object name must relay the company's purpose; otherwise, it is an imaginative name. Pure designations of a branch or type of business are not distinctive without individual addenda. Therefore, as a rule, an object company name must always be coupled with a name or an imaginative designation.

See the chapters on sole proprietorships, OG, KG and GmbH for some specific examples of company designations.

#### Additional compulsory addenda to the legal form:

- **sole proprietorship:** not entered in the Company Register: given name and surname; entered in the Company Register: name derived from a surname, company object or imagination with the addition of "eingetragener Unternehmer" or "e.U."
- **company under civil law (GesbR):** company name of all shareholders
- **general partnership (OG):** name derived from a surname, company object or imagination with the addition of "offene Gesellschaft" or "OG"
- **limited partnership (KG):** name derived from a surname, company object or imagination with the addition of "Kommanditgesellschaft" or "KG." The partner's name may not be included.
- **limited-liability company (GmbH):** name derived from a surname, company object or imagination with the addition of "Gesellschaft mit beschränkter Haftung" or "GmbH," "GesellschaftmbH" or "GesmbH."

The designations are to be used on business documents (e.g. letterheads, invoices, order forms, etc.) and employed to identify the business premises, retail outlet, etc.

There are no legal stipulations on the form, size and placement of company identification on business documents. It is practical to position the identification legibly as a heading or footline.

Companies must additionally show their Company Register number, court of company registration and the location of their head offices (if it is not the same as the business address) on their documents.

## **BUSINESS DESIGNATION**

Adding a further designation is advantageous for better marketing; in Austria, it is called an “establishment designation” (business designation). However, it must not be deceptive or confusable with another.

Thus, for example, Suzanne Mayer, a sole proprietor not entered in the Company Register who runs a knitted goods shop, may use “Suzie’s Wool Shop” in addition to her given name and surname.



## 2.3.8 Summary of legal forms

	Liability	Trade law	Tax law	Social insurance	Company/Trade Register	Official company name/designation
<b>Sole proprietorship</b>	full liability, up to the limit of personal assets as well	The entrepreneur or an employee working 20 hr. per week must have trade licence	Income tax on profit up to max. 50%	Health, accident & pension insurance for independents (GSVG = Trade Social Insurance Act)*	Entry with full merchant status only (= specific size and/or scope of business)	Given name and surname: option of addition business designation (not deceptive): if registered, then using the registered wording of the name
<b>Company constituted under civil law (GesbR)</b>	All shareholders fully liable up to the limit of personal assets as well	Every shareholder must have all trade licences	Each individual shareholder liable to income tax	Like sole proprietorship: every shareholder is insured with the Social Insurance Institute for Trade & Commerce	No registration	Given name and surname of all shareholders: option of addition business designation (not deceptive)
<b>General business partnership (OG)</b>	All shareholders fully liable up to the limit of personal assets as well	The company carries trade licence: one fully liable shareholder or a managing director under trade law must have a qualifying certificate	Each individual shareholder liable to income tax	Like sole proprietorship: every shareholder is insured with the Social Insurance Institute for Trade & Commerce	Registration required – company does not fully exist until it is registered	Name derived from surname, company object or imagination plus "OG."
<b>Limited commercial partnership (KG)</b>	Full partner fully liable, limited partner only liable to the amount of the limited-partner capital contribution (=freely determinable)	The company carries trade licence: one fully liable shareholder or a managing director under trade law must have a qualifying certificate	Each individual shareholder liable to income tax	Full partners: compulsory independent's insurance (GSVG): limited partners: ASVG insurance if working in the company, otherwise compulsory insurance according to the GSVG	Registration required – company does not fully exist until it is registered	Name derived from surname, company object or imagination plus "KG." Partner's name may not be used.

\* application for exceptions in health and pension insurance plans is an option if income and sales are slight

	Liability	Trade law	Tax law	Social insurance	Company/ Trade Register	Official company name/ designation	Other
<b>Dormant partnership (1) typical</b>	No dormant-partner liability, merely share in profit & loss (the latter up to the amount of the dormant capital contribution)	Only the business's owner or an employee liable to full compulsory insurance has trade licence	Dormant partner liable to income tax on the profit share (income from capital investments)	Independents' compulsory insurance applies to those with trade licence only	No registration	Dormant partnership disclosed to the public	Entitlement to repayment of contributions upon dissolution of company
<b>(2) atypical</b>	Legal position similar to a limited partner	Only the business's owner or an employee liable for full compulsory insurance has trade licence	Dormant partner liable to income tax on the profit share (income from trade operation)	Independents' compulsory insurance applies to those with trade licence only	No registration	Dormant partnership disclosed to the public	Entitlement to undisclosed reserves and goodwill pro rata upon dissolution of company
<b>Limited-liability company</b>	Shareholders fully liable, restricted to their contributions to the equity capital (min. equity capital EUR 35,000.00), possible further liability of managing director under trade law to banks	The GmbH bears trade entitlement; managing director under trade law evidencing qualification must also be managing director under commercial law or an employee liable for full compulsory insurance coverage	GmbH liable to corporation tax (25%) for retained and distributed profits), shareholders liable to final taxation on distributed profits (max. 25%); min. corporation tax per quarter EUR 437.50 (EUR 273.00 per quarter in 1 <sup>st</sup> year)	According to ASVG for company-managing shareholder with small holdings, otherwise compulsory insurance according to GSVG	GmbH only fully exists upon registration: articles of association in the form of a notarial deed	Name derived from surname, company object or imagination plus "GmbH"	High founding costs – often a drawback for small-scale companies in terms of taxation
<b>Limited-liability company – commercial partnership</b>	Full partner fully liable, limited partner only liable for the amount of the limited-partner investment	The KG bears trade entitlement; managing director under trade law evidencing qualification must also be managing director under commercial law of the partnership GmbH or an employee liable to full compulsory insurance coverage	Limited partners liable for income tax; corporation tax on the GmbH (for GmbH profits); final taxation on distributed GmbH profits for shareholders	Independents' compulsory insurance (GSVG) for the company-managing shareholder of the full-partner GmbH only an option if the GmbH has special trade licence: limited partners according to ASVG if they are employees, otherwise compulsory insurance according to GSVG	Registration of GmbH and KG required	Name of the fully liable shareholder (= the GesmbH) plus "& CO KG" (e.g. Miller GmbH & Co KG)	Two companies must be founded, also entailing higher founding costs and ongoing expenses

## 2.4 SOCIAL INSURANCE

As a businessman, you must be covered by health, pension and accident insurance plans. Health and pension insurance are regulated in the GSVG, whereas the ASVG governs accident insurance.

New provisions apply to unemployment insurance as of 2009.

### 2.4.1 Categories of Persons

#### The following persons must have insurance coverage:

- sole proprietors
- shareholders in an OG
- partners in a KG
- managing shareholders in a GmbH (unless they are already covered in that function under the ASVG)

Sole proprietorships are trade-insured when they acquire their trade licence. Coverage is compulsory for shareholders if the company holds a trade licence and is a member of the Chamber of Commerce.

#### Special conditions for managing shareholders

Irrespective of any other circumstances, managing shareholders of a GmbH holding up to 25% are ASVG-insured. If they hold between 26 and 49%, they may be subject to instruction or, by contrast, may have other more extensive rights such as "blocking minority." ASVG insurance applies to worker-status similarity, whereas GSVG insurance applies to workers with a superior position. Managing shareholders are always GSVG-insured if they hold 50% or more.

#### Special conditions for limited partners

Limited partners merely having a holding in a KG by virtue of a limited-partner capital contri-

bution are not subject to any compulsory social insurance stipulations. Partners working in the company for pay are required to be ASVG-insured if their work is not independent; if they are active for the company on a freelance basis, they must be GSVG-insured as "new independents."

### 2.4.2 At what time must you be insured?

As a rule, you must be covered under compulsory insurance as of the day you acquire a trade licence or on the day you become a member of the Chamber of Commerce by virtue of such a trade licence.

Although the trade authority notifies the social insurance commission of a trade's registration, the trade operator is also required to make such notification and to register within one month.

#### Exceptional conditions on health and pension insurance

Persons who report their trade licence as suspended or who assign it against payment are not subject to compulsory insurance coverage according to the GSVG.

### 2.4.3 Social insurance contributions

#### Health and pension insurance contributions

Two differing aspects are involved in these contributions: their percentage rate and their contribution. 7.65 % and 17.50 % of the basis are paid as health and pension insurance contributions respectively.

#### Contribution basis

The revenues from a trade business (income minus expenses), established via the income tax assessment notice and income from independent work (if any), form the contribution

basis. The stipulated contributions to the trade health and pension insurance plans are added to those incomes. However, since the assessment notice relating to a current period is often not issued until years afterward, contributions are derived from the assessment notice for the third previous year (e.g. the assessment notice for 2008 is used to temporarily assess contributions for 2011). When the Revenue Office issues the assessment notice for 2011, the contributions are precisely reviewed (refund or additional payment). There is a special initial classification for new companies during their first three years (see Ch. 2.4.4., New Entrepreneurs).

#### **Minimum contribution basis**

Under the GSVG there is a minimum contribution basis. This means that you must pay contributions even if your income is actually lower or if your business posts a loss. The minimum contribution basis for health insurance amounts to EUR 8,004.24. annually (= EUR 667.02 per month) and 8,918.40 annually (= EUR 743.20 per month) for pension insurance.

Accordingly, you must pay at least the minimum monthly contributions of 7.65 % annually, i.e. EUR 612.32 (= EUR 51.03 per month) for health insurance and the 17.50 % contribution of EUR 1,560.72 (= EUR 130.06 per month) for pension insurance.

#### **Maximum contribution basis**

Under the GSVG there is also a maximum contribution basis, amounting to EUR 58,800.00 annually (= EUR 4,900.00 per month). This means that you need pay no additional social insurance contributions for profits beyond this limit.

#### **Accident insurance contributions**

The accident insurance contribution is a monthly sum, amounting to EUR 8.20, i.e. EUR 98.40 in 2011.

### **2.4.4 New entrepreneurs**

Particularly low contribution bases apply if you are a new entrepreneur going independent for the first time and have not previously been GSVG-insured. Valid for the initial three years, they add up to a large saving in contribution payments, thus easing the financial situation and (indirectly) supporting new business founders in starting up their companies.

Pension insurance contributions are (temporarily) reduced to EUR 1,129.34 annually (= EUR 94.11 per month) during the first three calendar years of operation. However, the contributions are reviewed if profits in a year amounted to more than EUR 6,453.36 annually (= EUR 537.78 per month) according to the income tax assessment notice.

Health insurance contributions amount to EUR 493.68 (= EUR 41.14 per month) during the first two calendar years of operation and are not subjected to a review. There is a review in the third calendar year if profits in the third year amounted to more than EUR 6,453.36 annually (= EUR 537.78 per month).

Accident insurance contributions amount to EUR 98.40 per year or EUR 8.20 per month, irrespective of profits.

## 2.4.5 Regulation for small business entrepreneurs

Sole proprietors (but not shareholders in a business partnership or an incorporated company) may be exempted from compulsory trade health and pension insurance; however, specific conditions apply.

Small-scale businesspeople are defined as persons whose annual profits and sales do not exceed

- EUR 4,488.24
  - and
  - EUR 30,000.00
- respectively

Apply for exemption from compulsory full insurance coverage at the Social Insurance Commission for Trade and Commerce.

**NOTE:** You may not make the application retroactive for a previous calendar year. Maintenance of the sales and profit limits is subsequently checked applying the income and sales tax rulings.

Applications for exemption may only be submitted by persons who have not been GSVG-insured for more than 12 months during the previous 60 calendar months or who have attained specific age limits.

**NOTE:** Full compulsory insurance coverage exemption also means that you are not covered under the health and pension insurance plans. Accident insurance coverage continues, however, so you must pay your monthly accident insurance contribution of EUR 8.20 (EUR 98.40 per year).

## 2.4.6 Trade social insurance benefits

### ■ Health insurance

The most important benefits include medical aid, dental treatment, hospital treatment, medications, and cures. We differentiate between those entitled to monetary benefits and those entitled to benefits in kind.

Entrepreneurs whose incomes are below the highest contribution basis (2011: EUR 58,800.00 per year) are entitled to benefits in kind. You may claim benefits in kind and receive an e-card for seeing a doctor. Treatment is initially free of charge, but you will subsequently be charged a deductible of 20%, with the exception of hospital care in the general fee class. This arrangement also applies to new entrepreneurs.

Those entitled to monetary benefits (profit of more than EUR 58,800.00) initially pay for their medical treatment themselves as private patients; they submit their invoices and receive a specific portion refunded – approx. 80% of the doctor's fee. In a case of hospital treatment you receive additional monetary benefits for the special class, apart from a refund for treatment fees of the general fee class. Upon application, those entitled to benefits in kind may acquire entitlement to the hospital special class against an additional contribution. Vice-versa, those entitled to monetary benefits may acquire the right to treatment by a doctor with an e-card, against payment of a very slight additional monthly contribution of EUR 2.00.

### ■ Co-insurance

Spouses raising children and children are co-insured under the health insurance plan without contributions. Moreover, the 20% deductible is not charged for children. Childless spouses may also be co-insured against an additional contribution of 3.4% of the contribution basis of the principal insured person.

## ■ Accident insurance

The most important benefits include medical treatment after a work accident or occupational illness, as well as an accident pension in the event of invalidity of 20% or more. A monthly accident insurance contribution of EUR 8.20 (EUR 98.40 per year) is payable. Greater insurance coverage is possible.

## ■ Unemployment insurance for entrepreneurs since January 1, 2009

If you were running a business, you had no independent unemployment insurance in that capacity to date. When ceasing independent employment, you were dependent on unemployment benefit entitlements from times of non-independent employment and not yet used up.

New regulations have been in force since January 1, 2009 to unemployment insurance for independents; entrepreneurs who were also non-independents prior to January 1, 2009, are entitled due to their non-independent work to unemployment benefits unlimited in time, just like entrepreneurs who began independent work after January 1, 2009 and who, prior thereto, had been working non-independently for at least five years. By voluntarily joining unemployment insurance, these entrepreneurs can extend the time in which they are entitled to unemployment benefits and/or acquire entitlement to a greater amount of unemployment benefits; certain conditions apply.

Entrepreneurs who began their independent work after January 1, 2009 and who had not been non-independently employed for five years prior thereto are entitled to unemployment benefits for a maximum of five years. Here, according to the new model, there is the option of insurance beyond that time (likewise voluntary).

The Social Insurance Commission for Trade and Commerce (SVA) informs every individual insured person of the opportunity to join volun-

tarily (opting in). The following dates apply; entrepreneurs who were independent prior to January 1, 2009 could opt into unemployment insurance throughout 2009. Entrepreneurs who did not begin their independent work until after January 1, 2009 must decide on whether to join within six months of receiving the information from the SVA about the option of voluntary unemployment insurance.

The decision they reach is binding for eight years. Entrepreneurs who do not decide in favour of the new model of unemployment insurance until later on do not have the option of joining unemployment insurance until eight years thereafter at the earliest.

**Contributions:** independents may choose from three fixed monthly contribution bases. The latter consist of one quarter, one half or three quarters of the maximum contribution basis according to the GSVG (EUR 4,900.00 in 2011). The contribution rate amounts to 6%.

Monthly contribution per month	Unemployment benefit
EUR 73.50	EUR 592.00
EUR 147.00	EUR 942.60
EUR 220.50	EUR 1,295.40

For more information, go to [www.gruenderservice.at/arbeitslosenversicherung](http://www.gruenderservice.at/arbeitslosenversicherung)

## ■ Provisions for independents

Provisions for independents have existed since January 1, 2008, a type of “new indemnity” for entrepreneurs as a second pillar of pension provision along with the trade pension insurance. The provisions for independents comprise all persons plying a trade and those new independents subject to compulsory insurance under commercial health insurance. The provisions for independents do not apply to pensioners who no longer work independently while retired. Freelance independents, farmers and foresters may be included in the model of provisions for independents (opting in).

**Contributions:** 1.53 % of the temporary health insurance contribution basis is to be paid as a provision for independents. The contribution basis has an upper limit (2011: EUR 58,800.00). The SVA prescribes the contributions together with the other social insurance contributions; the latter are remitted to the employee provision fund which the entrepreneur has selected.

**Choice of provision fund:** if an employer has chosen a provision fund for his employees, that provision fund is binding for him as well. If no provision fund has been chosen yet due to the absence of employees, the employer must choose a provision fund within six months. Should the employer not do so, the SVA will assign a provision fund.

**Payment:** entitlement to payout and/or disposal option on the contributions paid in exists after 36 months of contribution and a further two years of suspension of trade licence, the lapse of compulsory insurance or cessation of commercial work. Payout entitlement also exists upon retirement, even if there are not three years of in-payment. If independent work continues during retirement, contributions to the provisions for independents must continue. The capital sum is due to the statutory heirs upon the demise of an insured person.

Other disposal options: apart from payout for “indemnity” as a capital sum, the following disposal options are also available:

- continued assessment in the provision fund (does not apply when retiring)
- transfer of the indemnity as a one-time premium for purposes of life-long pension benefit
- assignment of the total capital amount to another provision fund according to the “backpack” principle, if non-independent work is begun
- transfer of the indemnity to a pension fund, provided that there is already entitlement to candidacy, or to an insurance company of your choice as a one-time premium for an additional pension insurance policy demonstrably taken out by the entitled candidate.

**Tax treatment:** all fiscal privileges for employees also apply to independents. The contributions to provisions for independents are deemed to be fiscal business expenses. Assessment in the provision fund is tax-exempt. Payout as a one-time sum is tax-privileged at a taxation rate of 6%. Payment as a pension is tax-exempt.

**Provision calculator:** insured persons may calculate what benefit is to be anticipated from the new provisions for independents by using the SVA Provision Calculator (<http://www.sozialversicherung.at/sva-forsorgerechner>).

## ■ Pension insurance

The most important benefits include old-age pension for men at 65 years of age and women at 60. You require at least 180 months of contributions. Premature old-age pension also exists until 2017 for a longer insured term for men at 61.5 and women at 56.5. You need 420 months of contribution or 450 insured months. Based on the 2003 pension reform, retirement age

has been increasing since 2004 by four months each year until the regular retirement age of 65 for men and 60 for women is reached in 2017. Other options include the “corridor pension” and the heavy labour pension. There is a vocational disability pension for people who can no longer work independently due to illness. When an insured person applies for this pension, medical advisory opinions are acquired on the basis of which the vocational disability pension can be awarded. The Labour and Social Affairs Court may be called upon in the event that a ruling is issued refusing the application.

The pension is generally calculated from the product of the number of insured years and the average contribution basis amounts during working life. Times of non-independent work (ASVG) and independent work (GSVG) are added together. The wealth of details makes consultation with the Social Insurance Commission for Labour and Commerce indispensable when considering retirement.

#### 2.4.7 End of compulsory insurance

You are no longer subject to compulsory insurance obligations per the end of the month in which

- you surrender your trade licence,
- you report the suspension of your trade to the professional group and/or district /regional office of the Chamber of Commerce,
- you apply for the deletion of your position as personally liable shareholder of a partnership, or
- apply for the revocation of your appointment to the post of managing director of a GmbH in the Company Register and/or withdraw as shareholder in such a GmbH.

For further information, consult the experts at the Chamber of Commerce in your province.

**IMPORTANT:** After registering your trade, contact the Social Insurance Commission for Trade and Commerce ([www.sva.or.at](http://www.sva.or.at)), where you will obtain all information on contribution-payment amounts, scope of insurance, small business regulation, differential stipulations, etc. Be sure to include the costs of social insurance in your calculations, since they form a considerable portion of your business expenses.

Go to <http://wko.at/sozialversicherung> for comprehensive information on compulsory social insurance.



## 2.5 TAXES – ACCOUNTING

Whatever legal form you choose, whatever you have done up until now, no matter which branch of business you work in – you will have to pay taxes.

Admittedly, this might sound rather discouraging, especially if you are trying to fight your way through the tax jungle for the first time. Think of your tax expert (tax consultant or professional accountant) as a kind of “machete” who helps clear the way. Important: consider which tasks you can do yourself to reduce fixed costs (col-

lecting receipts, summarising accounts, etc.) and which ones your tax expert should handle for you (your annual financial statement, for instance). Although you needn't be a tax expert to become an entrepreneur, a little solid basic knowledge never hurt anyone; remember that you are personally liable for paying taxes, even if you have fiscal representation. Use entrepreneurial documentation; otherwise, you may take a course at the WIFI (Institute for Professional Advancement). The tax experts at your Chamber of Commerce will be happy to inform you about tax law.



