

# Austrian Progress Report 2025

Vienna, May 2025

# Introduction

On 30 April 2024, a new economic governance of the European Union came into force. In accordance with Article 21 of Regulation (EU) 2024/1263, each EU Member State must submit an Annual Progress Report to the European Commission by April 30.

This document is the first Austrian Progress Report covering the years 2023 to 2025. As a new federal government was inaugurated in Austria on 3 March 2025, the European Commission has granted Austria an extension until 13 May 2025 to submit the first Progress Report together with the Austrian medium-term Fiscal Structural Plan 2025 to 2029 and the Draft Budgetary Plan for the years 2025 and 2026.

The Annual Progress Reports, which present actual data and report on the steps already taken or still to be taken to implement the Austrian medium-term Fiscal Structural Plan 2025 to 2029, must contain the following elements in particular:

- Information on the progress made in implementing the Austrian net expenditure path to be defined by the Council. This net expenditure path is the only operational benchmark for budgetary surveillance.
- Information on the implementation of the reform and investment commitments underlying an extension of the adjustment period.
- Information on the implementation of comprehensive reforms and investments to implement the Country-Specific Recommendations, the common priorities of the Union, including the European Pillar of Social Rights, and the Sustainable Development Goals.

During the period of the Recovery and Resilience Facility, the implementation of all reforms and investments foreseen in the medium-term Plans should also be reported in the Annual Progress Reports.

As the Austrian medium-term Fiscal Structural Plan 2025-2029 will be presented at the same time as the first Progress Report 2025 on 13 May 2025, this year's Progress Report will only present the budgetary and macroeconomic results for 2023 and 2024, the current macroeconomic forecast and budget planning for 2025 as well as the implementation of reforms and investments within the framework of the European Semester. As soon as the Austrian medium-term Fiscal Structural Plan 2025-2029,

including the net expenditure path and the reform and investment package to extend the adjustment period, has been approved by the Council, the Progress Reports for the coming years will also include the implementation steps for these two key elements of the Fiscal Structural Plan. In particular, this also means that the implementation of the reforms and investments, as presented in Tables 19 and 20 of the Fiscal Structural Plan, will be reported on in the 2026 Progress Report, which is to be submitted by the end of April 2026.

In terms of content and form, the Austrian Progress Report 2025 follows the requirements of Regulation (EU) 2024/1263 and the guidelines C/2024/3975 on the information requirements for the medium-term Fiscal Structural Plans and the Annual Progress Reports. The report is based on data from the national accounts (ESA 2010) of Statistics Austria (STAT) as well as the Ministry of Finance's own calculations and estimates and uses the economic forecast of the Austrian Institute of Economic Research (WIFO) from March 2025.

The Austrian Progress Report 2025 shows that net expenditure growth in 2025 is in line with the net expenditure path set out in the Austrian Fiscal Structural Plan 2025 to 2029.

The Progress Reports are to be published and submitted to the European Commission. The Commission will use the information provided by Austria in the Annual Progress Reports together with other relevant information for the assessment under Article 4(1) of Regulation (EU) 2024/1263. The Commission will make its assessment publicly available.

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# 1 Economic and budgetary developments

## 1.1 Economic developments

In recent years, the underlying conditions for the Austrian economy have been shaped by the macroeconomic consequences of Russia's war of aggression against Ukraine and its knock-on effects. Among other factors, weak foreign demand, higher energy and consumer prices and the associated tightening of monetary policy in the euro area weighed on the domestic economy. Against this backdrop, Austria's economic output has been contracting for ten quarters – excluding two quarters of economic stagnation. Since the beginning of the downturn, price-adjusted gross domestic product (GDP) has fallen by 3.3 %. The current recession is therefore less deep than previous ones, but it lasts for an extraordinarily long period. From a sectoral perspective, the production sector and trade have been particularly affected.

In 2024, real economic output of Austria contracted by 1.2 %. External demand was dampened by weak growth in Germany, Austria's most important trading partner by far, and the European industrial recession. Consequently, Austria's exports of goods decreased sharply by 5.9 % in real terms. Investment also remained weak amid uncertain growth prospects and higher wage, energy, and financing costs. Gross fixed capital formation fell by 3.4 % in 2024. Private consumption did not stabilise the economy as usual but stagnated despite a considerable increase in real disposable household income, which was reflected in an increase in the saving ratio.

