

12 COUNTRIES. 12 TAX SYSTEMS.

The year 2024 brings changes in the areas of taxes, duties and social contributions in all CEE and SEE countries. This special newsletter covers essential changes effective as of 2024.

TPA offers an overview of the most important tax innovations of 2024.



Albania
Austria
Bulgaria
Croatia
Czech Republic
Hungary

Montenegro
Poland
Romania
Slovakia
Serbia
Slovenia

Austria

Income tax brackets and deductions

Similar to 2023, the income tax brackets, and a number of tax deductions will be adjusted to inflation.

- **From 2024:**

For the tariff adjustment, the entry-level threshold (=“subsistence minimum“) has been increased by 9.6% to EUR 12,816, and the respective threshold amounts for the different tariff stages

Stage 2 (20%): EUR 20,818

Stage 3 (30%): EUR 34,513

Stage 4 (40%): EUR 66,612

Stage 5 (48%): EUR 99,266

have been raised.

- **Inflation adjustment/valorization:**

Single-earner and single-parent deduction, alimony deduction, child deduction, deduction for travel expenses, pensioners' deductions

Changes to the Profit Allowance

The profit allowance for individuals liable to personal income tax will be increased. The basic tax-free allowance will be raised to profits up to EUR 33,000, meaning that EUR 4,950 (=15% of EUR 33,000) can be automatically deducted as a business expense. The maximum amount for the investment-related profit allowance across all stages is increased to EUR 46,400.

Reduction of Minimum Corporate Tax/Flexible Capital Company

The minimum share capital for a GmbH (limited liability company) is to be reduced from the existing threshold of 35,000 euros down to 10,000 euros. For GmbHs with founding privileges, this eliminates the obligation to increase the share capital after ten years. Additionally, a new company form, the „Flexible Capital Company“, will be introduced, which will also have a minimum capital requirement of 10,000 euros.

The new minimum corporate tax of 125 euros per quarter will apply to existing GmbHs as well. Furthermore, the obligatory minimum investment by individual shareholders in a GmbH will undergo a substantial decrease, from the current 70 euros to 1 euro. These changes are part of a broader array of modifications encompassed within the framework of the FlexCo.

Reduction of Corporate Income Tax Rate

The corporate income tax will be reduced from 24% (25% in calendar years prior to 2023) to 23% in calendar year 2024.

New Developments in Value-Added Tax

• VAT Exemption for Photovoltaic Modules

According to the government proposal, a temporary zero VAT rate will be introduced for deliveries, intra-community acquisitions, imports, and installations of photovoltaic modules to the operator, effective from 1 January 2024 until 31 December 2025. This VAT exemption does not preclude the right to deduct input tax, provided that:

- The bottleneck capacity of the photovoltaic system does not exceed or will not exceed 35 kwp, and
- The photovoltaic system is operated on or near buildings used for residential purposes, utilized by public law corporations, or used by corporations, associations, and funds serving charitable, benevolent, or ecclesiastical purposes.

Additional Amendments

- Starting 1 January 2024, the employer contribution will be increased.
- For the years 2024 and 2025, allowances for up to 18 hours of overtime per month may be disbursed tax-free, up to a limit of EUR 200.