**TIP:** “The Independents’ Brochure” – the Ministry of Finance’s Tax Guidelines for Newly Founded Enterprises – provides a good overview of the taxation situation. You can obtain it at the start-up service in your province or as a download at [www.bmf.gv.at/Publikationen/Downloads/BroschuerenundRatgeber](http://www.bmf.gv.at/Publikationen/Downloads/BroschuerenundRatgeber)

### Your initial contact with the Revenue Office

You must report your business activity and its location to the Revenue Office within a month after starting it. We also recommend that you have the forms provided for this purpose: “Verf24” for sole proprietors, “Verf16” for partnerships or “Verf15” for corporations. You can print out these forms from the Federal Ministry of Finance website. You may also report your start-up of operations to the competent revenue office in writing or by telephone.

The Revenue Office for your place of residence is in charge of income tax and VAT on natural entities (sole proprietorships), whereas the Revenue Office for your place of business is competent for corporation tax for constituted companies (e.g. GmbH, AG) and VAT for e.g. GmbHs and AGs and associations of individuals (Personenvereinigungen, e.g. OG, KG, GesbR). At the same time you apply for a tax number.

Also apply for a VAT ID number sufficiently in advance, if required. The Revenue Office will then send you a questionnaire which you should fill in and return within 14 days. One of

the questions concerns your probable sales and revenues for the first and second years you are in business. Be especially careful when estimating your revenues, since the figure you give will form the basis for calculating your advance income tax payments. If the revenue figure is too high, you will be paying too much tax; if it is too low, you run the risk of having to pay back taxes for previous years and advance payments for the current year, both at the same time.

### Investments prior to opening your business

As an entrepreneur just starting out, you will often have expenses for your future business even before it has commenced.

You are deemed to be an entrepreneur as soon as you have begun preparing your business, e.g. purchasing machinery and tools or remodelling the business premises. Such activity is beneficial in terms of both sales tax and income tax since, on the one hand, the invoiced sales tax is deductible as input tax and, on the other, depreciation can be taken into account. (You may need to apply for regular taxation in the latter case).

The Company Code (Unternehmensgesetzbuch – UGB) has replaced the Commercial Code to date. Whether and when accounting is compulsory according to the provisions set out in the UGB depends on the following criteria:

- entrepreneurial status as defined in the UGB
- legal form
- type of income and amount of sales revenues

Trade businesses are generally subject to accountability (i.e. double-entry bookkeeping) when sales revenues in two consecutive years exceeded EUR 700,000.00. As of this limit entrepreneurs are under obligation to comply with the UGB’s disclosure regulations. Entrepreneurs who must keep accounts according to the UGB must be entered in the Company Register; all other sole proprietors may register voluntarily.

Receipt and expenditure account is possible for sales up to EUR 700,000.00. But note that you are obligated to keep other records as well, such as a purchase journal.

Global accounting is another option you may use to determine your profit. Operational outlays are determined on a flat-rate basis. The

flat rate is calculated with a specific percentage of your income. In addition to the flat rate sum, you may also claim expenses for wages, costs of sales and social insurance contributions. However, there are special global accounting regulations for some areas of business (e.g. restaurant flat rate, retail food stores, commercial agents, financial service providers), in which the flat rate amount and the operational expenses to be deducted are precisely regulated.

You may use the global method if you are not subject to accountability and your sales in the previous fiscal year did not amount to more than EUR 220,000.00. You should consider the global method because there the basis for assessment is often less than for “normal” determination of profit, meaning that you will pay less tax.

#### Cash-Flow Ordinance

The Cash-Flow Ordinance stipulates that a business’s cash income and outflow must be individually listed. Thus tally sheets and inventory accounts usual in the gastronomy sector are no longer permissible; every monetary movement must be individually documented (using a check-out system, cash register receipt book, calculator roll, etc.).

### The Entrepreneurial Law Gazette – Compulsory Bookkeeping

Limit	Bookkeeping
Sales less than EUR 220,000.00	You may choose between flat-rate, accounting on a cash basis and double-entry bookkeeping
Sales less than EUR 700,00.00 (in two consecutive years)	You may choose between accounting on a cash basis and double-entry bookkeeping
Sales over EUR 700,000.00	Double-entry bookkeeping compulsory
Capital companies (GmbH, AG) Sales of all amounts	Double-entry bookkeeping compulsory

There are two exceptions to this strict rule:

1. Operations with sales of less than 150,000 euros. Individual listing becomes compulsory in the next year but one if that limit is exceeded.
2. Operations who earn their sales from door to

door, public thoroughfares, streets, squares and other public places and not in enclosed spaces (the latter are also deemed to include taxis, sales buses and market halls, for example).

Operations eligible for this facilitation may calculate their daily cash receipts in a simpler manner by using a so-called cashing-up method. This involves recalculating a day's sales from the till's initial amount and its final sum at the end of the day, taking into account all cash outlays, private withdrawals and private deposits.

**NOTE:** if you use a computerised cashiering system, you must also be able to submit the data in digitised form. This applies regardless of whether you are subject to the Cash Movement Ordinance.

#### Tax schedule for the most important taxes

Type of tax	Percentage	Deadline	To be paid to:
<b>Sales tax</b>	0%, 10% or 20% of the net amount	the 15 <sup>th</sup> day of the second month following the current one	The Revenue Offices' responsibilities will be changing as of 1 July 2010. Please enquire at the Chamber of Commerce in your province.
<b>Income tax</b>	0% – 50% of the income	the 15 <sup>th</sup> of Feb., May, Aug. & Nov.	
<b>Corporation tax</b>	25% of the profits	the 15 <sup>th</sup> of Feb., May, Aug. & Nov.	
<b>Wages tax</b>	0% – 50% of the wage/ salary, minus social insurance and exempted allowances	the 15 <sup>th</sup> of the month following the current one	
<b>Municipal tax</b>	3% of the gross wage total	the 15 <sup>th</sup> of the month following the current one	
<b>Employer's contribution</b> to the family burden equalisation + employer's contribution surcharge (currently dependent upon the province concerned)	4.5% + 0.36% up to 0.44% of the gross wage total	the 15 <sup>th</sup> of the month following the current one	

If a due-date falls on a Saturday, Sunday or statutory holiday, the next business day becomes the last possible deadline for payment.

## 2.5.1 Sales tax

As a rule, sales tax, also called VAT (value added tax), must be paid for all deliveries and services you provide. It is levied on deliveries and other services which an entrepreneur provides within the country against payment within the framework of his business; it also applies to private consumption and imported goods (import sales tax). In most cases, it amounts to 20% of the net fee, although there is a reduced rate (10%) which applies to some commodities such as books and foodstuffs.

In the case of some special deliveries and services (e.g. deliveries abroad and “construction services”), sales tax does not appear, either because the sales are exempt from sales tax or the commodities’ recipient is liable to pay the tax. In such cases, special notifications must appear on the invoices to be issued which indicate the transfer of tax debt. You also need a VAT ID number.

Although sales tax is levied on all commercial levels (e.g. from producers, manufacturers, wholesalers and retailers), the input-tax deduction means that it does not constitute a cost factor within the entrepreneurial chain. Instead, it is treated as an “ongoing item.” (Incidentally, input tax includes the sales taxes which another entrepreneur indicates separately in an invoice).

### Small business regulation

You do not have to pay sales tax if your annual sales are below EUR 30,000.00 exclusive of VAT, i.e. net – you are classed as a small business under fiscal law – but neither may you claim an input. If your input tax is higher than your sales tax, it would be advantageous to cancel the sales tax exemption. To do so, you must apply for regular taxation, which is then

valid for the subsequent five years. As a rule, entrepreneurs must calculate their own sales tax on a monthly basis. They may deduct the input tax – that is, the sales tax they have paid to their suppliers – as well as any other purchase invoices. The resultant difference is the net sales tax sum owing, which must be paid to the Revenue Office by the 15<sup>th</sup> day of the second month following the current one, e.g. the sales tax for the month of May is due on July 15<sup>th</sup>. As a rule, tax liability takes effect in the month in which deliveries or services are provided (imputed taxation) or, in the case of taxation according to monies received (actual taxation), per the end of the calendar month in which they were earned. Actual taxation applies to entrepreneurs not obligated to keep books of account (i.e. those with annual sales not exceeding EUR 700,000.00); however, such entrepreneurs may apply for imputed taxation.

### Characteristics of a proper invoice

Invoices must be prepared fully, duly and properly if they are to be eligible for input tax deduction.

- the name and address of the firm providing delivery or service
- the recipient’s name and address
- the quantity/scope of the delivery/service provided
- the date of delivery/service
- the charge and an indication of exemption from taxation if applicable
- the sales tax
- the applicable taxation rate and indication of tax exemption if applicable
- the date of invoicing
- the serial invoice number
- the firm’s own VAT ID number (“UID”)
- the VAT ID number of the recipient of the service if the invoice is for more than EUR 10,000.00 (net plus applicable VAT)

You may also settle your taxes quarterly per the middle of the quarter following the current one if your annual net sales total less than EUR 100,000.00.

Tax deduction entitlement does not include automobiles with the exception of those acceptable by virtue of special dispensation from the Finance Administration Office. Go to [www.bmf.gv.at/steuern/fachinformation/umsatzsteuer/listedervorsteuerab-5549/start.htm](http://www.bmf.gv.at/steuern/fachinformation/umsatzsteuer/listedervorsteuerab-5549/start.htm) for more details.

### Low value invoices

Invoices on a gross billing sum less than EUR 150.00 need only include

- the name and address of the firm providing delivery or service
- the quantity/scope of the delivery/service provided
- date of delivery/service
- the gross sum charged
- the sales tax expressed in per cent

You may also apply for global input taxation [Vorsteuerpauschalierung] at 1.8% of the net sales (max. 3,960 euros) if your previous year's sales do not exceed EUR 220,000.00. In addition, input tax on investments over EUR 1,100.00 (net) in assets subject to wear and tear may be taken into account. Such assets include goods, raw materials, semi-finished products, auxiliary materials, accessory components and third-party wages.

You must give the Value-Added Tax Identification Number (VAT ID for short) on EVERY invoice (over EUR 150.00). The number serves to identify an EU entrepreneur in cases of delivery or services to businessmen in another EU country. Business founders receive a VAT ID number at the same time as they acquire their tax ID number if they tick the appropriate line on the questionnaire. Small businesses must submit their own application, which does not mean waiving

the small-business regularisation. You will need an additional ID number if you wish to purchase alcoholic products for your company in an EU country abroad. The Customs head office is competent for issuing these numbers.

## 2.5.2 Income tax

Income tax is the "wage tax" of the self-employed. Assessment is based on the annual revenues you have earned, determined via the accounting on a cash basis, the global (blanket) taxation or double-entry bookkeeping, plus other income (e.g. from non-independent employment). The taxation rate ranges between 0% and 50%, although at present income tax is only payable if (annual) income amounts to more than EUR 11,000.00.

You pay income tax every quarter-year in advance. As mentioned at the outset, your estimate according to the Revenue Office questionnaire forms the assessment basis for the initial year. However, if it turns out that your expectations were too optimistic, you have until September 30 to request the Revenue Office to reduce your advance payments. You must provide a well-founded planning account for the current fiscal year.

Since your advance payments are solely based on estimations and expectations, you must file the actual annual tax declarations for income and sales tax with the Revenue Office by no later than April 30 of the year following the current fiscal year. If you have an Internet connection, you must file your tax declarations electronically – the deadline is extended to June 30, and even further if a tax consultant is representing you.

Once the tax has been established, the accounting ensues; if your advance payment has been too high, you will receive a credit for the balance; if it has been too low, you must make up the difference.

## Income tax tariff (effective October 2010)

Annual income in EUR	Average limit income tax in EUR	Tax rate in %	Tax rate in
$\leq 11,000.00$	0	0	0
$> 11,000.00$ to $25,000.00$	$\frac{(\text{Income} - 11,000.00) \times 5,110}{14,000.00}$ or $(\text{Income} - 11,000.00) \times 36.5$	- 20.44	36.5
$> 25,000.00$ to $60,000.00$	$\frac{(\text{Income} - 25,000.00) \times 15,125}{35,000.00} + 5,110$ or $(\text{Income} - 25,000.00) \times 43.2143\% + 5,110$	20.44-33.275	43.2143
$> 60,000.00$	$(\text{Income} - 60,000.00) \times 0.5 + 20,235$	$> 33.725$	50

Example: Income EUR 20,000.00

Calculation formula:  $\frac{(20,000.00 - 11,000.00) \times 5,110}{14,000.00} = \text{EUR } 3,285.00$

**TIP:** You can calculate your income tax very easily at the Federal Ministry of Finance website: <https://www.bmf.gv.at/Steuern/Berechnungsprogramme/start.html>



**IMPORTANT NOTE:** As of October 1 of the year following the one in which the tax debt has been incurred, the Revenue Office charges debit and credit interest on the tax owing and/or the resultant tax credit until the tax ruling has been issued for the year concerned. The Revenue authorities send you the tax-declaration forms. The deadline for filing your tax return can be extended in individual cases if you submit an application for prolongation; you must substantiate your request. However, you often pay no taxes in the start-up year, due to the very great initial expenses and write-downs you incur and which cut deeply into profits or even result in balance-sheet losses. As of 2010, it is no longer possible to claim 1/2 the average taxation rate for undistributed profits. Instead, the tax-free allow-

ance for invested profits has been extended. As of 2010, the tax-free profit allowance also reduces the assessment basis for income tax for sole proprietors and co-proprietors of a partnership (i.e. not a "GmbH" [limited-liability company] or an "AG" [stock corporation]); every entrepreneur is entitled to a basic tax-free allowance of 13% of the profit up to a maximum profit of EUR 30,000 (thus a basic tax-free allowance of max. EUR 3,900). This tax-free allowance is also available to grossed-up businesses ("pauschalierte Unternehmen"). Furthermore, depending on investments in certain tangible assets and securities, an additional tax-free profit allowance conditional upon investments of 13% for profits over EUR 30,000 can be claimed. The annual tax-free profit allowance is limited altogether to EUR 100,000 per entrepreneur.

Remember, you are welcome to contact the Chamber of Commerce (Founder Service, district and regional office) if you have any questions.

first year and EUR 437.50 per quarter as of the second year. Profits are liable to a further 25% capital gains tax (and/or the average income-tax rate) if they are distributed to the shareholders.

### 2.5.3 Corporation tax

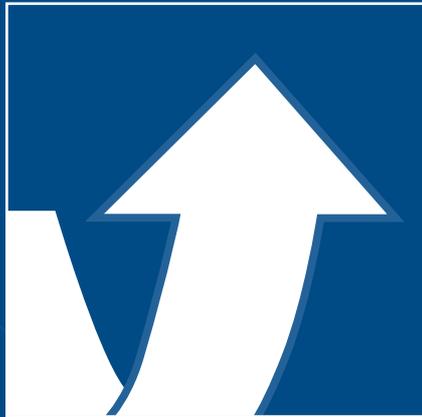
Corporation tax is the “income tax” on corporations such as a GmbH. It amounts to 25%, irrespective of the amount earned. The minimum tax advance payment amounts to EUR 437.50 per quarter (= 5% of the minimum equity capital sum of EUR 35,000.00). New companies pay EUR 273.00 per quarter in the

### 2.5.4 Other taxes

There are other taxes apart from those already discussed, for example the wage tax (which an employer must pay for his employees), municipal tax, employer contributions and the employer-contribution surcharge for employees and shareholders-managing directors, motor vehicle tax, tourism levy and land tax.



3



## ■ COMMERCIAL BASES

## ■ 3.1. MARKETING

### 3.1.1 From the Idea to the Concept

You have a business concept, you are excited about it and you are confident you can carry it through? Your product is a technical masterpiece, your assortment is simply so extraordinary or your service is so ingenious that you are sure you have a strong advantage over potential competitors?

These are indubitably important prerequisites for your business to be successful; but have you also considered

- who is going to profit from your product?
- where will you find these people? – in which geographical region or on what social level?
- how much are your potential customers willing to pay for your product?
- how you will approach your customers?
- how your will sales develop over the years to come?
- what additional offer or service could improve your chances?
- who your competitors are? – and where their strengths and weaknesses lie?

Have you ever asked yourself why a customer should buy your product and not someone else's? If you can give a good answer to this, you are already well along on the right path and you can skip this chapter with a clear conscience. If your answer is not definite, you should examine the marketing aspect in more depth.

### What does it mean?

Actually, the topic is already well outlined in the questionnaire above; to put it in a nutshell, "Marketing is knowing the customers and focusing your company's work on their sectors of the market."

In other words, you should be concentrating your thoughts on your current and potential customers' problems, wishes and requirements – not just on your product itself. Then you need to work out your strategy, bearing in mind that each marketing decision fundamentally depends on your own situation, sizing up the competition and the means you have at your disposal.

There is nothing really new about this wisdom; long ago, Sun Tse, a Chinese commander-in-chief, said, "If you know your enemy and you know yourself, you will be able to fight hundreds of battles without any danger: if you know yourself but not your enemy, then your chances of winning or losing are equal: but if you know neither yourself nor your enemy, you will lose every battle."

Bearing this in mind, you can now carefully work out your marketing strategy, establishing the components which will form your marketing decisions and considering the results, with special emphasis on the word "establishing."

Put your concept down on paper; do not simply carry it around in your head. Writing it out obliges you to formulate your ideas, giving you the opportunity to reconsider your strategy and perhaps improve it at a later stage.

This is how the procedure should look:



This circular method demonstrates clearly that the concept process is a never-ending one; it must constantly be adapted to the circumstances of the economic situation and to personal circumstances alike.

When you begin to implement your concept you will naturally commence by analysing the current economic situation and then trying to estimate how your own situation will evolve in future unless you develop specific marketing tactics.

### 3.1.2 Which items need imperative analysis and consideration regarding the near future?

#### Market situation

- How is your market developing geographically? (district, province, Austria, Europe)
- What is the general situation of economic development and the specific one in your line of business?
- How will economic fluctuations likely affect your future company?
- What amendments to the law or standards are to be reckoned with in the near future? (e.g. environmental conservation, taxes, the EU, general development?)
- How great is the purchasing power of the target group you are considering?
- What changes in consumer trends must you reckon with? (e.g. from synthetics to natural products, mechanical to electronic)
- Are there any market loopholes? (i.e. requirements not being satisfied)

#### Customers

- Have you looked into your customers' purchasing habits, motives and requirements?
- Have you considered changes in their behaviour (e.g. heightened environmental consciousness, increased demand for quality, health, wellness)?
- What about consultation and service requirements?
- Are there current, popular trends influencing your customers?

#### Competitors

- Who are your main competitors? (how many, how large, their market share)
- On which price and quality levels are the competitors working?
- What is the situation regarding their technical standards and financial power?
- Must you consider the possibility of new competitors appearing on the scene?

- Do you anticipate serious product innovations amongst existing competitors or from new ones?

You can obtain a checklist on analysing competition on the Internet at [www.gruenderservice.at](http://www.gruenderservice.at) (Company Start-Up/Market/Marketing).

#### Market research

Procuring all this information is called doing market research.

Where to obtain this information? – from

- the department competent for your line of business
- (The Board), Chamber of Commerce
- trade journals
- customer surveys
- observing the goings-on at trade fairs, etc.
- the Internet
- the Austrian Bureau of Statistics ([www.statistik.at](http://www.statistik.at))

Of course, you could also commission a market-research institute to provide you with the data you are interested in – but you would also have to reckon with the relatively high cost of such a service.

### 3.1.3 Marketing objectives

The information you gain from analysing your initial position and forecast will provide you with the basis for deriving your marketing image (basic business design) and objectives in Phase Two.

#### What are the possible objectives?

- sales, revenue, profitability, etc.
- market share (e.g. "In five years' time I want to be the largest manufacturer of wooden staircases in Western Austria")
- employee satisfaction
- security

The list of objectives could go on as long as you wish. Generally speaking, though, you will want to aim at a combination of several objectives, not just one. The most important thing is not to lose sight of your fundamental objectives.

It is just as important that you define your aims precisely, since this is the only way to discover whether you have met your objectives (e.g. “annual sales growth of 12% at an increase in revenue of 9%”).

Once you have planned your marketing objectives, the next step is to find the ways and means to achieve them.