The manufacturing sector recorded a 5.5 % decline in gross value added in real terms last year. Besides weak demand from major trading partners, higher interest rates, the construction recession and elevated energy prices also weighed on domestic industry. The recession in the construction sector continued, with a decline of 4.4 %. Value added in the trade sector also declined further (-1.7 %). Some services sectors were able to expand.

Due to the decline in inflation in the euro area – and in Austria – and the ongoing easing of monetary policy, economic headwinds are abating. The expected fiscal stimulus in Germany will also contribute to an improvement in the economic environment. These

developments contrast with the tariff threats of the United States, Austria's second most important trading partner. The economic impact is uncertain given the erratic US trade policy, but the high level of trade policy uncertainty is a burden in any case.

In its March 2025 economic forecast, the Austrian Institute of Economic Research (WIFO) assesses international economic developments as follows: The German economy is likely to stagnate this year, but expansionary fiscal policy should boost economic growth to 1.5 % next year. In the euro area, economic growth is expected to accelerate from 0.8 % this year to 1.2 % next year. In the short-term forecast horizon, the US economy is likely to grow less dynamically than in previous years.

In its forecast, WIFO expects an improvement in the EU economic environment and thus also in export demand from the middle of the current year. The domestic economy should benefit from this, meaning that the recession will likely be overcome by the middle of this year. The economy is expected to grow slightly as of the second quarter of this year. However, this will not be sufficient to achieve a positive annual growth rate. For 2025, real GDP is thus forecast to decline by 0.3 %. Economic growth is forecast to accelerate to 1.2 % next year.

Despite the expected improvement in the external environment, total exports are forecast to decline again this year. A further 1.5 % decline in exports of goods contrasts with an increase in travel exports. Next year, exports of goods and services are expected to increase by 1.7 %. Investment activity is expected to remain weak this year. WIFO expects gross fixed capital formation to decline by 0.7 %. However, an increase of 1.8 % is projected for the following year. Household consumption expenditure is expected to increase only marginally this year (+0.2 %). It is not until 2026 that private consumption will see somewhat stronger growth again (+1.4 %).

The WIFO forecast shows the following for the production side of GDP: With a projected contraction of 3.0 % this year, value added in the manufacturing sector is likely to decline for the third consecutive year. However, a recovery of +2.3 % is expected for the upcoming year. By contrast, the recession in the construction sector is already coming to an end this year (+0.5 %) and an even stronger increase of 1.6 % is forecast for 2026. Trade is expected to stagnate this year and to grow by 1.4 % in 2026.

The labour market of Austria has proven robust despite several years of weak economic activity. In the past year, employment grew by 0.2 %, and a slight increase of 0.3 % is

expected for this year. As economic conditions are expected to improve, employment is forecast to expand by 0.8 % in 2026. Unemployment rose only slightly in 2023, but the increase accelerated in 2024, with the number of registered unemployed increasing by around 27,000 people to a level like that in 2019. The unemployment rate (national definition) increased by 0.6 pp to 7.0 % in 2024 and is expected to rise further to 7.3 % this year. The unemployment rate should then decline to 7.1 % in the following year, and from 5.3 % to 5.2 % as defined by Eurostat.

Consumer price inflation (HICP) fell sharply to 2.9 % in 2024, down from 7.7 % the year before. There has been an increase in inflation at the beginning of the current year, and according to WIFO, inflation is expected to decline only slowly over the course of the year. For 2025, an inflation rate of 2.8 % is forecast. A significant decline to 2.1 % is expected to take place in 2026.

Uncertainty about future economic developments is currently quite high, and there are both upside and downside risks, particularly in light of ongoing geopolitical and trade policy developments.

## **1.2 Implementation of the net expenditure path**

The new EU fiscal rules, in particular Regulation (EU) 2024/1263, provide a maximum net expenditure growth path as the only operational fiscal indicator to assess the fiscal sustainability of EU Member States. The calculation of this net expenditure path is based on a debt sustainability analysis (DSA) following a commonly agreed EU methodology. The net expenditure growth requirements result from the necessary budgetary adjustment, which puts the government debt ratio on a downward trend in the medium term.

As a rule, the resulting budget adjustment requirement must be met over a four-year adjustment period. Austria commits to a comprehensive reform and investment package that meets certain criteria (including growth effectiveness and improvement of debt sustainability) and can thus extend the adjustment period from four to seven years.

The permitted net expenditure growth according to the Austrian Fiscal Structural Plan for the years 2025 - 2029 for the year 2025 stands at 2.6 %. The present budget forecast expects net expenditure growth of 1.6 % for 2025, which meets the permitted target.

To derive this aggregate, the following items are deducted from total government expenditure: (i) interest expenditure, (ii) discretionary revenue measures (DRM), (iii) expenditure on EU programmes fully offset by revenue from EU funds, (iv) national expenditure to co-finance EU-funded programmes, (v) cyclical components of unemployment benefit expenditure and (vi) one-off and other temporary measures. These correction components for deriving the net expenditure indicator ensure that the automatic stabilizers can work unhindered; that fluctuations in expenditure that are beyond the direct control of the state do not result in a breach of the rules; that higher expenditure is nevertheless permitted if it is counter-financed; that budget measures are taken into account that do not create a permanent and therefore sustainable budget trend; and that public investment to achieve common EU priorities is protected.

Net expenditure growth is calculated annually and compared with the permitted net expenditure path to which Austria has committed itself in the Fiscal Structural Plan. Both positive and negative deviations are posted to a control account. Positive deviations, such as those resulting from the current budget forecast, create leeway in future years. However, negative deviations may not exceed 0.3 pp of GDP per year. The maximum permitted cumulative deviation is 0.6 pp of GDP.

### **1.3 Budget execution 2024**

The preliminary general government results were published by Statistik Austria at the end of March 2025. According to these preliminary statistics, the Maastricht general government balance in 2024 was -22.5 bn euro or -4.7 % of GDP. The result was thus EUR 8.8 bn, or 1.9 pp of GDP, worse than projected in October 2023. In absolute terms, this is the third highest deficit since 1995 after 2020 and 2021, and the sixth highest in relation to GDP.

The high deficit was mainly driven by different developments in government expenditure and revenue. While government revenue increased by 4.9 % in 2024, government expenditure increased significantly more, by 8.8 %.

The sharp increase in government expenditure is related to lagged effects of inflation adjustments in compensation of employees, pensions and indexed social benefits. This can also be seen in the developments of the transaction classes. Expenditure on compensation of employees grew by 10 % and increased from 10.7 % of GDP to 11.5 % of

GDP, while expenditure on monetary social benefits (pensions, social transfers) grew by 10.9 % and increased from 18.5 % to 20.2 % of GDP.

Expenditure on social benefits in kind also rose sharply by 9.4 %, increasing from 4.4 % of GDP to 4.7 % of GDP. This category mainly includes benefits in kind from the areas of health and care, in particular social insurance expenditure on doctors in private practice, medication, rehabilitation and expenditure on long term care by the federal states and municipalities. Here, too, the delayed inflation adjustments were reflected in the salaries of private doctors.

As in 2023, interest expenditure also rose significantly in 2024. It increased from 1.2 % of GDP to 1.5 % of GDP.

Expenditure on subsidies, on the other hand, fell by -11.3 % from 2.3 % of GDP in 2023 to 2.0 % of GDP in 2024 due to the expiry of COVID aid subsidies.

The government revenue-to-GDP ratio was 51.6 %, the tax-to-GDP ratio (indicator 2) was 44.5 %, and the government expenditure-to-GDP ratio was 56.3 %.

In terms of sectors, the federal sector accounts for 17.1 bn euro of the general government deficit of 22.5 bn euro. The federal sector's Maastricht result was thus 1.7 bn euro worse than projected in October 2023. Only in the COVID-19 crisis years 2020-2022 did the federal sector record a higher deficit. Almost half of this deviation is due to back payments related to the amendment to the Public Service Act in 2023, which is fully mapped (including future payments) in Q4 2024.