Marketing-policy tools, as they are called, are available to help you. The idea is to gather these tools together within a marketing mix which is as seamless and harmonious in substance as possible so you will stand out advantageously from your competitors.

### 3.1.4 Marketing tools



Even though it is beyond the scope of this booklet to list all the details of a marketing mix, we have sketched out the most important aspects below. You can obtain a checklist on marketing mix on the Internet at [www.gruenderservice.at](http://www.gruenderservice.at) (Start-Up/Market/Marketing).

### Designing your offers (product and assortment policy)

Product policy comprises all the issues related to the products and services you provide. The most important of these include

- **Customer expectations:** to be kept in mind when creating your product assortment. The product/service must meet customers' requirements.
- **Product innovation:** sometimes it is necessary to introduce new products or product groups onto the market.
- **Product variation:** varying products or product groups already on the market.
- **Eliminating products:** removing products or product groups from the assortment.
- **Additional customer benefits:** e.g. customer service, after-sale service.
- **Packaging:** designing packaging which is both practical and which promotes sales
- **Brand name:** developing a brand name to set your product apart from others. Go to [www.patentamt.at](http://www.patentamt.at) for more information on trademark law.
- **USP – Unique Selling Proposition:** The potential for success of a Unique Selling Proposition (USP) essentially depends on the uniqueness of your product/service/ image being recognised by the customer, having special significance for the customer and being difficult for the competition to catch up with. The USP is an essential component for the success of your business.

### Pricing (pricing policy)

Pricing policy covers all decisions on finding the "right" price and ultimately establishing it on the market.

The realistic price is influenced by such factors as

- discounts
- supply conditions
- payment conditions
- loans

i.e. you must take these elements into account when calculating your prices.

How to price your product? – base it on

- your own calculation (cost-plus-profit margin)
- competitors' products
- your customers' "value expectation" (e.g. customers often find luxury articles less attractive if they are under-priced).

You can obtain a checklist on pricing policy on the Internet at [www.gruenderservice.at](http://www.gruenderservice.at) (Set-Up/Market/Marketing).

### Distribution policy

Distribution policy involves making the product available

- in good condition
- at the right time
- at the right place
- in the quantity requested,

whereby it is up to you to decide how you want to distribute your product or service – using your own sales personnel or via retail or wholesale outlets. You will also need to look into the aspects of storage and transportation.

Franchising could also be an option. You can find more detailed information on this topic by going to the Guide to Franchising as a download at [www.gruenderservice.at/publikationen/](http://www.gruenderservice.at/publikationen/)

### Working the market (communication policy)

Are you among those who confuse marketing with advertising? By the time you have read this far, you will have become aware that advertising is only one component in the marketing mix. Before you start to plan an advertising campaign or contact an advertising agency, do think about

- what you want the advertising to achieve (e.g. attaining a certain level of renown, increasing sales by 10%, etc.)
- whom you want it to reach (define the target group precisely)
- the funds you have available for the advertising

You can obtain a checklist on advertising budgets on the Internet at [www.gruenderservice.at](http://www.gruenderservice.at) (Set-Up/Market/Marketing).

- How will you form your advertising message (how to make customers aware of the value of your product or service?)
- Which advertising media to use?
  - newspaper advertising
  - flyers
  - posters
  - mailings
  - telephone marketing
  - television, radio
  - Internet (newsletters), CD ROMs
  - personal sales

In general, local newspapers, flyers and broadsheets inserted in newspapers are the most suitable media for small and mid-sized companies. Apart from these media, another form of advertising, **direct marketing**, has proved to be very successful. It basically involves preparing advertising letters bearing a personal salutation and sending them to people within a precisely defined target group. Then these people are contacted by telephone. This focused manner of addressing people reaches the target group without losing effectiveness (as non-selective advertising does, for example).

Now that more and more people have Internet access, targeted communication via e-mail newsletters has become a very attractive option, whereby you can achieve the same results as with the aforementioned advertising letters – but at considerably less expense. The idea is to begin collecting e-mail addresses in your customer file from the very outset – without, of course, neglecting the current legal situation in this regard.

Due to the developments in information technology, it is now of special importance for a company to have a professional website. Think very carefully about getting your advertising message across to potential customers quickly and easily (using search engines, banner advertising, etc.). With the Internet, there are no more frontiers – you are present all over the world, regardless of your company's size – and the cost is very affordable. But here again, you will need the help of specialists – the Internet has its own rules (cf. Ch. 4.6.2).

Apart from advertising, direct sales promotion is extremely important. It extends from an attractively styled place of business all the way to personal sales discussions. Lay great store by your sales staff's qualifications; they should not only be knowledgeable of their jobs and the products but also be skilled in dealing with customers' individual requirements.

Public relations work (PR for short) is another component of communication policy. Its function is to generate trust and interest in the public sector and to create a positive corporate image for your company – your advertising messages will be more credible and your employees more motivated.

How can you give more impact to your image? Try to stay prominent in public discussions; reports in newspapers, open houses, tours of

your business premises and supporting cultural events all contribute to enhancing your profile.

Give your creativity free rein – the sky's the limit – but do be sure there is a constant thread running through all your work when combining these marketing tools. A uniform corporate image (not only in advertising and communication, but throughout the entire marketing mix) is extremely important for implanting your company in the minds of extant and potential customers. Combine your actions within your policies on your products, pricing, distribution and communicate optimally and you will achieve your objective. Once you have drafted your marketing concept, only one thing remains to add at the end:

#### **IMPORTANT NOTE:**

##### **Ask yourself these marketing questions:**

- product/service assortment: what customer values can I offer and how do I design my offer?
- market analysis: who are my customers, my competitors? What customers should I approach? What are these customers' wishes?
- advertising is expensive: how much will it cost me?
- Take action and keep your costs in mind.



## 3.2 YOUR BOOKKEEPING – ACCOUNTING

The term “business accounting” covers all procedures which compile and monitor a firm’s entire business activity in figures.

These records are kept to protect creditors, assess taxes and to plan and control the business.

### 3.2.1 Compulsory records

As an entrepreneur, it is your responsibility to collect receipts, maintain records and to keep them for at least seven years. In general, there are three ways to determine profits and keep records of them, depending on the amount of sales, the type of income and the legal form.

The Company Code [Unternehmensgesetzbuch – UGB] contains the regulations on business accounting. This could result in possible changes within the framework of keeping ledgers and records for already extant firms; but we recommend that new founders avail themselves of the advice of a tax expert (tax consultant, professional bookkeeper, etc.) in this area as well.

#### Accounting on a cash basis

Income and expenses must be recorded and a register kept of goods received, as well as a list of all purchases made for running the business up to a certain amount not immediately depreciable and a record of employees’ wage accounts.

Income  
– expenses  
– depreciation  

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**= surplus of income over expenses**

#### Global (“Blanket”) Accounting

In basic global (“blanket”) accounting, you record income, sales of goods and wages as with the accounting on a cash basis, provided that you do not have to keep ledgers and that sales in the previous year were less than EUR 220,000.00. The list of purchases for running the business need not be kept, but we recommend that you do so in case you change to a different way of determining profit at a later date.

Income  
– purchased goods  
– personnel expenses  
– social insurance contributions  
– 12% operational expenses  
(but not more than EUR 26,400.00)  
– 6% operational expenses for specific activities (but not more than EUR 13,200.00)  

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**= profit**

You may also apply for a global/blanket pre-tax rate of 1.8% of all (net) sales if the latter do not exceed EUR 220,000.00. In addition, advance tax can be taken into account on investments over EUR 1,100.00 net in assets subject to wear and tear (goods, raw materials, add-on constructions and third-party wages) (global/blanket accounting according to the Sales Tax Act).

Special options for global/blanket accounting and/or statutes apply to some branches of business (e.g. the catering industry, retail food-stores, etc.).

#### Double-entry bookkeeping

This method involves preparing a balance sheet, a profit and loss account, a cashbook, list of investments, wage accounts and an inventory list. These records are not merely useful for your own purposes; they contain a wealth of information which you can apply in a multitude of ways in running and developing your business.

### 3.2.2 Voluntary records

#### Cost calculation

In the long run, your company can only survive if market sales revenues are greater than monies expended on developing a product/service, i.e. the cost of making them. Estimating your own costs is the first step in establishing prices on the one hand and, on the other, an absolute prerequisite for running a business responsibly. The idea in calculating costs is to determine the value of developing a product/service internally (e.g. the cost of one work-hour) and then to bill the customer for the sum.

It goes without saying that you can't calculate and invoice costs if you don't know they exist – and if you do not know the price-limits, then you cannot form a viable pricing policy, either. Therefore, you must determine the cost structure and monitor price developments in order to calculate your costs correctly, which will then become the basis for establishing your selling prices.

However, since market prices are not determined according to costs, you as an entrepreneur are obliged to keep a constant watch on your firm's cost developments and to do whatever you can to keep costs down. Financial accounting figures (accounting on a cash basis or double-entry bookkeeping) alone are not enough to determine costs; often, they are derived merely in terms of taxation aspects, and the expenses shown on the books are very different from the actual costs involved.

#### Above all, calculating costs helps

- to determine your cost-prices to use as a basis for establishing sales-market prices
- to calculate the profitability of individual business targets, groups of products or single products on which to base product and sales planning
- to determine the minimum price your firm can charge when accepting an order (company pricing policy)
- to determine surcharge rates for balance-sheet assessments of semi-finished and prefab products, including self-manufactured equipment
- to decide whether to manufacture/perform a product/service yourself or to outsource it. For example, cost calculation will show you whether it is more economical to operate your own repair department or to engage another firm to do this work.



## 3.3 CALCULATION AND PROFITABILITY

Precise calculation of revenues and costs (planning) is necessary to reflect the future company in figures. Of course, you must also define your objectives to do so; you cannot attain your objectives if you do not know what they are.

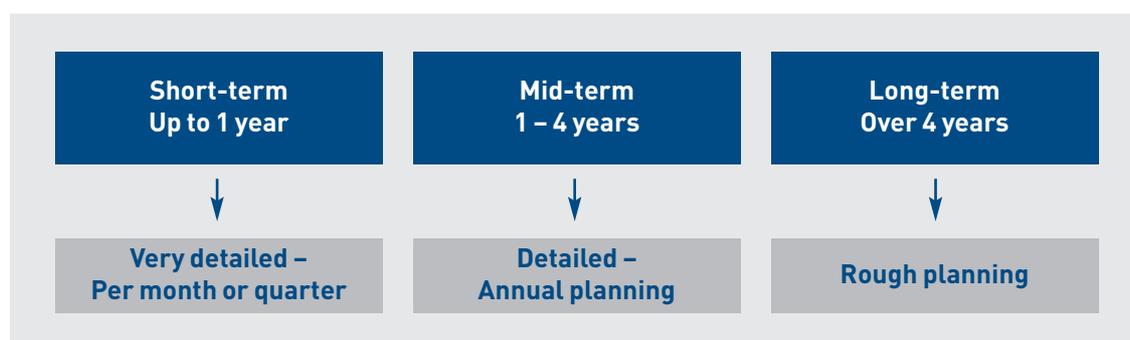
If you do not plan, you leave everything to chance. If you do plan, you might replace chance with mistakes. Calculating also calls for structured thinking and communication in the company. In addition, planning also provides important information for your business associations, such as the bank, suppliers, customers, the authorities, etc. – and not least for the most important item, **profitability**.

**TIP:** Show your bank documentation on planning and calculation; it will improve your creditworthiness. Banks appreciate calculation and planning documentation.



### 3.3.1 Time-frame for calculation

The chart below shows a common breakdown of the calculating time-frame. There will of course be differences depending on the type of business and on the purpose of the planning.



**TIP:** The greater the investment and the longer the amortisation time, the longer the planning time-frame will have to be. If you are applying for assistance, your planning time-frame should be at least three years.



### 3.3.2 The basic schema for calculating results

Essentially, you take four factors into your planning when calculating your overall operation: the planned revenues, variable costs (direct costs), personnel costs and the other fixed costs (overhead).

Planned revenues (quantity x price)

- planned variable costs

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**Contribution margin / gross yield**

- planned personnel costs

- other planned fixed costs

---

**Operating result**

(Result of usual business activity)

### 3.3.3 Framework Data for Calculation

Plan calculation is always aimed at the future. In order to take account of the anticipated influences on the calculation, you need to determine the most important influential factors and include them in the calculation. Such framework data include

- **the economy:** economic growth, inflation, trend of interest rates, and
- **the branch of business/market:** collective bargaining agreements, development in the branch of business (concentration, growth, saturation, etc.), development in raw materials and suppliers.

Note: The price of a product or an hour of service is the result of supply and demand on the market, the competition situation and your own cost situation.

### 3.3.4 Calculating Revenues

You must always take account of bottleneck situations in your company when planning revenues. A bottleneck can occur in sales (quantity), personnel (skilled employees, know-how, etc.) or in production (technology, supplies, raw materials).

Two main factors influence the amount of revenue (sales): the price and the quantity of a sale (price/sale function). You can apply past figures (if available), your own market experience and forecasts to help calculate the sales volume. Sale prices will be oriented to extant market prices, including eventual modifications, innovations, etc.

In many branches of business, billable hours are also an important factor in calculating revenues, including both your own working hours and those of your employees.

### 3.3.5 Calculating variable costs

Basically, variable costs depend on the volume produced and sold. For instance, a carpenter's costs are always variable when he sells a kitchen. In this case, the costs would be for materials such as wood, fixtures, screws and of course the expense of buying the kitchen appliances.

Take the following factors into account when calculating variable costs:

- costs of materials
- cost of sales
- accessories, etc.
- services acquired

---

**= total variable costs**

### 3.3.6 Calculating Personnel Costs

Personnel costs are a major expense factor in every company. Therefore, you need to plan them for all your employees, including incidental wage costs. The list below shows the composition of personnel costs in a simplified way.

- gross wage (salary), at least as in the collective bargaining agreement, 12 times a year
- plus two special payments for vacation and Christmas bonuses
- plus employer contribution to social insurance
- plus employer contribution, employer surcharge, municipal tax and employee provision fund

### 3.3.7 Calculating Fixed Costs (Overhead)

Fixed costs cannot be worked off over a short time and they are independent of orders, which is why they are called "fixed." They accrue in every company, although they differ in terms of amount, type of cost and composition. Thus it is important to consider all fixed-cost items and to determine the expenses clearly and comprehensibly.

- maintenance, repairs
- electricity
- water
- heating
- business premises rental
- equipment rentals
- franchise fees
- ongoing office expenses
- telephone, fax, postage, Internet
- social insurance
- property insurance
- motor vehicle expenses
- travel allowances, per diems
- further training
- legal and consultation costs
- marketing
- low-value commercial goods, tools
- other expenses
- other taxes, fees, contributions
- leasing
- write-downs
- interest, bank charges

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**= total fixed costs**

### 3.3.8 Calculating with EDP support

There is a new tool to help you with the question of "What expenses will I have and how much must I earn?" Our Minimum Sales Calculator is available at [www.gruenderservice.at/mindestumsatzberechnung](http://www.gruenderservice.at/mindestumsatzberechnung). The Plan4You Easy programme is available for your complete business planning as a free download at [www.gruenderservice.at/businessplan](http://www.gruenderservice.at/businessplan).

## ■ 3.4 FINANCING

Adequate financing is the basis for setting up your company successfully. However, it can be a problem, especially for new companies. You have very little of your own capital, and you don't have commercial success or references to show yet. Potential financiers can only assess your chances of success with difficulty and thus contributing capital is a big risk for them.

That is why it is so important that you present your business concept, the market situation and your financial requirements in a business plan formulated in writing; everyone whom you want to invest in your endeavour will want to know where his money will be going and how he is going to get it back with appropriate interest.

(Preparing a business plan: see Ch. 6 and [www.gruenderservice.at](http://www.gruenderservice.at)).

So prepare your financing well as part of your business plan and remember that potential financiers will need a certain amount of time to review your proposal.

Before you begin, though, you should be clear on these points:

- the specific funding you require
- how you will go about getting it and what you can contribute to it
- what subsidies are available.

### 3.4.1 Financial Requirements

Precisely determining financial requirements is one of the most important tasks of a company founder. Exact planning helps to ensure liquidity and avoid insolvency. It includes both long-term financial forecasting for assets such as real estate property, buildings, machinery, motor vehicles, and the like and short-term financing for working capital.

Here, you will need to consider material stocks, stocks in trade, stocks of finished products and payments not yet received and, last but not least, you should take your financial obligations in the initial phase into account.

#### **Capital requirements for investments (real-estate property, building, machinery, motor vehicles, etc.)**

Capital requirements for planned, requisite investments are relatively easy to determine if you consider offers from various sources; but do not neglect incidental costs such as property acquisition tax, fees charged by notaries and costs of acquiring capital. Try to determine your capital requirements as precisely as possible; in dubious cases, a rough estimate is better policy than to leave such an item out. Do not estimate your capital requirements too closely; you should plan in a reserve margin of about 10% for each item.

#### **Capital requirements for goods and material stocks**

If you are planning to set up a production company, you will need to deduct the material to be used from the planned annual sales. Using comparative figures from your branch of business, you can assess how many times the stocks will "roll over." Establishing an average inventory is an important part of planning capital requirements. If you are planning to open a retail outlet, it is important that you establish the scope of goods supply. You can determine the worth of required stock by asking suppliers for their purchase prices.

#### **Ongoing financial requirements**

Keep in mind that you need to allow for a certain amount of time between receiving an order and being paid for it; obviously, you will require funds to bridge this gap. In this regard, it is highly important to determine whether deferment of payment is common practice or necessary in your branch of business or whether goods are paid for at once.

In any event, you will have to take a starting-up period into account in which income will be less than expenses. In order to keep this time of reduced circumstances as short as possible, keep the following items in mind when calculating your working capital: liabilities, personnel costs, rent or lease, office and administration costs, energy and motor vehicle expenses and interest. Also include requisite personal withdrawals (living expenses, various insurance policies, rent and other expenses regarding your own home) in your list of working capital requirements.

Estimating working capital requirements is often not at all a simple matter. Planning your finances carefully can be a great help.

### Financial planning as a helpful tool

A financial plan is a type of list juxtaposing payments received (sales, private investments, loan commitments, etc.) and expenditures (e.g. ongoing costs, investments, personal livelihood, and the like) for each month (cf. the illustration on the following page).

At the outset, orders often do not come in to their full scope and existing orders are frequently executed some time before they are paid for; therefore, it is evident that in the first few months outlay will be greater than income. Juxtaposing payments and receipts in a list will show you the monthly deficit or monthly surplus. If several months are deficit ones at the outset (i.e. outlay greater than income), a greater deficit sum can accumulate which, for the most part, must be pre-financed via a current-account loan (credit line) until the time when the outstanding sums come back into the firm through sales. Therefore, applying your financial plan, you can estimate the amount of credit line you will need to cover your ongoing financial requirements. You should also include a certain reserve margin, since the income side frequently cannot be estimated so precisely.

### IMPORTANT:

- Plan sufficient liquidity reserves.
- Also think about possible unforeseeable occurrences.
- Reduce your working capital requirements by invoicing immediately, rationalising inventory, systematically monitoring payments and using a well-organised dunning system.
- Remember that, as sales increase, working capital requirements also become greater due to higher costs and payables and will have to be financed.