The state sector (Länder) recorded a deficit of -2.0 bn euro (-0.4 % of GDP) in 2024, of which 1.4 bn euro is attributable to the fourth quarter of 2024 alone. This is 2.9 bn euro worse than assumed in October 2023 and represents a deterioration of 1.4 bn euro compared to 2023. Since 1995, the state sector has had comparably high deficits only in the crisis years of 2009, 2010, 2020 and 2021.

At -2.6 bn euro (-0.5 % of GDP), the outcome of the municipal sector was also 2.9 bn euro worse than assumed in October 2023. This is a further deterioration of 0.4 bn euro compared to the 2023 result and represents the highest deficit since 1995.

The social security sector also recorded the highest deficit since 1995, with a Maastricht balance of -0.8 bn euro and a further deterioration of 0.1 bn euro compared to 2023. The result for the social security sector was therefore 1.3 bn euro worse than forecast in October 2023.

The debt-to-GDP ratio increased from 78.5 % of GDP in 2023 to 81.8 % of GDP due to the very high deficit.

## **1.4 Budget 2025**

The fiscal balance improves in a first step by 0.2 pp in 2025, from 4.7 % of GDP in 2024 to 4.5 % of GDP in 2025.

The debt ratio rises to 84.7 % of GDP in 2025 due to the high deficit and the low nominal GDP growth.

In 2025, revenues will grow by 3.4 %, which is significantly higher than nominal GDP growth of 2.2 %, which is why the revenue ratio will rise from 51.6 % in 2024 to 52.2 % of GDP.

Overall, there is a solid development in government revenues, which is due to a stable labour market with a rising employment rate and stable private consumption, despite subdued economic growth.

Market output of companies belonging to the government sector, such as ÖBB-Personenverkehr and ÖBB-Infrastruktur, as well as other companies, for example in the cultural sector, show a solid development overall.

Revenues from production and import taxes show a very high increase in 2025. This is due to additional revenue from the end of the suspension of the renewable energy subsidy lump sum and the renewable energy subsidy contribution (1 bn euro in total), the expiry of the reduction in the energy tax (just under 1 bn euro), the introduction of extra levies from banks and the energy sector (350 and 200 m euro respectively), as well as the early abolition of the VAT exemption for photovoltaic systems.

Social contribution revenues will develop in line with the stable labour market and will also increase in 2025 due to the increase in health insurance contributions for pensioners.

In the case of income and wealth taxes, there will be a cyclical decline in corporation tax and income tax of around 0.1 pp of GDP each in 2025; the proactive measure of tax-free bonuses for employees will also have a revenue-reducing effect.

The tax ratio, which includes tax revenue as well as social security contributions, shows a similar trend to the revenue ratio. It will rise from 44.5 % of GDP in 2024 to 45.3 % of GDP in 2025.

The development of general government expenditure shows an increase from 56.3 % of GDP in 2024 to 56.8 % of GDP in 2025.

This significant increase in the expenditure ratio in 2025 is mainly due to the delayed indexation along past inflation trends for pensions and social benefits in the ESA category of monetary social benefits. The adjustment factor for pensions is 4.6 % in 2025, which is significantly higher than the nominal growth of 2.2 % in 2025.

Interest expenditure, which has been rising steadily since 2022, will continue the dynamic and increase by 0.2 pp from 1.5 % of GDP in 2024 to 1.7 % of GDP in 2025, thus increasing cost pressure.

Expenditure for compensation of employees and intermediate consumption (expenditure for materials, etc.) will increase slightly in 2025. As with monetary social benefits, the 3.5 % salary increase in the public sector will have an impact here, which, like pension adjustments, is higher than the growth in nominal GDP.

The federal government's strong focus on savings and measures to increase the efficiency of subsidies will lead to falling expenditure on subsidies from 2025, from 2.0 % of GDP in 2024 to 1.9 % of GDP in 2025.

Other current transfer expenditure will already fall substantially in 2025 by 0.4 pp from 3.6 % to 3.2 % of GDP due to the abolition of the climate bonus and educational leave, the latter of which will not take full effect until 2026. In addition, parts of larger savings measures in administration will have an impact.

Expenditure on capital transfers will fall in 2025, including in particular budget cuts for broadband and the investment premium.

Gross fixed capital formation will remain at a high level in 2025, partly due to the continuation of the expansion of rail infrastructure in the ÖBB framework plan and due to investments in the area of national defence.

Expenditure on social benefits in kind will increase slightly in 2025. This mainly includes benefits in kind from the areas of health and long-term care, in particular expenditure on doctors in private practice, medication, rehabilitation by the social security funds and expenditure on long term care by the federal states and municipalities.

## 2 Implementation of the European Semester

With the **reform of the economic policy framework**, which came into force on 30 April 2024, the reporting of the Member States (MS) was adopted to the new regulations. **Common principles of the Union** were also defined, in particular: a fair green and digital transition, including climate targets; social and economic resilience, including the European Pillar of Social Rights; security of energy supply. The MS submit national medium-term fiscal structural plans (FSP) and annual progress reports (APR) of the FSPs by 30 April each year. In the progress report, MS report on their progress in implementing the FSP, in particular the net expenditure path, the reforms and investments of the European Semester and, where applicable, the reforms and investments underlying an extension of the adjustment period. Countries submitting the FSP after 30 April 2025 will report on the implementation of the European Semester.

In May 2024, Austria reported in the **National Reform Programme 2024** on selected reforms and investments that Austria has made in response to the challenges described in the Country-Specific Recommendations and as part of the nRRP. ([BKA, 2024](#)) Further measures that have been adopted by the end of the legislative period are discussed in this document in the section “Implementation of Country-Specific Recommendations”.

Austria is facing major challenges. The **2025-2029 government programme** sets clear priorities to counter these and ensure long-term stability and sustainable development: a durable budget consolidation and reforms, in particular to strengthen the business location and to invigorate economic strength, less bureaucracy, environmental and climate protection, more security, good health, a fair social system and sustainable pensions, are just as important as effective measures to combat inflation and poverty, equal education and opportunities for children, the preservation of our democracy and a stop to unregulated immigration.

## 2.1 Implementation of Country-Specific Recommendations (CSRs)

This chapter presents some of the measures that have been implemented in addition to the 2024 national reform programme to implement the Country-Specific Recommendations. The common priorities of the Union serve as headings. Further measures that have contributed to the implementation of the Country-Specific Recommendations in 2024 can be found in the CeSaR database, Annex II or [BKA, 2024](#)

### 2.1.1 Social and economic resilience

In the **health care sector**, the target steering system, which enables better coordination between the sectors of the healthcare system, will be further developed and continued. To this end, the federal government, the states, and the social insurance fund concluded a **2024-2028 target steering agreement** for the operational implementation of the healthcare reform in mid-2024 on the basis of the agreement pursuant to Art. 15a B-VG (federal constitutional law) on the organisation and financing of the healthcare system, the agreement pursuant to Art. 15a B-VG on target steering in healthcare and the 2024 Agreement Implementation Act.

The main areas of focus in the period up to 2028 are promotion of digitalization and the development and expansion of the public healthcare telematics infrastructure, expansion of outpatient care, in particular registered doctors, and primary care. Further development of joint planning within the framework of health target management, optimization of patient flows and pathways according to the principle of “digital before outpatient before inpatient” to provide the population with the “best point of service” and strengthening of health advice via telephone number 1450, ensuring sufficient and appropriately qualified staff, also strengthening and upgrading the non-medical healthcare professions in the public healthcare system, guaranteeing a needs-based supply of medicine, expanding health promotion and prevention, bindingly anchoring quality work at all levels of the healthcare system and improving interface management between the various service providers ([BKA, 2023, target steering contract 2024-2028 \(sozialministerium.at\)](#))

On 29 May 2024, the federal government presented **further care reform measures**. Building on previous reforms, it will relieve the burden on family carers, attract more skilled workers to the care sector and strengthen social security. The measures include:

care-free day for family carers through easier access to substitute care, more efficient procedures of approval of foreign certificates with less bureaucracy, establishment of a foreign certificates competence centre in the care sector, expansion of the care scholarship to include training at universities of applied sciences, transparency for employees and cared-for people in 24-hour care as well as e-learning for 24-hour carers and family carers. Furthermore, a standardized lowering of the age for all social care professions to 18 years and thus faster access to the profession, an expansion of the competences of care assistant and the use of the new designation “care assistant” instead of “nursing assistant” were planned. (BKA, 2024)

The housing (“**Wohnschirm**”) support programme includes services to prevent and end homelessness and support citizens who are threatened or affected by homelessness due to the current inflation rates. The total budget, which has been embroidered several times, amounts to 200 m euro until the end of 2026. The following services are included:

- **WOHNSCHIRM Rent:** Housing security and prevention of eviction for tenants who are at risk of losing their homes due to rent arrears.
- **WOHNSCHIRM Energy:** Support for households that are directly affected or threatened by a household energy cut-off.
- **WOHNSCHIRM Housing First:** Arranging affordable housing and social work support and care for homeless people.