## Determining capital requirements

<b>INVESTMENTS</b>	<b>EURO</b>
<b>Real-estate property</b>	
Purchase price, incidental broker charges, costs for the lease, taxes, development, etc.	
<b>Constructional investments</b>	
New constructions, remodelling, adapting rooms, security deposit for rented or leased premises	
<b>Furnishings</b>	
Office equipment, machinery, implements, storage space, showrooms, etc.	
<b>Vehicle fleet</b>	
Automobiles, minivans, lorries, etc.	
<b>Other investments</b>	
<b>WAREHOUSE INVENTORY</b>	
Initial warehouse inventory for raw materials, ancillary agents, operating materials, trade goods	
<b>ONGOING COSTS – START-UP COSTS</b>	
Incorporation costs (e.g. registration fees, company constitution notary public, tax consultant, attorney, Company Register) and ongoing expenses to bridge the start-up phase (until corresponding sales are achieved), e.g. for advertising your opening, rent, telephone, personal living expenses, wages, etc. (cf. also the data in the financial plan)	

## Financial Plan

(= a list juxtaposing payments received and outgoing payments)

Amounts in euros per month/quarter/year

	Month 1	Month 2	...	Month 12
<b>1. Initial available funding</b>				
<b>2. Planned incoming payments</b>				
Sales (incl. VAT)				
From loan commitments				
Private investments				
Other incoming payments (incl. VAT)				
<b>Total incoming payments (1) + (2)</b>				
<b>3. Planned outgoing payments</b>				
Costs affecting ongoing payments (incl. VAT)				
Payments for investments (incl. VAT)				
Payments for materials (incl. VAT)				
Private withdrawals				
Payments to the Revenue Office				
Interest payments / bank charges				
Capital repayments				
Other payments (incl. VAT)				
<b>Total outgoing payments</b>				
<b>Deficit / surplus (1) + (2) - (3)</b>				
<b>Deficit coverage</b>				
Current-account credit / loan				
Private investments				
Other				
<b>Use of surplus</b>				

## 3.4.2 Raising the capital

### 3.4.2.1 Types of Capital

#### ■ Your Own Capital

##### How much of your own capital do you have?

The capital requirement plan you have prepared yielded a sum that you will definitely need at the outset when you start up your company. Keep in mind that you are the first financier of your business. If you cannot contribute any money to it, why should others do so? A certain portion of your own capital is thus important and also definitely advantageous. You have no fixed repayments to deal with, interest depends on profit and you need provide no collateral. Consider first of all how “rich” you are. Think it through, using as support a list of any cash you might have on hand (i.e. savings), real assets you could convert to liquid assets (bonds, securities, objects of value), as well as other possible investments (life insurance policy, savings account, real estate, objects of value). Also investigate whether you can reduce your living expenses to date, or whether you can contribute machinery or a motor vehicle to your firm. You might well be able to make some personal contributions, such as adaptation and renovation work, furnishings, and the like. There are no generally applicable rules on how much of your own capital you should raise. Depending on the branch of business and financing volume, many banks usually require a capital share of your own between 20 and 30%.

**IMPORTANT:** Your own capital makes you just that much more “independent.” You have no fixed instalments to repay, interest is dependent on profit and you do not have to put up collateral.

Think about whether you can also increase your own capital share

- by obtaining contributions from relatives, friends and acquaintances
- by taking on partners in the form of constituting a business, or
- from public or private risk financiers (holding and venture-capital companies).

Incidentally, equity capital guarantees in the form of liability in the event of default for the financiers (cf. the following chapter on Subsidies).

#### ■ Third-party capital

Once you have amassed your own capital and whatever contributions you can make yourself, you will perhaps discover that you need additional third-party capital, i.e. loans, to finance your business-founding plans completely.

**IMPORTANT NOTE:** Third-party capital equals debt. Interest is to be paid irrespective of revenue. As a rule, you cannot acquire third-party capital without providing collateral and assuming personal liability.

### 3.4.2.2 Financing options

#### ■ Investment loans

Investment loans from your bank serve to finance fixed assets (real estate property, buildings, machinery, motor vehicles, etc.) and restructure buildings. They are granted on a mid-term to long-term basis, i.e. they have a term of about four to 20 years. The term of a loan should correspond to the useful life of the goods concerned. Apply for a loan in sufficient time prior to investing.

Also remember in this context that large investment loans and the major share of third-party capital usually connected with it can entail a large risk due to heavy interest encumbrance and high redemption instalments – especially in the case of revenues which are declining or too little, since the loan must be redeemed out of the profits. Talk it over with experts (corporate consultants, the bank, etc.) whether it makes sense to take out a large investment loan. There is also the option of taking out foreign-currency loans; but the problems here include exchange-rate risks and trend in interest rates. Therefore, it is advisable to monitor such things constantly. (Talk with your bank or financial experts about this option).

#### ■ Overdrafts

Overdrafts (also known as working capital loans) apply to ongoing business and payment transactions. All ongoing transfers are made via this account, cheques are credited and debited and standing orders are carried out. You can dispose of such a loan freely up to the amount arranged with the bank (overdraft credit line). It is flexible and not bureaucratic, and interest is only calculated on the loan amount actually used. However, overdrafts should only be used as a means of short-term financing, viz. for ongoing payments and not

for investments. Of course, there are additional charges and fees for such a flexible form of loan; you can obtain clear and comprehensive information on all applicable conditions from your bank.

#### ■ Leasing

Simply stated, leasing is paying a fee for the use of something. Nowadays you can lease almost anything – from telephone equipment to an industrial building. As opposed to a bank loan, which you use to purchase something which then becomes your property, a leased object remains the property of the leasing company for the duration of the contract. Thus there is a distinction between the user of an object and its owner.

A word of caution: although you are not the owner of the leased object, you usually bear all the risks connected with the leased object and its use. As a rule, the lessee is also responsible for maintenance and repair as well.

But leasing does have its advantages: instead of paying out a large, one-time sum, the leasing instalments spread your outlays over a longer period, the idea being to cover the outlays by ongoing income. The lease instalments can be attuned to your ability to pay by way of an individual contract formulation, setting the term of the lease, payments on account or making residual-value arrangements.

Moreover, collateral is rarely required in a leasing arrangement, which makes financing easier or even possible at all. Collateral which you may have can be put toward other types of financing. Depending on the lessor's standing on the market, he may be able to offer you price advantages, such as more economical insurance premiums when leasing a motor vehicle.

### ■ Venture capital financing

Venture capital is a type of holding financing and thus a form of risk capital or equity capital. Venture capital companies maintain holdings in new companies with the objective of profiting from the invested capital when the holdings are further sold. Holding companies generally focus on a limited circle of new entrepreneurs

- with innovative ideas and
- above-average chances for growth and revenue
- who submit a detailed business plan
- who are persuasive in demonstrating their entrepreneurial capabilities
- and who, in addition, require a correspondingly large financing volume (approx. EUR 400,000.00 and over – but this depends on individual cases and the venture capital provider).

Therefore, venture capital is **not** an option for most company founders.

### ■ Business Angels

Business angels are persons who assist new companies with their own capital and also with management experience and business contacts. They are commercially independent, most of them have been successful entrepreneurs or managers and are experienced in business life. Therefore, business angels are also available for consultation. Often, they also invest smaller sums – from 20,000 euros upwards – in new companies with innovative ideas and high growth potential; thus, they can especially provide a stopgap if a risk is too great for a bank and if the capital requirement is too small for a holding company. Referrals between companies and business angels are conducted in Austria via the initiative “i2 – the exchange for business angels” of the Austria Wirtschaftsservice GmbH. i2 business angels can include private persons with capital and management know-how and institutional investors (incubator organisations, venture

capital companies, holding companies), as well as entrepreneurial investors having holdings strategically or financially.

Go to [www.awsg.at](http://www.awsg.at) for further information.

### ■ Supplier credit

Supplier credit is the easiest but most expensive form of “loan.” You do not have to apply for it and it is granted informally. It can be offered when you receive merchandise or a service; you do not pay for them upon receipt, but rather at a later date. The supplier might offer you a credit period of, say, 30 days. What’s more, at first glance it seems to be free.

But consider the meaning of the terms and conditions carefully: “payable within 10 days from the invoice date minus a 2% discount, and within 30 days without discount.” Which annual interest rates are you effectively accepting if you remit after 30 days without discount? Using the formula below, it is a simple matter to calculate the annual interest rate:

$$\text{Annual interest rates} = \frac{\text{cash discount (\%)} \times 360}{\text{credit period (days)}}$$

Result:

$$\text{Annual interest rate} = \frac{2 (\text{cash discount}) \times 360}{30 (\text{credit period}) - 10 (\text{cash discount period})} = 36\%$$

Therefore, it is more economical to pay the bill within the discount period and arrange an overdraft instead.

### ■ Customer down payments

Customer down payments are an extremely advantageous form of financing. The customer pays you part of the bill in advance, via which you can settle your preliminary accounts for the order, purchasing goods, preliminary work, etc. without outside financing. However, there is a catch; down payments are not necessarily usual in all branches of business and you, as a newcomer on the market, must first of all attract customers – and so, down payments are not always a workable option. Where it is possible, though, you certainly should take advantage of this financing option, even if the sums are small.

### ■ Factoring

Factoring is really only a financing alternative if your current supplier receivables (outstanding invoices with payment deadlines) amount to at least 150,000 euros. With this method, you assign a part of your customer receivables to a factoring company (the factor) and a part of the invoice total (generally about 80%) is paid out to you at once. You receive the remaining part of the sum when your customer has paid the factoring company. But of course, this financing instrument is not free.

The factoring company deducts interest from the sum to be paid in order to pre-finance the receivables (the amount is usually derived from the loan interest which banks usually charge) as well as a factoring fee. The latter fee depends on the amount of the factoring sum, the number of receivables assigned and the suppliers; it is usually 0.2 to 1.5% of the gross sum.

As a rule, factoring companies also provide additional services such as debtor bookkeeping, dunning and cash collecting.

### 3.4.2.3 Financing discussions / Talks with the bank

#### ■ Prepare your documentation professionally!

Whether you wish to take out a bank loan, use holding capital or take advantage of subsidies to found your business – your potential financiers will want to know precisely what they are investing their money in; so it is absolutely necessary that you have a business plan ready for every financing discussion.

The more professional and persuasive your business plan, the easier it will be for you to get the money you need.

See Ch. 6 for an introduction to preparing a business plan or go to [www.gruenderservice.at](http://www.gruenderservice.at)

#### ■ Talking with the bank – checklist

- Be well prepared: draw up a business plan, concept and plan calculations
- What is to be financed – and how? Resolve clearly in your mind what you actually want from the bank – an investment loan, an overdraft, for which investments or working capital, how much, for what term, etc.
- Compare offers: obtain offers from several banks
- Capitalisation: negotiate capitalisation for a maximum of a calendar quarter (loan accounting on which interest is charged). Multiple capitalisation can make your loan appreciably more expensive.
- Negotiate an effective interest rate. It takes into account all one-time and ongoing charges as well as an annual interest settlement. The effective interest rate allows you to compare costs directly among various loan quotes.
- Have the loan commitment confirmed in writing.
- Coupling to the reference interest rate: negotiate to have the interest rate coupled to the reference interest rate (e.g. EURIBOR).

In this way, you will spare yourself ongoing negotiations on the interest rate with the bank and you can assume that interest changes will correspond to the market. Find out how long the interest rate is fixed and the amount on which it will subsequently be dependent.

- Possible subsidies: enquire right at the outset about possible subsidies (e.g. at your chamber of commerce).
- Collaterals: consider what collateral you can offer the bank (suretyships, mortgages and the like).
- Think of the bank as your partner in monetary matters and keep it informed of your ongoing business progress. Should you have additional financing requirements (e.g. a short-term extension of your overdraft limit), talk to your bank about it right away. Do not wait until the bank contacts you about such an overdraft extension.
- When working out financing, take into consideration the various “financing principles.” Thus, for example, the term of a loan should approximately correspond to the usable life of the investment goods.
- Consult experts: loan agreements are generally comprehensive and contain a multitude of clauses; laymen often find it impossible to understand their meaning and consequences. Thus we recommend that you consult neutral experts (corporate or financial consultant) to choose the best financing.

### ■ What does a loan really cost?

The cost of a loan is more than just the interest rate. It also depends of the loan’s term, the instalment frequency (number of instalments), and the instalments’ due-dates. Moreover, you should determine any expenses and costs they generate, the amount of loan commission fees, how interest is calculated (the date on which the interest portion of the instalment is fixed) and the way redemption is calculated (i.e. the time at which redemption is deducted from the residual debt). In other words, don’t adjudge the cost of a loan merely according to the interest rate; take into account all the other terms and conditions involved.

Comparing two quotes, therefore, it is entirely possible that you will find that the one with the apparently lower interest rate is in fact less economical due to other terms and conditions of the loan. Have the loan quotes checked over by an expert (corporate or financial consultant).

**IMPORTANT NOTE:** The bank should tell you the effective interest rate. It takes into account all one-time and ongoing charges, fees and levies and enables you to compare the costs directly among various loan offers.

For more information on financing, go to [www.gruenderservice.at](http://www.gruenderservice.at)



## 3.5 SUBSIDIES

There are a number of subsidy models for existing companies and founders, available on the federal, provincial and (to an extent) community levels. Options and types of subsidies are dependent on several factors (e.g. new constitution or takeover, branch and location of business, business concept, growth potential, etc.); thus, they can only be determined on an individual basis.

For an initial overview of possible subsidies, check the chamber of commerce subsidy database at <http://wko.at/foerderungen>. Then take advantage of personal consultation on subsidy options with your chamber of commerce and/or your bank.

### Note:

- Applications for subsidy must be submitted prior to beginning investments; they must include appropriate indications of usage (e.g. cost estimates).
- You have no legal entitlement to subsidised loans
- that financing subsidies are generally awarded in line with securities usual in banking practice.
- Generally, such applications are submitted to your bank.
- Submit subsidy applications in sufficient time, recalling that processing can take quite a time.
- As a rule, independence must be practised as a "main profession" for applying for subsidies.

### Available options:

#### ALLOWANCES

- for saving up equity capital
- for investments
- subsidies

#### ECONOMICAL LOANS

- via interest with an "upward" ceiling

#### SURETYSHIPS AND GUARANTEES

- assumption of suretyships for loans and
- guarantees for holdings with an equity-capital character

#### SUBSIDISED INFORMATION AND CONSULTATION

- information, start-up and legal consultation free of charge
- grants for consultation services of external corporate consultants

#### EXEMPTION FROM SPECIFIC FEES AND LEVIES

- Whether starting a business or taking one over, you are exempt from specific fees and levies connected with the start-up or takeover

### IMPORTANT NOTE:

- Go to <http://wko.at/foerderungen> for an initial overview of possible subsidies.
- Apply for subsidies BEFORE making investments.
- Subsidies are merely a form of support for your financing plan and are never a decisive factor in determining whether you will realise your business concept or not.

## Overview of the most important subsidies

### 3.5.1 Subsidised financing

#### SUBSIDIES THROUGHOUT THE COUNTRY

##### ■ **aws foundation bonus successor bonus**

Like building society savings, you can save up your own capital for founding or taking over a business at a later date. Then there is a bonus of 14% for money saved and contributed to the company's capital when founding or taking over an enterprise. A maximum credit balance of 60,000 euros is supported; thus the bonus amount to max. 8,400 euros. With the exception of already supported forms of saving (e.g. building society savings), you may freely choose the form of saving. Money must be saved for at least 12 months, which means that you must apply for the founding/successor bonus at least one year prior to founding the business. Maximum saving time is six years. You may save up to a maximum of 25,000.00 euros per year. You enter into no obligation when applying for the foundation bonus. If you do not found a business, you receive the normal savings conditions but no bonus. Persons are eligible who are not yet self-employed and who were not self-employed in the past five years.

You can apply for the foundation bonus directly at the support centre of the province where you live or will found your business as a foundation saver, at Austria Wirtschaftsservice GmbH or directly on the Internet (see below), with your name, date of birth and address at the beginning of the saving phase. The foundation bonus is paid out to you when you found/take over a company and use of the capital; you must request it at aws (Austria Wirtschaftsservice GmbH) prior to undertaking operating expenses and/or investments. You may submit your request to the bank or directly to aws.

For more information or to apply, go to [www.gruendungsbonus.at](http://www.gruendungsbonus.at) or [www.nachfolgebonus.at](http://www.nachfolgebonus.at)

##### ■ **aws new entrepreneur promotion scheme**

This aws scheme (aws – Austria Wirtschaftsservice GmbH – Austrian Commercial Service Co.) aims at helping new start-ups and take-overs of small-scale and mid-sized companies, with the exception of companies in the tourism and leisure branches of business (the latter are supported by the Austrian Hotel and Tourism Bank – see below). The support consists of allowances (currently 10% – effective November 2010) to investments amounting to a maximum of EUR 300,000.00; that is, allowances cannot total more than EUR 30,000.00. The loan interest is upwardly limited for the financing banks. Additionally, you can apply for the assumption of suretyships for loans. In a case of business takeover, distinction must be made between new investments and the costs of takeover. The latter are only supported in the form of suretyships.

aws liability amounts to up to 80% of the loan sum for investment loans and loans for business takeover (e.g. takeover costs, company purchase) and for operating fund loans (e.g. warehouse) to a maximum of EUR 600,000.00. The following charges are payable for liabilities: handling fee 0.5% of the financing sum, liability charge for investments starting at 0.6%; as of 2% for supplies. More favourable conditions apply for projects of up to EUR 50,000.00.

Support is granted for initial independence in your main profession, which also applies if you were not in business independently within the five years previous to founding or taking over a company. You must submit proof of adequate professional qualification (e.g. training, professional experience, etc.). Applications can be submitted within three years after founding or taking over a business, but they must be submitted PRIOR to investment. Contact your bank about loan financing; it will submit the appropriate applications for you. If you are financing with your own capital, you may also apply directly to the aws (go to [www.awsg.at](http://www.awsg.at)).

### ■ ÖHT – Tourism Business – Founding and Takeover

The Austrian Hotel and Tourism Bank (Österreichische Hotel- und Tourismusbank – ÖHT) supports the foundation of new companies and takeover of businesses in the tourism industry, subsidising the intangible costs of constitution and start-up (e.g. for preparing a concept, consultation, notary, initial brochure, Internet presence, etc.) by granting allowances of up to 25% if start-up costs total EUR 54,000.00 or more – but you must have an equity capital base in the same amount.

Applicants must not have been working independents during the previous five years, they must practise independently as their main profession and have the requisite qualifications. However, capital is only provided for pro-

jects from 200,000 euros to max. 2 million euros. Thus starting capital amounts to between 50,000 to max. 500,000 euros. Alternatively, you can apply for an allowance of 5% for material costs, e.g. construction work, installations, etc. or the purchase price of acquiring a tourist business (no lower or upper limits). In addition, the ÖHT can also assume liability.

You must submit your application BEFORE founding or taking over a business. You can apply for start-up capital up to three years after foundation or takeover. Applications must always be submitted BEFORE the project begins.

Not all costs and projects can be supported, so find out in the planning stage precisely which support options are open to you at your chamber of commerce, your bank or at [www.oeht.at](http://www.oeht.at).



### ■ ERP small loans

ERP small loans are intended for small businesses which are expanding or modernising their operation, developing and introducing new business areas or new products, procedures or services. Thus they are available to extant businesses and new start-ups alike. Operations in all business branches (including tourism and leisure) may apply for a small loan. You can apply for small loans for investments from EUR 10,000.00 to 100,000.00. Loans must be collateralised by way of bank liability or assumption of liability by the aws and/or ÖHT.

The following conditions apply to ERP loans: term of six years (of which one year is exempt from redemption) and 1.5 % fixed interest. Interest is 0.5% for the time it need not be repaid; it is fixed at 1.5% thereafter. Handling fees are one-time 0.9% of the loan amount. Apply for such a loan prior to implementing a project via your bank with a trustee bank of the erp Fund. More information at [www.awsg.at](http://www.awsg.at) (cf. Growth Programme) and [www.oeht.at](http://www.oeht.at)

### ■ aws micro-loans liabilities

Austria Wirtschaftsservice GmbH (aws) assumes suretyships to assist small companies in acquiring micro-loans of up to EUR 50,000.00 for project expenses. Firms in the tourism and leisure industries are excepted – they are supported by the ÖHT (see above). Support consists of assuming suretyship of up to 80% for investment and operating resource loans amounting to a maximum of EUR 25,000.00.

Extant enterprises and companies which do not meet the formal criteria of new enterprises alike may apply for micro-loans. The suretyship fee amounts to 0.6% per year; no handling fees are charged. Apply at your bank prior to implementing your plan. More information is available at [www.awsg.at](http://www.awsg.at).

### ■ aws liabilities

Projects with relevant expenses eligible for subsidy of up to EUR 50,000.00 may be subsidised as part of the liabilities for micro-loans. Small and midsize enterprises with larger projects which positively effect competitiveness may apply for assumptions of liability for investment and production-facility loans of up to EUR 2.5 M. The liability quota ranges up to 80 % of the loan total. The subsidy restricts the upper limits of the interest rates. The liability fee starts at 0.6 % p.a. and 0.3 % p.a. for investment loans and production-facility loans respectively, both dependent upon risk. A handling fee of 0.5 % of the financing amount is charged. Applications must be submitted via the financing bank prior to implementing a project. More information is available at [www.awsg.at](http://www.awsg.at).

### ■ aws – equity capital guarantee

This programme is intended to encourage private investors to share with risk capital in newly founded and young companies. Support is provided for small and mid-sized companies having innovation and growth projects and which were founded or taken over no more than five years previously. Support consists of an assumption of liability (equity capital guarantee) by Austria Wirtschaftsservice GmbH of up to 70 % of the participating sum. The guarantee fee amounts to at least 0.6 % of the guaranteed equity capital sum. Additional guarantee fees may be charged.

The contributions must be of an equity capital nature. Tourism and leisure operations, holdings of managing directors and/or board members and their close relatives and close relatives of majority owners are not supported. Applications must be submitted to aws prior to contribution. Go to [www.awsg.at](http://www.awsg.at) for details and to apply.

### ■ **aws Double equity guarantee**

The double equity guarantee (an idea of New Commerce Austria) is intended to facilitate financing the founding and/or early stages of small-scale and midsize companies by doubling private equity capital. The equity capital can be raised both by the entrepreneurs and by other private capital providers.

Foundation or takeover must have taken place no later than five years previously. All branches of business are supported with the exception of tourism and leisure.

Support is in the form of a suretyship of up to 80 % for a loan in the same amount as the capital contributed., Liability is assumed for loans of max. EUR 2.5 million. The upper limit of the interest rates for the loan is restricted. A fee of 1% of the loan sum is payable for the suretyship. If covered in the annual profit – i.e. dependent on profit – a higher suretyship fee is possible. Applications must be submitted to Austria Wirtschaftsservice GmbH (aws) PRIOR to implementing the plan.

Go to [www.awsg.at](http://www.awsg.at) for more information.

### ■ **Other support**

Please note that there are also other kinds of special subsidies available apart from the young entrepreneur subsidies, e.g. for businesses, research and development, environmental protection, trade and industry, projects on a/with high innovative technology degree. High-tech and innovative branches of business in particular should obtain information on these additional programmes.

There is also a special subsidy programme for creative businesses in Austria (<http://www.impulse-aws.at>). Projects are subsidised in the creative fields of design, architecture, multimedia/games, fashion, the music business/

utilisation of music, audio-vision and film/film utilisation, media and publishing, graphics, advertising and the art market. The range extends from financial subsidies to training opportunities and awareness measures all the way to support of key projects.

### **REGIONAL SUPPORT**

Apart from the aforementioned nationwide programmes, the provinces and some of the communities support business founders with subsidies, loans and guarantees of their own. Enquire in your province about the regional subsidies available there.

**In general:** The more innovative your business-founding plans, the better your chances of obtaining subsidy. Due to the various support models and changes in existing directives, we recommend that you obtain information at your Chamber of Commerce on the types of subsidies available before you make investments.



### 3.5.2 Allowances – Subsidised consultation and information

#### FOUNDATION ASSISTANCE FROM THE AMS

The labour market exchange (Arbeitsmarktservice – AMS) supports jobless persons who wish to become independent with its own corporate foundation programme (Unternehmensgründungsprogramm – UGP). Candidates must have a concrete business idea and appropriate professional aptitude. Furthermore, businesses must be newly founded. Support consists of consultation services and subsidy of continuing education programmes. The AMS takes care of social insurance contributions for the initial months of independence and, under certain conditions, pays an allowance toward covering livelihood expenses. Applications are submitted to the contact person at the regional AMS office.

#### FOUNDING ACADEMIC, INNOVATIVE COMPANIES

AplusB (Academia plus Business) helps to found companies in the academic sector. Young scholars have the opportunity to obtain professional assistance along the way from a good idea to founding an enterprise, with concrete advice and support in the founding process. AplusB centres have been established throughout Austria for the purpose of lending qualified advice and care to business founders. AplusB is an initiative of the Federal Ministry of Transport, Innovation and Technology (BMVIT); the Austrian Research Support Society (FFG) is in charge of implementing the programme. For more information, go to [www.ffg.at/aplusb](http://www.ffg.at/aplusb).

Licensing fees for reregistering and deregistering motor vehicles occasioned by business transfers, if this procedure involves essential operational bases (e.g. bus companies, firms forwarding goods, taxi and car-rental enterprises).

### 3.5.3 The New Business Support Act – exemption from certain fees and levies

The New Business Support Foundation Act [Neugründungsförderungsgesetz] exempts both new businesses and business transfers (with or without monetary transactions) from various fees and levies. Certain conditions apply.

#### 3.5.3.1 Who receives support?

##### NEW BUSINESS FOUNDERS

A newly-founded business is defined as

- a NEW, previously non-existent business structure.
- the proprietor(s) (the person[s] running the business) has/have not worked in a comparable manner (in a comparable branch of business) either in Austria or abroad during the past 15 years.

##### BUSINESS SUCCESSORS

A fostered business transfer is defined as

- a change of the person of the business proprietor in connection with an extant business (independent business division) by transferring the business (with or without monetary transaction), and
- the person running the business (business proprietor) has not worked in a comparable managerial function.

##### Definition of business proprietor

Notwithstanding other special provisions set out in the New Business Foundation Support Act, business proprietors (i.e. the persons running the business) are

- sole proprietors,
- unrestrictedly liable shareholders in partnerships (e.g. shareholders in an OG, partners in a KG),
- not unrestrictedly liable shareholders of partnerships if either they hold at least 50%

of the company's assets or if they hold more than 25% of the company's assets and are also authorised to manage the company (e.g. a partner in a KG or KEG holds 50% of the company's assets, or holds 30% and is also entrusted with managing the company),

- shareholders in a KG (e.g. a stock corporation or a GmbH) if either they hold at least 50% of the company's assets or if they hold more than 25% of the company's assets and are also authorised to manage the company.

### 3.5.3.2 What is supported?

Under certain conditions, various costs do not accrue in connection with a new business or business transfer.

#### ■ revenue stamps and Federal administrative levies

for all writings and official actions directly connected with the new business foundation/business transfer. They include

- registering a trade
- applying for individual qualification if prescribed proof of qualification is lacking
- acknowledging and approving managing director appointments
- applying for and authorising business premises
- annexes and certificates required for submissions, permits and official actions in connection with the start-up
- authorisations for branch offices.

- **land transfer tax**, if a founding investment in property is effected in newly founded companies. Upon business transfer, property acquisition tax is not collected for taxable procedures directly connected with the business transfer, if the applicable total for calculating the tax does not exceed EUR 75,000.00 (tax-exempted amount).

#### ■ court fees for entry in the Company

**Register** directly connected with founding a new business/business transfer.

#### ■ court fees for entry in the Land

**Register** (1%) on acquiring property for obtaining real estate on the basis of the articles of association directly connected with founding a new business (does not apply to business transfers) if corporate rights or shares in the company's assets are granted as quid pro quo.

- **incorporation tax** (1%) levied for the acquisition of corporate rights directly connected with newly founding/transferring a capital corporation (AG, GmbH, GmbH & Co KG).

- **incidental wage costs** (does not apply to business transfers): not collected: the employer contributions for workers (employees) in the calendar month of founding the business and the 11 subsequent months to the Family Equalisation Fund (4.5%), employer contributions to residential subsidy (0.5%), contributions for legally required accident insurance (1.4%), and the accruing Chamber Contribution 2 (between 0.36% and 0.44%), altogether max. 6.84%. The calendar month of foundation is defined as the month in which services typical for the business are offered on the market, i.e. a trading company's shop opening, a manufacturer's commencement of production or a commercial bookkeeper initiating his business.

#### ■ re-registering motor vehicles

(for business transfers only): Licensing fees for reregistering and deregistering motor vehicles occasioned by business transfers, if this procedure involves essential operational bases (e.g. bus companies, firms forwarding goods, taxi and car-rental enterprises).

### FEES PAYABLE

Fees are payable for written matter and official actions which are primarily connected with founding/transferring a business.

They include

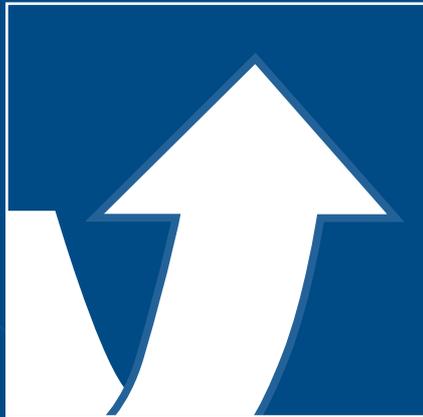
- general personal qualification requirements (e.g. master examination certificate, citizenship certificate) and
- general material requirements (e.g. application for a building permit to erect business premises, building negotiation records) and
- legal transactions connected with founding/transferring a business (e.g. leases, loan and credit agreements).

### 3.5.3.3 How do you acquire a subsidy?

In order to acquire a subsidy, you fill out a declaration on founding a business (Official Form Neufö 1) or a declaration on a business transfer (Official Form Neufö 3) and have it confirmed by the legal professional representative concerned. At the chambers of commerce, it is the Start-Up Service and often the professional groups and district and regional offices which provide the NEUFÖG confirmations.

If no professional representation can be assigned to you as a business owner, the SVGW is competent for you in such a case.

**IMPORTANT NOTE:** You can obtain more information on these subsidies from a number of sources, including the Chamber of Commerce (start-up and subsidy services), banks and the Chambers of Commerce subsidy database at <http://www.wko.at/foerderungen>



## ■ ADDITIONAL INFORMATION

## 4.1 EMPLOYEES

### 4.1.1 How to find employees

There are many ways of going about this; the important thing, though, is to prepare a profile of the vacancy you wish to fill, specifying the job's requirements. Then you can seek your employees by advertising in newspapers, via the AMS, personnel consultants, employment agencies, contacts with educational institutes (polytechnical and vocational schools, etc.).

An applicant's attitude and outlook are just as important as his/her professional skills and qualifications. Evaluate all these aspects carefully during the job interview before proceeding to hire a candidate.

You must not overlook the relevant legal statutes and the provisions set out in collective bargaining agreements when hiring employees. Altogether, labour law is such a complex matter that we can only go into the most important aspects here.

### 4.1.2 The work relationship

#### THE WORK CONTRACT

The essential components of a work contract include the employee's personal performance of work, binding him to the firm's business hours, place of operations and instructions. It is important to establish at the outset whether the position is one of a labourer or a salaried employee.

- **salaried employee:** commercial business work, other executive duties or office work
- **labourer:** manual work or skilled labour

According to the law, you may merely issue a work card which is not signed, although it is advisable to conclude a work contract or

salaried-employee agreement in which the terms negotiated are set down for evidentiary purposes in writing.

**IMPORTANT NOTE:** There is no official fee payable for issuing work contracts and work memos. You can obtain draft (sample) contracts from your chamber of commerce.

#### OPTIONAL ARRANGEMENTS

Apart from a contract's standard content (name, type and place of work, remuneration, working hours, vacation entitlement), a number of other arrangements may be included in a work contract, including

- **trial period:** If the collective bargaining agreement does not stipulate one, you may arrange a trial period lasting up to one month (not corresponding to a calendar month).
- **time-limitation:** After a period of time stipulated at the outset of the work relationship has elapsed, either it ceases or is renewed for an indefinite period of time. Note: Sequencing a number of time-limited work relationships effectuates an impermissible chain contract.
- **overtime:** You may negotiate a duty to perform extra work and/or to work overtime with both full-time and part-time employees.
- **termination options:** Provided that the collective bargaining agreement in your business branch permits it, you may negotiate that the employer may give notice of termination per the 15<sup>th</sup> or the last day of a month.
- **competition clause:** Subject to certain provisions, you may negotiate that if an employee resigns, he may not work for a competing company for one year thereafter.

**TIP:** We recommend that you consult a labour-law expert prior to negotiating such a clause.

## OTHER TYPES OF CONTRACT

There are other forms of contract apart from a work contract which are not subject to labour law; however, they can only be applied in exceptional cases.

Under a freelance contract for services, an independent agrees to perform work but is not bound to business hours and instructions and is therefore not personally dependent.

A contract for services binds a contracted employee to perform a task in the form of a finite project.

**IMPORTANT NOTE:** We recommend that you consult a labour-law expert if you wish to use one of these contractual forms, since the borderlines between them and an actual work contract are often difficult to distinguish.

### 4.1.3 Collective bargaining agreement

There is a collective bargaining agreement for every branch of business, concluded between the agreements' partners (chambers of commerce, trade unions). Collective bargaining agreements regulate a multitude of items in supplement to the applicable legal statutes, among them

- minimum wages and salaries
- working hours and work-time distribution (cumulative calculating, flexible work-times), reasons for worker absenteeism
- periods and dates for giving notice of termination, etc.

Collective bargaining agreements ensure that the same working conditions apply to all employees within a branch of business or industry. Work contracts may not contain provisions less advantageous than those set out in a collective bargaining agreement.

On the other hand, collective bargaining agreements also provide for the same conditions for all competitors within a branch of business or industry.

### 4.1.4 Employee social insurance

Employers must report a new employee to the social insurance commission to his commencement of work. This can be done in two stages; either by way of a short notification prior to the commencement of work (by post, telephone or fax) and then submitting the data still lacking to the competent social insurance carrier within seven days after the commencement of work, or in a single step as usual (electronically). Reporting using forms (available from the district health insurance commission) is only permissible upon special application to and authorisation from the district health commission. Upon request, employers with fewer than 15 employees in their business must be charged for the health insurance commission contributions. Also, a wage account must be set up for each employee.

Social insurance contributions are divided into employer and employee portions, based on the employee's gross remuneration. Expense allowances such as per diems or mileage allowances are exempt under social insurance up to certain limits. The maximum monthly contribution basis in 2011 is EUR 4,200.00.

As a rule, employees are covered under pension, health, accident and unemployment insurance plans.

As the employer, you must choose an employee provision fund (Mitarbeitervorsorgekasse – MVK) – at your bank, for example – for all the employees you have newly hired. As of the beginning of the second month, you must pay 1.53% of the remuneration as MV contributions to the regional health insurance commission.

For more information, go to <http://wko.at/abfertigungneu> and [www.mitarbeitervorsorgekassen.at](http://www.mitarbeitervorsorgekassen.at)

Other incidental wage costs include 3% municipal tax, paid to the community (or to the City Treasury in Vienna) and the contribution to the Family Equalisation Fund (DB and DZ), transferred to the Revenue Office competent for your business location.

#### IMPORTANT NOTE:

Payroll accounting is a job requiring special skills. If you are not trained in it yourself, you may either assign the task to a capable employee or outsource it to an accountant or tax consultant.

#### Example (2010)

Employee gross remuneration	EUR 1,550.00
Net remuneration without AVAB*	EUR 1,175.57
Net remuneration with AVAB*	EUR 1,205.91
Employee's social insurance contribution	EUR 280.08
<b>Total employer expense**</b>	<b>EUR 2,034.53</b>
Gross remuneration	EUR 1,550.00
Net remuneration without AVAB *	EUR 1,174.29
Net remuneration with AVAB *	EUR 1,204.62
Worker's social insurance contribution	EUR 282.10
<b>Total employer expense**</b>	<b>EUR 2,032.51</b>

\* AVAB = sole wage-earner deductible amount

\*\* Employer's expenses do not include: pro rata bonuses, vacation pay, emoluments in kind

### 4.1.5 Worker protection

#### Technical worker protection

As the employer, you are responsible for ensuring employee safety and health while they are working (technical worker protection). The Labour Inspection Board, a state body with authority of access, monitors compliance with the technical safety regulations. Thus you must check your business premises for possible hazards and have them eliminated. This procedure is called "evaluation," and a record document is kept of safety and health protection measures.

The law also stipulates that all employees be cared for in terms of industrial medicine and

safety technology. Firms employing up to 50 persons may avail themselves of the services of the General Accident Insurance Commission [Allgemeine Unfallversicherungsanstalt –AUVA] at no charge. (Apply to the provincial AUVA office in your area at [www.auva.at](http://www.auva.at)).

#### Work assignment limitations

As an employer, you must comply with the stipulations on working-hour limits, breaks, free weekends, etc. Certain specially protected persons such as pregnant women and juveniles may not perform any heavy or hazardous work and must not be required to work at certain specified times. The Labour Inspection Board also closely monitors compliance with these regulations.

## 4.1.6 Employing foreigners

### Third-country citizens

Workers who are not Austrian citizens or nationals of an EEA state (15 old EU countries and Norway and Switzerland) are known as third-country citizens. They are not permitted to work in Austria without permission based on the Employment of Aliens Act (Ausländerbeschäftigungsgesetz). The AMS is competent for issuing the authorisations.

The main types of employment for foreign nationals include

- employment authorisation for one year
- employment permit for two years in a province – exemption permit for Austria for five years
- unlimited residence permit in the form of a ruling (since January 1, 2003)
- non-independent key employee (since January 1, 2003)
- seasonal work as part of a seasonal contingent

**IMPORTANT NOTE:** Consult a labour-law expert if you are in any doubt on these matters. Infringement of the Employment of Aliens Act can have severe consequences and entail heavy fines.

### EU expansion

10 more countries joined the European Union per May 1, 2004: Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Malta and Cyprus.

However, citizens of these countries may not immediately begin to work in Austria without authorisation; a graduated seven-year transition period applies (exception: workers from Malta and Cyprus may begin to work immediately in Austria). Depending on political and economic developments, the labour market will not likely become freely accessible before

two years' time and in seven years' time at the latest. Until then, workers from these countries may only be employed in accordance with the provisions set out in the Employment of Foreign Nationals Act.

## 4.1.7 Dissolving work relationships

### Types of dissolution

Work relationships are continuing obligations, existing until they are terminated by the employer, the employee or by mutual accord.

The various types of dissolution include

- dissolution during the qualifying period (one month maximum)
- expiration of a time-limited work relationship
- dismissal by employer, resignation of employee
- summary dismissal without notice (if there are substantiated reasons)
- an employee resigning prematurely (with substantiated reason)
- dissolution by mutual accord

Especially as regards termination, employees and employers alike must comply with the applicable terms and deadlines. Those applicable to the employees are set out in the Salaried Employees Act [Angestelltengesetz], whereas the collective bargaining agreement applicable in the branch of business determines them for workers. Remember to take into account special negotiation options for salaried employees (cf. Ch. 4.1.2).

### Especially protected persons

There are specific groups of persons who are legally protected from dismissal by the employer during certain times; however, in most cases, there is nothing preventing the work relationship from being dissolved by mutual accord (special form regulations apply).

These groups primarily include

- pregnant women (from the time they report their pregnancy until four weeks after parental leave of absence has expired); when claiming parental part-time, protection from dismissal is in effect until no longer than four weeks after the child's fourth birthday (motive protection thereafter)
- persons doing military or civilian service (as of the time they report receiving their call-up order or assignment notification until one month after finishing their service)
- staff committee members (until three months after their functional period has expired)
- the handicapped (as of acknowledgement of their status from the Federal Social Affairs Office as persons with a handicap of at least 50% enjoying protection) and
- apprentices (an apprenticeship is a time-limited training relationship which therefore cannot be terminated; only premature dissolution on special grounds and extraordinary dissolution are possible.).

**IMPORTANT NOTE:** Contact a labour-law expert at the chamber of commerce in matters concerning dissolving a work relationship with an especially protected employee.



## 4.2 WARRANTY, GUARANTEE, PRODUCT LIABILITY

### 4.2.1 Warranty

Warranty is defined as liability (regardless of the party at fault) for material and legal deficiencies which already existed at the time of release and/or delivery of a product or service. Goods or services are deficient if their properties are other than those negotiated or the ones generally presumed. A transaction against payment (e.g. purchase agreement) is necessary for a warranty to apply.

#### What terms apply?

- It is generally assumed that a product was deficient at the time of delivery if a deficiency is claimed within six months thereafter. Once this term has expired, the purchaser and/or the orderer of the product must evidence that the product was principally at the time of release.
- The term amounts to two years and three years for movable and immovable objects respectively. Note: the three-year warranty term applies if movable objects become immovable ones upon installation (e.g. installing new windows in a retail shop).

#### What are the applicable legal consequences?

- Customers/orderers may demand a price reduction if the deficiency is a small one, or that the contract be cancelled (dissolved) if a deficiency cannot be repaired, depending on the gravity of the contractual infringement.
- First of all, the customer may only demand that the object be improved or exchanged, unless this is impossible or if it would involve disproportionately great expense for the supplier.

**Note:** typical deficiencies due to wear and tear are not grounds for warranty claims.

**Claiming deficiencies:** If both contractual partners are entrepreneurs, a purchaser may only claim warranty rights under the more stringent provisions set out in commercial law (examination of the product at the earliest possible time, reporting a deficiency). Whereas warranty law is compulsory when consumers are involved, entrepreneurs may make other contractual arrangements.