Access to **elementary educational facilities** is a prerequisite for reconciling work and family life and for genuine freedom of choice, which is why more investment is being made in elementary education. In the Kindergarten years 2022/23 to 2026/27, a total of 1 bn euro will be available for expansion, non-contributory compulsory Kindergarten and early language support. Child education and care also play a central role in the **fund for the future** created in 2023. The focus is on expanding education and childcare places, especially for under-threes, extending opening hours so that they are compatible with both parent working full-time, and improving quality. From 2024, 500 m euro per year are reserved in the fund for the future for elementary education, which will be valorised annually. Monitoring in this area is essential to better determine the current situation and progress and to be able to utilize the funds as required. For this reason, an annual child education- and -care-monitoring programme, based on data from Statistic Austria will be set up to provide a comprehensive overview of the situation in Austria. (BKA, 2023) The current monitoring report was published in summer 2024. According to the current 2023/24 monitoring report, around 35 % of under-threes and almost 95 % of three to five-

year-olds attended an elementary educational centre in the 2023/25 Kindergarten year. Around 60 % of these children were cared for in an institution that enables parents to work full-time. (Statistik Austria, 2024)

Austria is implementing an **integrated package** of strategic measures and targeted investments to improve **basic skills in education**. New competency-based curricula for primary school, secondary school and lower secondary school came into force in the 2023/24 schoolyear in ascending order. Pupils who are unable to follow lessons due to insufficient language skills are taught in German support classes or in German support courses that run parallel to lessons ensure equal opportunities and better integration into the classroom. The agreement pursuant to Art. 15a B-VG on elementary education for kindergarten years 2022/23 to 2026/27 provides for the intensification of language support for four-year-olds, in order to prepare them for a smooth transition to primary school. In the area of reading promotion, targeted priority measures are set, such as a nationwide reading seal of quality for primary schools. The individual competence measurement system iKMPLUS in turn enables regular monitoring of pupil learning progress, based on which teachers can take targeted measures and provide their pupils with individual support. In addition, numerous measures have been implemented around inclusion and special needs education in order to provide adequate support for pupils with disabilities in accordance with the National Disability Action Plan 2022-2030 (e.g. skills-based curricula, curricula for Austrian sign language).

The federal-state agreement on the **expansion of funding for educational measures from 2024 to 2028** is intended to secure free educational programmes for young people and adults aged 15 and over living in Austria in the areas of basic education and catching up on compulsory schooling, counteract the shortage of skilled labour, support the integration of new arrivals and promote the acquisition of digital skills. The agreement stipulates that a total of around 23,000 people are to be reached in basic education and around 11,000 people are to be enabled to catch up on their compulsory school-leaving qualifications. (BKA, 2024)

In December 2024, the federal government also submitted the first progress-report on the **European Child Guarantee** to the European Commission. The guarantee provides for the provision of six basic services in the areas of health, education, and housing for children at risk of poverty and marginalisation by 2030. (BMSGPK, 2024)

As many **Ukrainians** residing in Austria as possible should participate in working life in Austria and thus have knowledge of the German language and be integrated into the labour market. Those displaced persons who have already gained access to the labour market on the basis of their right of residence under the displaced persons regulation are to be given the prospect of remaining and consolidating their integration into the labour market by switching to the regular settlement regime. (BKA, 2024) They are to be granted permanent and unrestricted access to the labour market in the form of a “red-white-red card plus”. In addition, displaced Ukrainian young people are included in the compulsory education programme that applies in Austria until the age of 18. (Österreichisches Parlament, 2024)