**Note:** According to the new UGB, entrepreneurial claim of deficiency need no longer be asserted “without delay,” but rather “within a reasonable period of time.”

### 4.2.2 Guarantee

In contrast to a warranty, a guarantee is voluntarily assumed; therefore, guarantee claims may not be asserted without a corresponding guarantee declaration. In general, guarantees may be arranged as the parties wish.

Usually, guarantees are dependent upon the discovery or occurrence of a deficiency during the negotiated term and not on the existence of such a deficiency at the time of a product's release. Warranties always apply to the contractual partner, whereas it is often manufacturers who provide guarantees. In such cases, the question of whether the guarantor is at fault is not germane.

### 4.2.3 Claims for damages

Customers/recipients of goods may only claim damages if the seller/entrepreneur or his employees are to blame for a deficient delivery / “product.” The liability terms under damages law are very long. They are not statute-limited

until three years after discovery of damage and the party at fault and/or in any case after a period of 30 years has expired. This means, for example, that if damage occurs in the eighth year following purchase, there is still time to claim damages during the period from the eighth year to the 11<sup>th</sup>.

#### 4.2.4 The Product Liability Act (Produkthaftungsgesetz)

Product liability is liability for specific damage caused by a faulty product, irrespective of which party is to blame. It covers consequential damage only, i.e. not the faulty product itself.

However, compensation is not provided for all types of consequential damage, but only personal injury and private property damage; corporate property damage is not compensated.

The following groups are liable for damage caused by products:

- the product's manufacturer – the initial EEA importer
- every entrepreneur having distributed the product (in the event that neither the manufacturer nor the importer can be identified).

As the “manufacturer,” you are also liable if you have declared yourself as such by affixing your name, trademarks or other identifying symbols to a product.

##### Product deficiency

A product must be faulty at the time it is introduced into commercial circulation. According to the Product Liability Act, a product is faulty if it cannot be used with the degree of safety expected of such a product; incorrect or incomplete instructions in a user's manual or in advertising can constitute such a deficiency.

#### What entrepreneurial action should you take in this regard?

- Usually, you should limit product liability risk by taking out an appropriate insurance policy.
- Regulatory entrepreneurial accountability requires comprehensive documentation within a company. Commercial businesses in particular need to keep precise records of the type, quantity and in particular the source (manufacturer) of the trade products.
- Check all documents connected with a product's presentation for errors and/or completeness (advertising, instruction manuals, etc.)
- Contractually secure right of recourse vis-à-vis foreign manufacturers.
- Align previously applied terms and conditions of sale and delivery with this legal situation.

**IMPORTANT NOTE:** Warranties are compulsory within the legally stipulated periods. Guarantees may be provided in addition to warranties.

## 4.3 FOREIGN TRADE

The Foreign Trade Department at the Austrian Chamber of Commerce provides an efficient business platform to ease your advance as a founder and entrepreneur into foreign countries.

The AWO Export Support service is precisely attuned to Austrian export companies' needs and specifics. The universal know-how of the worldwide foreign trade network forms the basis for efficient strategy consultation.

It begins with an examination of just how ready your company is to begin exporting. Once this is established and test and target markets have been analysed, the consultants work together with you to create a tailor-made export strategy.

This "export support" covers the gamut from finding business partners and defining markets all the way to finalising arrangements between Austrian companies and foreign firms for the project concerned. The foreign trade offices can even function as an on-site accessory for Austrian exporters; the AWO also provides support in the specific handling of a project and assistance in the event that something should go wrong.

Participating in foreign organised events is a particularly effective way to enter a market individually (group show, a catalogue exhibition, commercial mission).

As an export company, there is also a comprehensive programme of organised events within the country available to you. They include seminars on branches of business, countries,

international project deals, export-trade conferences and profession-related discussion events.

The Foreign Trade service's know-how pool is the collector of tributaries from 100 foreign-trade offices throughout the world. Up-to-date information is processed daily for Austrian companies, made available in a large number of publications and electronic media, such as the website [wko.at/awo](http://wko.at/awo), where you can obtain information sheets and special publications on all countries with major export markets.

Basic services are available free to chamber of commerce members; they can also be invoiced according to expenditure for more comprehensive projects.

### Export / Import

Basically, you must comply with the EU provisions under Customs law when considering the export/import of goods out of or into the European Community. If Community free traffic goods (Community goods) are conveyed over the EU border for export to a "third country," they must be registered under Customs law for export; as a rule, registration in writing is required. Factors needing special attention include any obligations to acquire export authorisation, embargoes, other prohibitions and restrictions and the import regulations in the country of destination. Goods must be registered for conveyance into free traffic if they are being imported into the Community. As a rule, these registrations are carried out online; the requisite documents (such as invoices, import authorisations, certificates of origin, etc.) must be sent by post. The entry fees (import VAT, Customs duties) must be paid for imports.

### Working Across Borders

Regulations on trading outside Austria differ from country to country. As a general rule, obtain information on the conditions in terms of trade law, labour law and tax law in the foreign country concerned before beginning to work there, since the provisions differ widely in the various neighbouring countries (EU/non-EU countries) according to the type of work (providing services, assembly work, etc.). Contact the Foreign Trade department of your chamber of commerce for information on export, import and working across frontiers. ([wko.at/awo](http://wko.at/awo)).



## 4.4 BUSINESS INSURANCE

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### 4.4.1 Business risks

Whether you are founding a new company or taking over an existing one, you face risks for which you should be insured. Rather than simply letting someone sell you a policy, you should systematically acquire insurance yourself according to your own needs.

#### Identifying risks

Start by pinpointing and listing all the risks which could arise in your firm; the next step is to assess them.

#### Assessing risks

Not all insurable risks should actually be insured. It depends on how you assess them:

- **disaster risk;** loss so great that it could mean closing down the company
- **major risk;** the company will continue to exist in a case of claim, although its targeted objectives cannot be achieved
- **standard risk:** the company's targeted objectives are jeopardised in a case of claim
- **minor risk:** the company's targeted objectives are not jeopardised; usually, only petty losses are involved in this case.

#### Avoiding risks

Once you have identified and assessed your firm's risks, consider the options available for avoiding them:

- **preventing risks** (e.g. change manufacturing procedures, remove a hazardous product from your sales line, etc.)
- **reducing risks** (e.g. provide fire extinguishers, store goods outdoors, make external back-up copies of data, provide safety helmets, etc.)
- **shifting risks** (e.g. take out insurance, etc.)

### 4.4.2 Covering risks with insurance

#### How to obtain insurance

You can obtain insurance in a number of ways. Although full-time and part-time insurance company employees are the principal contacts, there are also independent insurance brokers and insurance agents.

Insurance agents work for the insurance companies which have commissioned them, whereas insurance brokers are not bound to any one insurer.

### Overview of business insurance

You should look at the various kinds of insurance available with greater or lesser scrutiny, depending on your company's type:

- **property insurance:** These policies cover material losses connected with buildings, merchandise, installations, data carriers, and the like, including in particular fire damage, burglary, theft, damage due to storms, tap water, and breakdowns of machinery, electrical appliances and computers.
- **financial loss insurance:** These policies cover losses of revenue (e.g. due to

machinery downtime) and additional costs (e.g. attorney fees) incurred due to damage. Examples include policies covering business liability, legal protection and interruption of operations (because of fire, machinery damage, etc.)

- **personal insurance:** These policies cover persons who are a company's owner, shareholders and employees. Examples include life, health, accident and severance policies. You may also take out insurance from private companies apart from and/or in addition to the statutory compulsory social insurance plans.



**TIP:** Especially in small-scale businesses, the entrepreneur's extended absence due to illness or accident can mean a cessation of revenue. Talk to your insurance advisor about options of business interruption insurance. For more information on one-person companies, see <http://epu.wko.at> – betriebsunterbrechungsversicherung

## Advice on acquiring insurance

- First of all, analyse the risks you may actually incur.
- Then, assess those risks in terms of their effects (disasters, major/minor risks) and the likelihood that you will incur them (often, infrequently, rarely). A subjective estimate is often sufficient for assessing such risks.
- Consider other possible options for avoiding risk other than an insurance policy, e.g. decentralised storage to protect your markets in a case of fire, a functioning fire-protection system, etc.
- Set down your insurance requirements in detail.
- Have your insurer inspect the object to be insured and enter the phrase “as inspected” in your application.
- Note special requirements in the application; they must appear in the policy as well.
- Ask to have a specialist brought in if there are complexities in some areas you wish to have insured.
- Always obtain several quotes from different insurers.
- Obtain precise information on the extent of coverage and the manner of calculating contributions. Do not be under-insured or over-insured.
- Be alert to any risk preclusions, have them explained to you and try to amend them in your favour.
- Many ancillary arrangements – kinds of subsidiary clauses – can be negotiated in a contract of insurance. Check them over carefully (e.g. additional risks included with or without a contribution surcharge, contribution discounts in exchange for a deductible, etc.).
- Try to negotiate the shortest possible term for the contract of insurance. (Receiving a long-term loyalty discount despite a shorter term is a matter for negotiation. Earlier termination would entail repayment of the discount to the insurer).
- Consider whether you should carry a smaller risk yourself.
- Obtain information on how to proceed if a case of claim arises.
- Never sign a blank contract of insurance.
- Check your coverage from time to time to see if it is in line with your actual risks.

You can obtain more information on insurance brokers and agents by going to these websites:  
<http://wko.at/ihreversicherungsmaekler>  
[www.dieversicherungsagenten.at](http://www.dieversicherungsagenten.at)

## 4.5 GENERAL TERMS AND CONDITIONS

General terms and conditions (GTC) are a compilation of fully formulated, standardised contractual terms and conditions on which you as a contractual party (e.g. as provider of goods or services) base a contract. They may vary in scope; they are often called the “fine print” of a contract. GTC make sense especially when you are concluding several contracts of the same type. A number of obligatory special regulations apply if your contractual partner is a consumer as defined in the Consumer Protection Act (Konsumentenschutzgesetz). Therefore, we recommend that you have a special version for consumer customers along with your GTC for corporate clients.

### How to negotiate GTC so they are valid?

Both contractual partners must negotiate the GTC if they are to be valid. Thus merely submitting the GTC you desire to a company or posting them on a notice board is not sufficient. Even if you send your GTC along with an offer, that does not mean that the contractual partner knows or accepts them. Printing the GTC on invoices or bills of delivery has no effect. The GTC must be a constituent component of a contract and confirmed without fail in writing.

### Drawbacks, unusual and surprising clauses

Such provisions and similar ones in GTCs are not valid if, according to the circumstances surrounding a contract, the contractual partner did not need to reckon with them and if

you did not especially point them out to him. Whether a provision set out in GTC has the effect of taking the customer by surprise and is therefore invalid is adjudged in specific individual cases and also depends on practice usual in that branch of business, among other things.

GTC may also infringe ethical standards if, for instance, they inequitably cause detriment to the contractual partner’s position and entail gross disproportion between performance and counter-performance. They are invalid in such cases.

### Contradictory provisions

If contractual partners use GTCs which are mutually contradictory, neither the one nor the other is effective. First of all, the question is to be examined as to whether a valid contract has been created at all. If so, the contract will be based on the fundamental statutory regulation.

### Unclear GTCs

Unclear provisions are interpreted as being to the disbenefit of the contracting partner who has chosen such a formulation. Clauses like these are completely ineffective in consumer transactions.

### Displaying GTCs

If you use GTCs regularly, you must post them or display them on business premises reserved for customers. There are more extensive statutory obligations which apply to individual branches of business.

## The Consumer Protection Act (CPA)

Within the scope of the CPA's applicability (i.e. in business transactions between an entrepreneur and a customer), many GTC clauses can be negotiated which are invalid from the outset. The same can apply in areas beyond the CPA's scope of applicability.

## GTC on the Internet

If you use GTCs over the Internet when concluding a business deal, you must also contractually negotiate their validity here as well so that they become constituent components of the contract. Prior to signing the contract, you must point out that you are basing the intended contract on your GTCs. Your customer must at least have the opportunity to become aware of them. Therefore, post the GTCs with their own link on your website so that your customer can read them.

The Remote Sales Act [Fernabsatzgesetz] provides for specific information and confirmation obligations in this connection for contracts concluded exclusively using e-mail or the Internet. Prior to closing a contract (i.e. before placing an order on the internet), customers must have the opportunity to become familiar with the GTCs and to print them out and save them in their computers. To be on the safe side, set up your website so that customers click on a button to confirm your GTCs before ordering. Merely indicating on the website that the text of the GTCs can be sent to the customer upon request does not constitute acknowledgement before or up to the time of closing a contract.

## The Chamber of Commerce can help

The Legal Service of the Austrian Chambers of Commerce offers a large quantity of information on the Internet concerning general terms and conditions. Go to <http://wko.at> for draft clauses on sales and delivery provisions and purchasing conditions.

Furthermore, the Chamber of Commerce's website includes a so-called GTC database, which contains all GTCs sorted according to branch of business, constituting non-binding recommendations from the competent professional organisations within the Chamber of Commerce. You can find the GTC database at <http://wko.at> under "Commercial Law."

## ■ 4.6 INFORMATION ON BUSINESS PAPERS AND THE INTERNET

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Your image on the market is important in both marketing and legal terms. Please note the following items; they will help you do everything right the first time.

### 4.6.1 Business papers

What information must appear on your business papers?

On the basis of a wide variety of statutory regulations (e.g. the Corporate Code, Commercial Code, etc.) all entrepreneurs are obligated to provide data on their business papers. This depends on the company's legal form, the type of business paper and manner of transmission.

#### **CORPORATE CODE (UGB)**

Irrespective of their legal form, all enterprises entered in the Company Register must include the following on their business papers, order placement forms in whatever way they are transmitted to the recipient (including e-mail) and on their websites.

- company name (according to Company Register entry)
- legal form
- head offices
- Company Register number
- Company Register court

For OGs and partnerships (KG) with a fully liable personal entity (e.g. GmbH & Co KG), these data must be given for the partnership and for the unrestrictedly liable corporation (GmbH) as well.

Sole proprietors entered in the Company Register must also give their civic name if it differs from the one entered in the Company Register.

#### **COMMERCIAL CODE**

Sole proprietors not entered in the Company Register must use their given and surnames on their business papers (e.g. business letters and order placement forms) in accordance with the Commercial Code. Sole proprietors and cooperations entered in the Company Register must use the official company name appearing in the Company Register to identify their place of business externally.

Business documents and the website must also include the location of the trade licence. Misleading abbreviations of such names or other designations may not be used in advertising. The same applies analogously to associations; they too must give the name established in the law or the statutes, as well as the location of the trade licence.

#### **Which business papers need to bear this information?**

You must give this information on all business letters and order forms intended for a specific recipient. These include in particular business letters, bills of delivery, invoices, receipts, advices of receipt and price lists, as well as business e-mail address and your website.

This obligation applies irrespective of the mode of transmission and thus includes fax, e-mail, etc.

Pre-printed business papers which you use with extant business connections or which are not intended for a specific recipient are exempt from bearing this information (e.g. bank statements, postal circulars, etc.).

### Must you provide other information?

The following applies irrespective of a company's legal form:

- banking information may be given, but it is not compulsory
- If you have an data processing register number (EDP number), you must include it in all writings to the persons concerned (business partners, customers, etc.).
- Managing directors under commercial or trade law need not be indicated.

### Special regulations for invoices

Invoices must include the following:

- name and address of the company providing delivery and/or service
- name and address of the recipient of the service
- quantity and usual commercial designation of the goods or type and scope of the service

- day of delivery or service and/or the time over which the service extends
- the fee – i.e. the net sum – for the delivery or service and the applicable tax rate or indication of tax exemption if that is the case
- the VAT payable on the fee
- the date of issue
- a one-time serial number
- Issuer's VAT ID number (VAT ID number/ATU number)
- The recipient's VAT ID number, if the total of the invoice exceeds EUR 10,000.00 (including VAT).  
There are simplifications for invoices less than EUR 150.00.
- name and address of the entrepreneur providing the goods or services
- quantity and usual designation of the objects/type and scope of services
- day/time-frame of delivery or service
- charge and tax amount for the delivery/service together in one total sum
- taxation rate
- invoicing date

**TIP:** You do not need to insert all this information into your website. Members of the Chamber of Commerce can also provide a link to their personal entry in "Companies A – Z" at <http://wko.at>.



### 4.6.2 Internet

#### Obligatory information in accordance with the E-Commerce Act (E-Commerce-Gesetz)

All e-commerce service providers (including those who present their companies on the Internet only and do not operate a Web shop) must also indicate the following concerning their identity in a simple and directly accessible form (e.g. "About Us"):

- name or company name
- geographical address
- contact data with which the user (customer) can reach you quickly, including e-mail address

- Company register number and Company Register court, if available
- the competent supervisory authority (generally, the trade authority)
- if the activity is subject to special official supervision (i.e. supervisory authorities such as the Bank Supervisory Board, Insurance Supervisory Board, Telekom Control Commission, Securities Supervisory Board), you must indicate that on your site.
- the chamber to which the service provider belongs (e.g. the Chamber of Commerce), the professional association or similar group to which the service provider be-

longs, the professional designation and the member state in which it was awarded, as well as an indication of the applicable statutes under commercial or professional law, as well as access thereto

- the VAT ID number, if available
- Prices must also be easily legible and attributable. Your customers must be able to see clearly whether the prices include VAT and all other charges and surcharges, and whether the delivery charge is included. If GTCs are used, users must be able to store them and print them out.

### **Compulsory Web Shop information**

In addition, Web Shops must provide the following information comprehensibly and unambiguously:

- the individual technical steps leading to the user's contractual declaration and to the closure of the contract
- the circumstance as to whether the contract text is stored after closing the contract and, if and as necessary, as to access to such a text
- the technical means for recognising and correcting input errors prior to submitting the contractual declaration (i.e. information on how the customer can change/correct his order placement, e.g. using the "Back" function)
- the languages in which the contract can be finalised

### **Obligatory disclosure in accordance with the Media Act (Mediengesetz)**

In addition to the compulsory information provisions set out in the E-Commerce Act (ECA), the Media Act also stipulates disclosure obligations for your website(s) which differ according to the site's content. According to the regulations under media law, every firm which operates a website is a media owner.

### **Small-scale compulsory disclosure**

Small websites are defined as those which contain no information extending beyond the copyright owner's personal life or presentation thereof which could influence opinion. Thus, for example, a bakery which advertises its own products exclusively is a small website.

You must provide the following disclosure information on a small website:

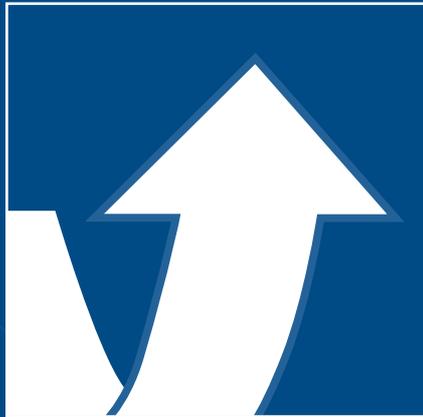
- the copyright owner's name or company name
- the copyright owner's residence or head office
- the type of the copyright owner's business

The small disclosure obligation applies to copyright owners. The information must be easy to find directly at all times. You can manage this with a direct link to a certain site on the Internet, whereby that site need not be a part of the firm's own website. If the ECA is applicable (which is almost always the case with companies having an Internet site), you can provide the information together with those in accordance with the ECA.

### **Large-scale compulsory disclosure**

Compulsory disclosure is of a greater scope for large-scale websites (i.e. those which offer opinion-forming content extending beyond advertising). In addition to the compulsory information for small-scale websites, media owners must also provide information on participating interests in their own companies, including multiple holdings, and declaration on the fundamental tendency of the website. However, the information actually required differs according to the legal form of the media owner, i.e. the company.

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## ■ ENTREPRENEUR AS A SECONDARY OCCUPATION

## 5. ENTREPRENEUR AS A SECONDARY OCCUPATION

You will need to consider several important factors if you are thinking of taking up a self-employed business activity as a secondary occupation.

### Labour law

You must inform your employer of your intention to take up a self-employed business activity and he must consent to your doing so. Otherwise, initiating such an activity without his consent can constitute grounds for your dismissal.

### Social insurance (multiple insurance-plan coverage)

Employees are insured under the General Social Insurance Act (ASVG) plan, independents are covered under the Trade Social Insurance Act (GSVG) and farmers' compulsory insurance comes under the Farmers' Social Insurance Act (BSVG).

**Note:** The regulations below apply to persons insured under the ASVG only; other regulations apply to other professional groups (e.g. civil servants, farmers, frontier commuters, etc.).

If you are simultaneously a non-independent and active in a trade or as a farmer, you come under several compulsory insurance laws. Thus, you must pay multiple contributions, generally in the sequence ASVG, GSVG and BSVG. However, contributions can never be higher than the highest contribution basis.

Accident insurance contributions for trade operators must be paid in their entirety (EUR 98.40 per year: effective 2011).

### Health insurance (with multiple insurance-plan coverage)

You must pay the full ASVG health insurance contributions on the non-independent income.

In 2011, you pay the contribution rate of 7.65% from commercial trade activity.

#### Contribution

as of 2009	7.65%
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### Pension insurance (with multiple insurance-plan coverage)

As a non-independent, you pay the full ASVG pension insurance contributions from ASVG income and in 2011 the normal rate of 17.50% GSVG pension insurance from trade income.

### Highest contribution basis

You need pay the ASVG and GSVG health and pension insurance contributions only up to the one-time highest contribution basis (i.e. max. EUR 58,800.00 per year).

**IMPORTANT:** This only applies, however, if you file an "application for difference assessment" at the Trade and Commerce Social Insurance Commission. Otherwise, you will also be obliged to pay pension and health insurance contributions for income which exceeds the maximum contribution basis. A refund of these contributions is obtainable upon application. If you do not submit an application, contributions which you have paid on the basis of income which exceeds the maximum contribution basis will only be repaid "ex officio" when you retire.

### Minimum contribution basis (multiple insurance-plan coverage)

The GSVG provisions on minimum contribution bases do not apply if you have income from non-independent work (ASVG) and independent work (GSVG).

Therefore, as of the time when ASVG income attains the GSVG minimum contribution basis GSVG contributions are only assessed for business profits actually attained. Therefore, no contributions are assessed if you have achieved a deficit.

**Note:** The foregoing regulations apply to ASVG-insured persons only; differing provisions apply to other professional groups (civil servants, farmers, frontier commuters, etc.).

### Income tax

All incomes are combined to assess income tax, applying the relevant tax rate (percentage). Therefore, take into account that your income as a non-independent worker already places you in a specific tax bracket. Every additional euro you earn is taxed at this rate and/or at an even higher percentage if you should attain the tax bracket above the one you are presently in.

### Grants

Certain grants (e.g. the aws grant for new entrepreneurs) are not given for part-time businesses. Keep this in mind when planning your investments and find out well in advance about the directives applicable to you from the Business Start-Up Service, Chambers of Commerce, the Institute for Professional Advancement (Wirtschaftsförderungsinstitut) and from your bank.

### Earning limits

#### ■ Pupil, student and family allowances

Additional earnings may amount to a maximum of EUR 9,000.00 during a calendar year. The so-called “full-year accounting” system is applied. Note: if your taxable income (gross salary minus social insurance) exceeds the additional earning limit in a calendar year, you are not entitled to family allowances and you must repay any such allowances you have received, including childcare benefits.

#### ■ Students / scholarships

As a student, you may additionally earn up to EUR 8,000.00 per year from independent or combined work without losing your scholarship entitlement. There is no difference made between income earned during university term and during vacation. Go to [www.stipendium.at](http://www.stipendium.at) for more information.

#### ■ Mother/father/childcare allowance

Every parent receiving a childcare allowance may earn additional income each year, whereby the other parent’s income is not taken into account. The additional earnings limit amounts to 16.200,00 per year, or the (higher) limit of 60% of the most recent income. The additional earnings limit of EUR 5,800.00 per year applies to income-dependent child-care allowances. All such a parent’s income from non-independent work, farming and forestry, independent work, trade operation, capital assets, rent and leases, as well as other income in the sense of the Income Tax Act are applied. Income from non-independent work is calculated using the wage-tax assessment basis of ongoing wages (not including bonuses) earned during the time the parent receives childcare allowance.

The wage-tax assessment basis increases by a flat-rate of 30% and converted to an annual sum. Other income constituting a basis for legal social insurance contributions is increased by the social insurance contributions assessed for the year concerned. But note that you may not use net earnings from a gainful activity as a basis.

#### ■ Pension

There are many arrangements involved in the pension system; if you are drawing a premature old-age pension, you may not practise any gainful activity which is subject to compulsory social insurance and may only earn up to the so-called “marginality limit;” otherwise, you lose your entitlement to the pension. Import-

ant: special regulations for entrepreneur pensions. (Important: special regulations for entrepreneur pensions.) Apart from the old-age pension, there are no restrictions to your options to earn additionally. If an old-age pensioner (age 60 for women, 65 for men) earns a sum which is higher than the “marginality limit,” he/she must pay social insurance contributions which can entail a slight increase in pension benefits (as of January 1, 2004). Should a person receiving an invalidity or disability pension earn a sum over the “marginality limit,” their pensions may be reduced.

### Founding a business while drawing unemployment benefits

There is only one very restricted option for earning additional money while you are drawing unemployment benefits from the AMS:

- Apart from termination of non-independent or independent work, the cessation of compulsory insurance in the pension insurance plan is also a prerequisite for unemployment. According to the present view, unemployment insurance benefits can only be drawn in the case of an exemption from GSVG compulsory insurance. The small-enterprise regulation in particular (in which no contributions are paid for health and pension insurance) constitutes such an exception.
- you must report taking up any independent gainful activity to the AMS:
- your monthly income (revenue) may not exceed EUR 374.02 (i.e. annual revenue of EUR 4,488.24)
- your monthly sales may not exceed EUR 3,369.55 (i.e. annual sales of EUR 40,434.60).

Furthermore, you must be available to the AMS for work as long as you are receiving unemployment benefits and you must accept any work which corresponds to your qualifications, otherwise your benefits will be stopped. (Anyone who is on his business premises from 9 in the morning until 6 in the evening, for instance, is “de facto” not available to the AMS and therefore may not draw unemployment benefits). Once you have commenced independent activity, you must submit monthly records of revenues and sales; thereafter, the income and sales tax notices are reviewed.

### The AMS business-founding plan for the unemployed

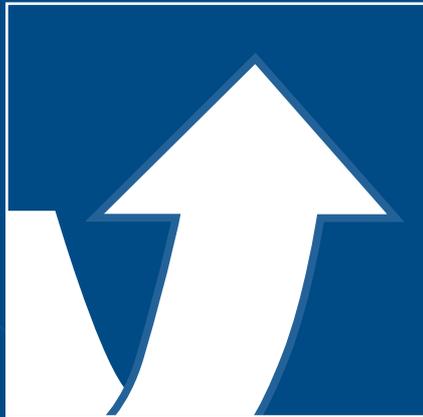
The AMS continually offers assistance programmes to help recipients of unemployment benefits become independent in business in an appealing way. First of all, an unemployed person submits a business concept which the AMS reviews for its chances of commercial success. A business-founding consultation meeting follows. The AMS can also provide financing for you to acquire further qualifications.

**IMPORTANT NOTE:** There are many ways to make yourself independent. Having an independent job as a secondary occupation means that there are always income limits which you must comply with. There are many options available to become wholly or partially exempt from GSVG compulsory insurance coverage.



**TIP:** The AMS may operate its business-foundation assistance programmes differently from province to province. There is no legal entitlement to such assistance; therefore, consult with your AMS advisor.

6



## ■ THE BUSINESS CONCEPT

## 6. THE BUSINESS CONCEPT

The business concept (also frequently called the company or business plan) is a description of the idea behind the business start-up and the steps to be taken to implement it.

There are several advantages to setting down the business plan in writing:

- writing something down requires you to think it through;
- a business concept in writing gives you a guideline for your targets and activities; you can also review it regularly;
- a clear business concept strengthens your position when negotiating with co-operating partners such as banks and suppliers;
- a clear business concept is the foundation for financing via banks or other providers of capital and for subsidies.

**We recommend our business plan module “Plan4You Easy” at [www.gruenderservice.at/businessplan](http://www.gruenderservice.at/businessplan) for drawing up your business plan. You can download the module free of charge.**

Plan4 You Easy comprises a plan calculation and a detailed introduction for drawing up your individual business concept according to the checklist below:

### CONTENT OF A BUSINESS PLAN

#### ■ Executive Summary

The executive summary provides investors with a quick overview of the entire plan; it should also stimulate them to read through your project. Present the core issues of the business plan and the key figures briefly, concisely and in a manner interesting to the reader. He will gain insight into the company and its objectives.

Thus the executive summary is especially important. Although it is at the head of a business plan, it can be placed at the end.

#### ■ The company

Describe your company (company name, date of foundation, legal form, shareholders, managing directors, ownership structure, purpose of company, location).

#### ■ Product or service?

Use this section to describe your business concept and its benefits to customers in detail.

#### ■ Branch of business, market

This is where to present the business-branch and market analysis data such as

- How is the branch of business developing?
- What are the trends and developments perceptible on the market?
- How large is the market?
- Which customers and groups of customers are you addressing?
- How is the demand situation?
- Who are the main competitors?
- How are you distinct from your competitors?
- How, then, do you position yourself on the market?
- What advantages does the location offer?

#### ■ Marketing

The points below reflect the marketing measures to put a business idea into action:

- specific offer (products, service, consultation, assortment)
- price structuring incl. conditions such as discounts, payment deadlines, etc.
- sales, advertising, sales promotion, public-relations work
- distribution (personal sales, via specialty shops, trade agents, etc.)
- marketing budget

### ■ Financial requirements, incl. business accounting

- capital requirements for investments, on-going costs, business founding expenses, etc.
- financing (your own funds, borrowed capital, other funding sources, subsidies, etc.)
- fixed cost and personnel expense planning, incl. costs of private livelihood
- sales planning
- financial plan (juxtaposed lists of income and expenses per month)

### ■ Founders, Management, Key Persons

- founders'/managing directors' careers to date, training and experience
- who is responsible for which duties (organisation)?
- employees in key positions
- which services are outsourced, e.g. tax accounting, corporate consulting, professional bookkeeping, etc.

### ■ Chances and Risks

- What chances do you see in your business idea?
- What are the risks involved and how can you minimise or reduce them?

### ■ Action Planning / Milestones

- What specific steps have you planned for putting your business idea into action?
- Activity plan; who does what and until when?

### ■ Annex

Business plans should not be longer than 20 to 30 pages. Therefore, place more detailed or supplementary documentation (such as offers for planned investments, founders' résumés, any memoranda of understanding, action plans, etc.) in an annex to your business plan.

## BUSINESS PLAN COMPETITIONS

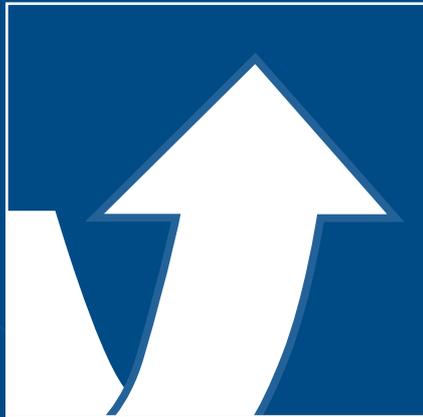
Take advantage of the opportunity to submit your business plan to the business-plan competitions held in the individual provinces and throughout Austria. Apart from the chance to win appealing prizes, you will also profit for the most part from the seminars and coaching available, and your business plan will be adjudged by a team of professional experts. Placing your business plan advantageously will greatly increase its significance to partners and financiers.

Enquire about current competitions at your Start-Up Service.

**IMPORTANT:** The business plan is the foundation for targeted business management and the basis for your dealings with partners such as suppliers, banks, financiers and subsidy sources. The Chamber of Commerce Start-Up Service and the aws (Austria Wirtschaftsservice GmbH) offer you "Plan4You Easy," a free, professional business-plan tool. Thanks to cooperation with aws, Plan4You Easy is also particularly suitable for submission to banks and subsidy sources. You can download it at

[www.gruenderservice.at/businessplan](http://www.gruenderservice.at/businessplan)





■ ANNEX

## 7.1 STEPS TOWARD FOUNDING A BUSINESS

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### 7.1.1 The 7 steps in founding a sole proprietorship

1

#### 1. Consultation on founding, financing and legalities

- from the Business Start-Up Service or the technical departments at your chamber of commerce.

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2

#### 2. Declaring the foundation of a new business or the transfer of a business

Certain levies, contributions and fees directly connected with founding a new business or taking over one (whether or not against payment) are **not** collected, provided that you submit a declaration on founding a new business or taking over an existing one on the forms provided (Neufö 1 for new businesses, Neufö 3 for takeovers). Your chamber of commerce must confirm your declaration. Generally, the Business Start-Up Service, the technical groups and/or guilds and district offices are the contacts, where you can also obtain the official forms.

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3

#### 3. Trade registration

Online registration of a trade: contact the Start-Up Service at your Chamber of Commerce for possible online registration of a trade.

You will need the following documents to register your trade:

3.1. If the entrepreneur evinces qualification himself (e.g. via a master's certificate):

- police clearance certificate from the country of origin for persons not resident in Austria or resident in Austria for less than five years
- proof of qualification (e.g. master's or qualification examination certificate, school or work certificates) or established individual qualification (free trades not requiring a licence are excepted; no proofs are required at all for them).
- proof of residence and/or residence permit for independent work purposes for non-EU citizens

3.2. If you are not evincing qualification yourself and, instead, are appointing a managing director authorised under trade law (working in the firm for at least 20 hours a week):

Persons registering a trade must submit

- a passport
- police clearance certificate from the country of origin for persons not resident in Austria or resident in Austria for less than five years
- proof of residence if they are not EU citizens.

Managing directors authorised under trade law must submit

- a passport
- police clearance certificate from the country of origin for persons not resident in Austria or resident in Austria for less than five years
- social-insurance confirmation (district health insurance commission) on registration as an employee working at least 20 hours weekly for the person registering the trade
- proof of qualification (e.g. master's or qualification examination certificate)
- declaration of the managing director authorised under trade law on his activity in the firm (on the form provided).

The person registering the trade and the managing director under trade law must not be disqualified from practising the trade as defined in Art. 13 of the Commercial Code.

When you register your trade you become a member of the Chamber of Commerce and must pay dues accordingly. You can obtain further information from the Chamber of Commerce in your province.

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#### **4. District Health Insurance Commission (DHIC)**

You must report employees to the competent DHIC prior to hiring them (commencement of work).

4

If you employ a managing director under trade law, you must register him at the DHIC before registering your trade (effectiveness as of the trade registration is an option), since you must submit a confirmation from the DHIC on the employment relationship to the trade authority.

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#### **5. Trade social insurance**

You must register your trade with the Social Insurance Institute for Trade and Commerce within the initial month of operation. The registration for the social insurance commission may also be submitted electronically together with registering your trade with the district administrative authority, which will then forward it to the social insurance commission.

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5

#### **6. Revenue Office**

Report your trade activity and apply for a tax ID number at the Revenue Office within the first month of operation. The report for the Revenue Office may also be submitted together with registering your trade with the district administrative authority, which will then forward it to the Revenue Office.

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6

#### **7. Community / City**

Note: you require a zoning certificate and a building permit for your chosen business premises if the work is not usually done in apartments/apartment buildings (e.g. trade, manual work, hospitality industry).

7

Notify the community or city administration of employees you have hired (for municipal tax purposes).

## 7.1.2 The 9 steps toward founding an OG or KG

1

### 1. Consultation on founding, financing and legalities

from the Business Start-Up Service or the competent departments at your chamber of commerce.

2

### 2. Declaring the foundation of a new business or the transfer of a business

Certain levies, contributions and fees directly connected with founding a new business or taking over one (whether or not against payment) are **not** collected, provided that you submit a declaration on founding a new business or taking over an existing one on the forms provided (Neufö 1 for new businesses, Neufö 3 for takeovers). Your chamber of commerce must confirm your declaration. Generally, the Business Start-Up Service, the competent groups and/or guilds and district offices are the contacts, where you can also obtain the official forms.

3

### 3. Articles of association

OGs/KGs are constituted on the basis of articles of association (concluded between at least two persons); there are no special formalities involved and the articles may be concluded orally or in writing. However, we recommend that they be made in writing with the assistance of an attorney for evidentiary reasons.

4

### 4. Entry in the Company Register / application for registration

OKGs do not fully exist in legal terms until they are entered in the Company Register. Shareholders may draw up an application for registration themselves. However, the signatures appearing on the applications must be certified by a notary public or a court (district court).

You will need to submit the following documents when applying for registration:

- articles of association (if they exist; this is not compulsory, although we recommend it)
- sample signatures of all executives holding authority of representation (personally liable shareholders), certified by a notary public or a district court

You must provide the following information with your application for the registration of a company even if you do have articles of association;

- official company name (partner) may not appear in the name). The legal-form indication OG or KG must be appended.
- each limited partner's liability total
- the location of the company's head offices and its main business address
- indication of the branch of business
- shareholders' names, dates of birth and addresses
- any personally liable shareholders who are not authorised signatories must also be entered in the Company Register
- authority of representation
- date the articles of association were signed
- residence permits and valid work permits and/or exemption certificates are additionally required for third-country nationals (non EEA citizens); the exemption certificates also apply to citizens of the new EU member states (with the exception of Maltese and Cyprian nationals).

## 5. Trade registration

Online registration of a trade: contact the Start-Up Service at your Chamber of Commerce for possible online registration of a trade.

You must submit the following documents when registering your trade:

- passports of all persons having major influence (i.e. personally liable shareholders or partners with special company managing authorisations, etc.)
- extract from the Company Register
- police clearance certificates from the country of origin for managing directors authorised under trade law and all personally liable shareholders not resident in Austria or who have been resident in Austria for less than five years
- declaration that there are no reasons for disqualifying a trade due to circumstances involving bankruptcy or prior convictions as set out in Art. 13 of the Commercial Code, viz. from all persons with executive power (e.g. company-managing shareholders, shareholders with majority holdings, shareholders with minority holdings but with special co-executive rights or company-managing authority, etc.).

Managing directors authorised under trade law must also submit:

- a passport
- social insurance commission confirmation on the employee's registration for at least 20 weekly hours (not required if the managing director under trade law is a personally liable shareholder)
- proof of qualification (e.g. master's or qualification certificate, school or work certificates) or individual qualification acquired (except in the case of free trades not requiring a licence)
- declaration from the managing director authorised under trade law on his employment in the company (using the form provided)

The managing director under trade law and the personally liable shareholders must not be disqualified from practising the trade (Art. 13 of the Commercial Code).

When you register your trade you become a member of the Chamber of Commerce and must pay dues accordingly. You can obtain further information from the Chamber of Commerce in your province.

## 6. District Health Insurance Commission (DHIC)

You must report employees to the competent DHIC before hiring them (commencement of work).

If you employ a managing director under trade law, you must register him at the DHIC before registering your trade (effectiveness as of the trade registration is an option), since you must submit a confirmation from the DHIC on the employment relationship to the trade authority.

7

### **7. Trade social insurance**

All shareholders in an OG and personally liable shareholders in a KG (full partners) must be insured with the Social Insurance Institute for Trade and Commerce (SITC), where insured persons must register within one month. The registration for the social insurance commission may also be submitted electronically together with registering your trade with the district administrative authority, which will then forward it to the social insurance commission.

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8

### **8. Revenue Office**

Report your trade activity and apply for a tax ID number for the shareholder(s) and the company within the initial month of operation. The report for the Revenue Office may also be submitted electronically together with registering your trade with the district administrative authority, which will then forward it to the Revenue Office.

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9

### **9. Community / City**

Note: you require a zoning certificate and a building permit for your chosen business premises if the work is not usually done in apartments/apartment buildings (e.g. trade, manual work, hospitality industry).

Notify the community or city administration of employees you have hired (for municipal tax purposes).

### 7.1.3 The 11 steps to founding a GmbH\*

#### 1. Consultation on founding, financing and legalities

from the Business Start-Up Service or the competent departments at your chamber of commerce

1

#### 2. Declaring the foundation of a new business or the transfer of a business

Certain levies, contributions and fees directly connected with founding a new business or transferring one (whether or not against payment) are **not** collected, provided that you submit a declaration on founding a new business or taking over an existing one on the forms provided (Neufö 1 for new businesses, Neufö 3 for takeovers). Your chamber of commerce must confirm your declaration. Generally, the Business Start-Up Service, the competent groups and/or guilds and district offices are the contacts, where you can also obtain the official forms.