The **amendment to the Trade Regulation Act** is intended to enable trade procedures to be completed directly and electronically by registration in the Austrian Trade Information System (GISA) if all requirements and the absence of grounds for exclusion can be validated automatically. This represents an important step towards digitalisation and the reduction of bureaucracy in business administration and the facilitation of faster business start-ups. (BKA, 2024)

According to projections by the Anti-Fraud Office based on suspected money laundering reports from the Federal Criminal Police Office, an unexplained outflow of cash totalling up to 800 m euro per year via bogus companies is assumed. Based on this, a loss of several hundred million euro is assumed due to unpaid taxes and social security contributions. The **Fraud Prevention Act 2024** enables authorities to specifically prosecute bogus companies and the associated tax and duty fraud. In particular, the aim is to counteract the bogus and cover invoices issued by them and to close the associated sanctions gap under financial criminal law. For example, a fine of up to 100,000 euro was introduced for bogus and cover invoices used or created. (BMF, 2024)

The **Tax Amendment Act 2024** implemented measures to reduce the burden on companies and their employees, simplify administration, green tax law, strengthen legal certainty and bring national law into line with EU law. (BKA, 2024) This is intended to relieve in particular the burden on small and medium-sized enterprises. For example, the Tax Amendment Act 2024 created the possibility of a cross-border small business exemption from VAT. The small business exemption can also be applied by entrepreneurs who do not operate their business in Austria but in another member state. In addition, small businesses will be able to issue simplified invoices regardless of the invoice amount

shown. Small companies and start-ups also benefit from the option of converting virtual company shares into employee shares. (Österreichisches Parlament, 2024)

**Cold progression** (tax bracket creep) was abolished in Austria with effect from 1 January 2023. Since then, people have been compensated for the additional annual tax burden resulting from inflation. The main tariff elements and deductions are automatically adjusted by two thirds of the inflation rate. In addition, the federal government is legally obliged to adopt a decision by the Council of Ministers to compensate for the remaining third of the inflation volume. With the **Progression Compensation Act 2025**, special consideration was given to benefit recipients and families with children who are still struggling with the effects of inflation. (BMF, 2024)

### 2.1.2 A fair green and digital transition

In order to increase investment incentives and reflect the reality of the limited financial scope available to municipalities, a **reform of the Municipal Investment Acts 2020, 2023 and 2025** will be implemented as part of the Budget Accompanying Act. This amendment converts the previous special-purpose grants for investments into direct financial allocations. On the one hand, this eliminates the co-financing component and, on the other, simplifies processing due to the reduction in reporting obligations. Overall, the aim is to accelerate municipal investments.

The **Carbon Management Strategy** identifies options for action and necessary reform steps towards cost-effective carbon management for difficult or unavoidable residual emissions in Austria. The thematic priorities of the Carbon Management Strategy include Carbon Capture and Storage (CCS), Carbon Capture and Utilization (CCU) and Carbon Dioxide Removal (CDR). (Federal Chancellery, 2024)

The **aws Spin-off Initiative** strengthens the ecosystem for academic spin-offs in Austria in order to improve access to private venture capital. Through a combination of start-up financing for universities (Module 1) and a doubling of private investment (Module 2), professional structures are created and the willingness to invest is increased. The aim is to enable more academic start-ups and promote their growth through market-oriented financing instruments. (aws, 2024)

The **“Housing and construction offensive” economic stimulus package** is intended to provide important economic impetus, create affordable housing and facilitate access to property. At the same time, important renovation impulses are also being provided to improve and make future-proof existing living space. The amendments to the Income Tax Act 1988 provide for an extended possibility of accelerated depreciation of production costs. In particular, ecologically oriented “redensification” is treated preferentially. Furthermore, an improved accelerated depreciation option has been provided for new buildings that are completed within a certain period and meet defined ecological standards. Finally, an “eco-surcharge” is granted for a limited period for climate-friendly refurbishment measures for rented residential buildings. (Federal Ministry of Finance, 2024)

### 2.1.3 Energy security

The OMV supply contract for Russian natural gas has been terminated. The expansion of the West Austria Gas Pipeline (WAG) initiated by Gas Connect Austria is intended to increase the security of gas supply in Austria. Specifically, it is planned to extend the section between Oberkappel and Bad Leonfelden by a 40 km long parallel pipeline. The **“WAG Partial Loop”** gas pipeline infrastructure project will therefore be funded with up to 70 m euro. (Austrian Parliament, 2024)