2

#### 3. Articles of association

The founders (there may be only one) prepare the articles of association, which must be drawn up in the form of a notarial deed.

3

#### 4. Shareholders' resolutions

These resolutions concern the appointment of the managing director(s) and the assignment of authority of representation (sole authorised signatories, perhaps together with executive signatories) unless such appointments and assignments have already been set out in the company's articles of association. Here, the general shareholders' meeting's power to revoke managing director appointments can be limited in the articles of association so that the meeting may only exercise the power on important grounds. The relevant minutes can either be drawn up privately or be certified by a notary public.

The managing directors (at least one) need not be shareholders in the GmbH.

4

#### 5. Bank confirmation

You will need a bank confirmation on the deposit of the equity capital (minimum equity capital amounts to EUR 35,000.00, of which at least EUR 17,500.00 must be paid in) into the company's account, of which company management may freely dispose.

5

\*A reform of GmbH is slated for 2011. Inquire about the current status at the Chamber of Commerce in your province (founder service, district/regional offices).

## 6

### 6. Entry in the Company Register / application for registration

The following documentation is required in addition to the certified Company Register entry (the application itself must also be certified):

- articles of association in the form of a notarial deed
  - certified shareholders' resolution on the appointment of managing directors (certified by a notary public or district court)
  - bank confirmation
  - managing directors' sample signatures (certified by a notary public or district court)
  - certificate of good standing from the Revenue Office concerning fees and transaction taxes (payment of company tax)
- 

## 7

### 7. Trade registration

Online registration of a trade: contact the Start-Up Service at your Chamber of Commerce for possible online registration of a trade.

You must include the following documentation with your trade registration:

- passports of all persons having major influence (i.e. managing directors, shareholders with majority holdings, shareholders with minority holdings but with special co-determining rights or other special company management authorisations, etc.)
- extract from the Company Register
- police clearance certificates from the country of origin for managing directors authorised under trade law and all personally liable shareholders not resident in Austria or who have been resident in Austria for less than five years
- declaration that there are no reasons for disqualifying a trade due to circumstances involving bankruptcy or prior convictions as set out in Art. 13 of the Commercial Code, viz. from all persons with executive power (e.g. company-managing shareholders, shareholders with majority holdings, shareholders with minority holdings but with special co-executive rights or company-managing authority, etc.).

Managing directors authorised under trade law must also submit

- a passport
- social insurance commission confirmation on the employee's registration for at least 20 weekly hours (not required if the managing director under trade law is also managing director under commercial law)
- proof of qualification (e.g. master's or qualification certificate, school or work certificates) or individual qualification acquired (except in the case of free trades not requiring a licence)
- declaration from the managing director authorised under trade law on his employment in the company (using the form provided)

The managing director under trade law and the majority shareholders must not be disqualified from practising the trade as defined in Art. 13 of the Commercial Code.

When you register your trade you become a member of the Chamber of Commerce and must pay dues accordingly. You can obtain further information from the Chamber of Commerce in your province.

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## 8. District Health Insurance Commission (DHIC)

You must report employees to the competent DHIC before hiring them (commencement of work). If you employ a managing director under trade law, you must register him at the DHIC before registering your trade (effectiveness as of the trade registration is an option), since you must submit a confirmation from the DHIC on the employment relationship to the trade authority.

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8

## 9. Trade social insurance

Unless the company-managing shareholders are already covered under ASGV insurance (which is considerably more expensive than GSVG insurance), they are to be registered with the Social Insurance Institute for Trade and Commerce within the first month of their activity. The registration for the social insurance commission may also be submitted electronically together with registering your trade with the district administrative authority, which will then forward it to the social insurance commission.

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9

## 10. Revenue Office

Report your trade activity and apply for a tax ID number within the initial month of operation. The report for the Revenue Office may also be submitted electronically together with registering your trade with the district administrative authority, which will then forward it to the Revenue Office.

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10

## 11. Community / City

Note: you require a zoning certificate and a building permit for your chosen business premises if the work is not usually done in apartments/apartment buildings (e.g. trade, manual work, hospitality industry).

11

Notify the community or city administration of employees you have hired (for municipal tax purposes).

## 7.2 USEFUL CONTACTS

	Contacts	Activity
<b>CHAMBER OF COMMERCE</b>	<ul style="list-style-type: none"> <li>■ Business Start-Up Service</li> <li>■ Other service departments</li> <li>■ Professional groups</li> <li>■ District/regional offices</li> <li>■ WIFI</li> <li>■ Young commerce</li> <li>■ Women in commerce</li> <li>■ Accountants Professional Group</li> <li>■ Corporate consultants Professional Group</li> </ul>	<ul style="list-style-type: none"> <li>■ Comprehensive consultation on starting up a business, NEUFÖG consultation / confirmation</li> <li>■ Tax, commercial, social and labour law, general legal questions, subsidies</li> <li>■ business-branch information</li> <li>■ Your regional contact person</li> <li>■ vocational education and training</li> <li>■ lobby groups for young entrepreneurs and network platforms</li> <li>■ lobby groups for female entrepreneurs and network platform</li> <li>■ tax consultation</li> <li>■ consultation</li> </ul>
<b>TRADE AUTHORITY</b>	<ul style="list-style-type: none"> <li>■ District administration/ MA district office</li> <li>■ office of provincial government</li> <li>■ Federal Ministry of Economics, Family and Youth</li> </ul>	<ul style="list-style-type: none"> <li>■ trade registration</li> <li>■ application for deferral of reasons for trade disqualification</li> <li>■ authorisation of business premises</li> <li>■ application for individual licence</li> <li>■ appointing trade-authorized managing directors</li> <li>■ reporting additional business locations</li> <li>■ change of business location</li> <li>■ surrender of trade authorisation</li> <li>■ reporting integrated operations</li> <li>■ deferral requests</li> <li>■ licence applications</li> <li>■ applications for equal status</li> <li>■ application for deferral of reasons for trade disqualification</li> <li>■ surrender of trade authorisation</li> <li>■ report of trans-border activities of licensed trades by citizens of an EU/EEA member state</li> <li>■ acknowledgement/equivalence of work in an EU/EEA member state performed abroad and qualifications acquired abroad</li> </ul>
<b>REVENUE OFFICE</b>	<ul style="list-style-type: none"> <li>■ Revenue Office competent for the area where a business or its management is located</li> </ul>	<ul style="list-style-type: none"> <li>■ application for a tax ID number within one month after registering a trade</li> <li>■ fill out the questionnaire and send it to the Revenue Office</li> <li>■ application for a UID (VAT ID) number</li> <li>■ ongoing tax payments and wage taxes</li> <li>■ filing annual tax return for sales and income tax</li> <li>■ Determination of earnings from business partnerships</li> <li>■ Deleting taxpayer ID number</li> </ul>

Contacts	Activity
<b>REVENUE OFFICE</b>	<ul style="list-style-type: none"> <li>■ for business location</li> <li>■ apply for tax ID number within one month after registering your trade</li> <li>■ Fill in the questionnaire and send it to the Revenue Office</li> <li>■ Determined by the place where you have applied for a VAT ID number (Value-Added-Tax Identification Number)</li> <li>■ Ongoing payments of taxes and wage taxes</li> <li>■ File annual declaration for sales tax and income tax</li> <li>■ Deleting taxpayer ID number</li> </ul>
<b>SOCIAL INSURANCE</b>	<ul style="list-style-type: none"> <li>■ Social Insurance Institute for Trade and Commerce</li> <li>■ report founding a company within four weeks</li> <li>■ decision small entrepreneur arrangement at annual sales less than 30,000.00 EUR and/or profit below 488.24 EUR.</li> <li>■ District health insurance commission</li> <li>■ register employees prior to beginning work</li> </ul>
<b>OTHERS</b>	<ul style="list-style-type: none"> <li>■ AKM</li> <li>■ worker/employee referral (Austrian Labour Exchange)</li> <li>■ obligation to report copyrighted music</li> <li>■ worker/employee referral</li> <li>■ support for unemployed persons in starting up a company</li> <li>■ work permits for foreigners, etc.</li> <li>■ Labour Inspection Board</li> <li>■ monitors compliance with statutory provisions governing worker protection, etc.</li> <li>■ Austrian Business Agency</li> <li>■ Contact point for foreign companies wishing to establish in Austria</li> <li>■ Bank(s)</li> <li>■ financing</li> <li>■ subsidy applications</li> <li>■ data processing register</li> <li>■ EDP no.</li> <li>■ EAN code</li> <li>■ European Article number</li> <li>■ Company Register</li> <li>■ entry/registration of companies: sole partnerships; sole partnerships if the annual sales limit of EUR 700,000.00 is exceeded, otherwise voluntary registration is optional</li> <li>■ enquiries concerning registered firms</li> <li>■ subsidy sources</li> <li>■ consultation, subsidies</li> <li>■ Waste-disposal companies</li> <li>■ municipal</li> <li>■ private (e.g. ARA – Altstoff [Waste] Recycling Austria) You are required to register if you introduce packaging into commercial circulation. Contact your chamber of commerce for more information.</li> </ul>

Contacts	Activity
<ul style="list-style-type: none"> <li>■ Community/municipal authority</li> </ul>	<ul style="list-style-type: none"> <li>■ building permits</li> <li>■ usage authorisation</li> <li>■ zoning</li> </ul>
<ul style="list-style-type: none"> <li>■ Land Register (LR court)</li> </ul>	<ul style="list-style-type: none"> <li>■ entry in the Land Register</li> <li>■ mortgages</li> <li>■ servitudes</li> </ul>
<ul style="list-style-type: none"> <li>■ Chamber of Commerce</li> </ul>	<ul style="list-style-type: none"> <li>■ informal request for an approval ruling Apprentices Office for training apprentices (prior to initial apprenticeship training)</li> <li>■ apprenticeship agreements</li> <li>■ final apprentice examination</li> <li>■ support for apprentice businesses</li> </ul>
<ul style="list-style-type: none"> <li>■ Master craftsman examination office/ offices of provincial governments</li> </ul>	<ul style="list-style-type: none"> <li>■ trainer, entrepreneur, master, qualification / concession examination</li> </ul>
<ul style="list-style-type: none"> <li>■ Notary public</li> </ul>	<ul style="list-style-type: none"> <li>■ consultation and preparation of contracts (obligatory when founding a GmbH)</li> </ul>
<ul style="list-style-type: none"> <li>■ Patents Office</li> </ul>	<ul style="list-style-type: none"> <li>■ trademarks, samples, patent research and registrations</li> </ul>
<ul style="list-style-type: none"> <li>■ Attorney</li> </ul>	<ul style="list-style-type: none"> <li>■ consultation and preparation of contracts</li> </ul>
<ul style="list-style-type: none"> <li>■ Tax consultant</li> </ul>	<ul style="list-style-type: none"> <li>■ tax consultation, accounting, annual financial statements, etc.</li> </ul>
<ul style="list-style-type: none"> <li>■ Insurance (private)</li> </ul>	<ul style="list-style-type: none"> <li>■ for buildings, merchandise, etc., liability, legal protection, business interruption due to illness or accident</li> </ul>
<ul style="list-style-type: none"> <li>■ Utilities</li> </ul>	<ul style="list-style-type: none"> <li>■ electricity, water, gas, telephone, fax, Internet, etc.</li> </ul>

## Important Internet addresses

- <http://wko.at> (Austrian Chambers of Commerce)
- [www.gruenderservice.at](http://www.gruenderservice.at) (Gründer-Service-Österreich)
- [www.facebook.com/gruenderservice](http://www.facebook.com/gruenderservice)
  
- [www.akm.or.at](http://www.akm.or.at) (Society of Authors, Composers and Music Publishers)
- [www.ams.at](http://www.ams.at) (Public Employment Service Austria)
- [www.ara.at](http://www.ara.at) (Waste Recycling Austria AG)
- [www.arbeiterkammer.at](http://www.arbeiterkammer.at) (Labour Board)
- [www.auva.at](http://www.auva.at) (Social Accident Insurance Commission)
- [www.awsg.at](http://www.awsg.at) (Austria Commercial Service)
- [www.bka.gv.at](http://www.bka.gv.at) (Office of the Federal Minister)
- [www.bmf.gv.at](http://www.bmf.gv.at) (Federal Ministry of Finance)
- [www.bmwfj.bv.at](http://www.bmwfj.bv.at) /Federal Ministry of Commerce, Family & Youth Affairs)
- [www.bundessozialamt.gv.at](http://www.bundessozialamt.gv.at) (Federal Social Affairs Office)
- [www.dsk.gv.at](http://www.dsk.gv.at) (Austrian Data Protection Commission)
- [http://epu.wko.at](http://http://epu.wko.at) (portal for one-person enterprises)
- [www.franchise.at](http://www.franchise.at) (Austrian Franchise Association)
- [www.franchiseboerse.at](http://www.franchiseboerse.at) (Franchise Exchange)
- [www.gruenderservice.at/businessplan](http://www.gruenderservice.at/businessplan) (Businessplan Plan4YouEasy)
- [www.gruenderservice.at/businessplan](http://www.gruenderservice.at/businessplan) (Plan4You Easy Business Plan)
- [www.gruendungsbonus.at](http://www.gruendungsbonus.at) (business start-up bonus)
- [www.help.gv.at](http://www.help.gv.at) (your assistance with the authorities)
- [www.i2b.at](http://www.i2b.at) (business plan competition)
- [www.investaustria.at](http://www.investaustria.at) (Austrian Business Agency)
- [www.jungewirtschaft.at](http://www.jungewirtschaft.at) (Junior Chamber Austria)
- [www.kwt.or.at](http://www.kwt.or.at) (Chamber of Chartered Public Accountants)
- [www.nachfolgeboerse.at](http://www.nachfolgeboerse.at) (business successor exchange)
- [www.nachfolgebonus.at](http://www.nachfolgebonus.at) (business successor bonus)
- [www.notar.at](http://www.notar.at) (Austrian Chamber of Notaries)
- [www.oegv.info](http://www.oegv.info) (Austrian Mutual Society)
- [www.oeht.at](http://www.oeht.at) (Austrian Hotel and Tourism GmbH)
- [www.on-norm.at](http://www.on-norm.at) (Austrian Standards Institute)
- [www.patentamt.at](http://www.patentamt.at) (Austrian Patents Office)
- [www.rechenstift.at](http://www.rechenstift.at) (Professional Corporate Consulting and Information Technology Association)
- [www.rechtsanwaelte.at](http://www.rechtsanwaelte.at) (The Austrian Attorneys)
- [www.sva.or.at](http://www.sva.or.at) (Social Insurance Commission for Trade and Commerce)
- [www.unternehmerin.at](http://www.unternehmerin.at) (Women in Business)
- [www.oestereichsenergie.at](http://www.oestereichsenergie.at) (Association of the Austrian electricity companies)
- [www.wifi.at](http://www.wifi.at) (Institute for Professional Advancement)

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## 7.4 AFTER START-UP

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Once you have successfully founded your company, you are a member of your professional group/guild/committee your Chamber of Commerce. Your expert representatives at the Chamber of Commerce take care of the affairs of your business branch; thus they also represent your interests, at your side to advise and assist you.

Membership is not free. One part of your dues, called the basic levy, goes directly to your representatives and supports them in their work for you.

A comprehensive service package is also available from your Chamber of Commerce. Your district/regional office or service centre can provide you with information on topics such as

- What subsidies can I apply for?
- How do I hire an employee?
- How do I train apprentices?
- How do I take the step across the border (export)?
- Which collective bargaining agreement must I use?
- Do I need general terms and conditions?
- ...

Also take advantage of your <http://wko.at> – here you will find many fact sheets to help answer many of these questions. More exclusive information is available to you as an entrepreneur at “My Business Branch.”

### WHAT IS THE CHAMBER OF COMMERCE?

- **We represent the interests of Austrian companies,**  
acting on behalf of more than 400,000 member businesses. We speak out on the companies' behalf in our dedication to progressive and commercially advantageous policies.
- **Our many services help boost the economy.**
- **The Chambers of Commerce are modern service providers offering tailor-made solutions.**  
Our know-how supports Austrian companies, and our training programmes increase the competitiveness of domestic commerce

## 7.5 BUSINESS START-UP SERVICES THROUGHOUT AUSTRIA

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### **BURGENLAND**

Business Start-Up Service  
Robert-Graf-Platz 1, 7001 Eisenstadt  
Tel. 05 90 907-2210  
Fax: 05 90 907-2115  
e-mail: maria.eberhard@wkbgl.at

### **SALZBURG**

Business Start-Up Service  
Julius-Raab-Platz 1, 5027 Salzburg  
Tel. 0662/88 88-541  
Fax: 0662/88 88-188  
e-mail: gs@wks.at

### **CARINTHIA**

Business Start-Up Service  
Europaplatz 1, 9021 Klagenfurt  
Tel. 05 90 904-730  
Fax: 05 90 904-734  
e-mail: gruenderservice@wkk.or.at

### **STYRIA**

Business Start-Up Service  
Körblergasse 111-113, 8021 Graz  
Tel. 0316/601-600  
Fax: 0316/601-1202  
e-mail: gs@wkstmk.at

### **LOWER AUSTRIA**

Business Start-Up Service  
Landsbergerstrasse 1, 3100 St. Pölten  
Tel. 02742/851-17700  
Fax: 02742/851-17199  
e-mail: gruender@wknoe.at

### **TYROL**

Service Point  
Founder Service  
Meinhardstraße 14, 6020 Innsbruck  
Tel. 05 90 905-2222  
Fax: 05 90 905-1385  
e-mail: gruenderservice@wktirol.at

### **UPPER AUSTRIA**

Business Start-Up Service  
Hessenplatz 3, 4020 Linz  
Tel. 05 90 909  
Fax: 05 90 909-2800  
e-mail: service@wkoee.at

### **VORARLBERG**

Business Start-Up Service  
Wichnergasse 9, 6800 Feldkirch  
Tel. 05522/305-1144  
Fax: 05522/305-108  
e-mail: gruenderservice@wkv.at

### **VIENNA**

Business Start-Up Service  
Stubenring 8-10, 1010 Vienna  
Tel. 01/514 50-1050  
Fax: 01/514 50-1491  
E-Mail: gruenderservice@wkw.at



## ■ FEEDBACK FORM

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**Tell us what you think and help us to improve our service constantly with your feedback.**

### How informative is the Guide for Business Start-Ups, 10th Edition?

1 (very informative) to 5 (not at all informative) (please tick)

1  2  3  4  5

### What topics should we deal with more thoroughly?

- |   |  |
|---|--|
| <input type="checkbox"/> Idea   | <input type="checkbox"/> Personal Qualifications         |
| <input type="checkbox"/> Trade Law  | <input type="checkbox"/> Business Premises Law           |
| <input type="checkbox"/> Legal Forms  | <input type="checkbox"/> Social Insurance                |
| <input type="checkbox"/> Taxes/Accounting                                   | <input type="checkbox"/> Marketing                       |
| <input type="checkbox"/> Bookkeeping/Accounting                             | <input type="checkbox"/> Financing                       |
| <input type="checkbox"/> Support  | <input type="checkbox"/> Employees                       |
| <input type="checkbox"/> Warranty/Guarantee/Product Liability               | <input type="checkbox"/> Foreign Trade                   |
| <input type="checkbox"/> Business Insurance                                 | <input type="checkbox"/> General Terms and Conditions    |
| <input type="checkbox"/> Information on business papers and on the Internet | <input type="checkbox"/> Entrepreneur as a Part-Time Job |
| <input type="checkbox"/> Business Concept                                   |  |

### What aspects are missing? What could we do better, in your opinion?

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### Please send me more information on

- |  |  |
|--|--|
| <input type="checkbox"/> Junior Chamber                | <input type="checkbox"/> Women in Business |
| <input type="checkbox"/> One-Person Enterprise         | <input type="checkbox"/> Plan4You Easy     |
| <input type="checkbox"/> i2b business plan competition | <input type="checkbox"/> Online-Services   |

### My data:

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Title: \_\_\_\_\_ Given name: \_\_\_\_\_ Surname: \_\_\_\_\_

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Street: \_\_\_\_\_ Postal code: \_\_\_\_\_

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Place: \_\_\_\_\_ E-mail: \_\_\_\_\_

**Please send us your feedback by post (see back cover) or by fax to 05 90 900-219.  
Thank you!**



Austrian Chamber of Commerce  
Business Start-Up Service  
Wiedner Hauptstraße 63  
1045 Vienna