The use of climate-neutral hydrogen is an important enabler that can ensure climate neutrality, especially in sectors that are difficult to decarbonize, and provide significant support for the transition to a renewable energy system. In order to ensure that the goals of the Austrian hydrogen strategy are achieved and to support the ramp-up of renewable hydrogen production in Austria, the federal government is providing subsidies for the operation of electrolysis plants for renewable hydrogen production under the **Hydrogen Subsidies Act**. (Federal Chancellery, 2024)

### 2.1.4 Implementation of national Recovery and Resilience Plan

The **implementation of the national Recovery and Resilience Plan (RRP)** continues to advance in Austria. With the pre-financing for the original RRP in 2021 and the REPowerEU chapter in 2023 amounting to 450 m euro and 42.1 m euro respectively, as well as the transfer of the first of six disbursement tranches amounting to 700 m euro in April 2023,

Austria has already received 1.192 bn euro of the funds available under the RRP. In September 2024, Austria submitted a payment application in connection with the second and third tranches amounting to a maximum of 1.6 bn euro. The payment application comprises a total of 67 milestones (39 for the second tranche, 28 for the third tranche). The implementation status of the Austrian RRP can be seen in the current extract from the Fenix-database, Annex II.

## 2.2 UN goals for sustainable development (SDGs)

In order to **implement the 17 Sustainable Development Goals (SDGs)** in Austria, the mainstreaming approach and interlinked strategic cooperation with all relevant stakeholders are at the heart of the work as part of the overall national coordination of the 2030 Agenda. The RRP of Austria 2020-2026 establishes a link to the SDGs in the measures within its central lines of action.

Austria **reaffirmed its clear commitment to the global Sustainable Development Goals** in its second Voluntary National Report on the implementation of the 2030 Agenda and the Sustainable Development Goals / SDGs in and by Austria (FNU) in 2024, meaning that Austria had already reported twice on the implementation of the SDGs before 2030. In its current government program 2025-2029, Austria renews its commitment to implementing the Sustainable Development Goals.

Austria's first FNU was presented at the United Nations High Level Political Forum on Sustainable Development (HLPF) on July 15, 2020. The report was very well received both nationally and internationally and generated momentum for further implementation.

Following the federal government's decision of 12 October 2022, Austria presented its second FNU at the HLPF in New York on 17 July 2024. In preparing this report, Austria systematically continued a transparent and participatory multi-stakeholder process involving civil society, science and business. Austria's second FNU focuses on three main topics: "Leaving no one behind - social cohesion and solidarity in times of multiple crises", "Skills for 2030 - competencies for sustainable development", and "Protecting the biosphere - sustainable development within planetary boundaries". Cross-cutting issues such as gender equality, the youth perspective and the international dimension are also taken into account. In addition, the systematic integration of concrete success stories and

examples of implementation from administration, science, business and civil society illustrates the broad commitment to the SDGs in Austria.

The report is also based on an improved database from Statistics Austria. This continuously developed and updated SDG indicator set of currently around 260 indicators enables concrete trend statements to be made about the implementation of the SDGs in Austria. The “Agenda 2030 SDG Indicator Report 2024”, which served as the basis for the data chapter in Austria's second FNU, shows that **Austria is very successful in numerous goals** and has made significant progress in 126 of 148 assessable sustainability indicators between 2010 and 2022. Examples include the following:

- The proportion of female managers and the proportion of women in the National Council both grew significantly.
- Austria is well above the EU average in terms of lifelong learning.
- Renewable energies already cover a third of Austria's energy consumption.
- Austria is the EU leader in organic farming.

In order to promote the goals in SDG 12 and SDG 13 and to implement the European Commission's “Circular Economy” action plan more quickly, Austria has developed a national circular economy strategy, which was adopted by the Council of Ministers on 7 December 2022 and has been developing measures in various industrial sectors on a quarterly basis since then.

As a further contribution to the circular economy, Austria has initiated the “chemicals as a service” (chemical leasing) project in the areas of SDG 9, 12 and 13 in cooperation with UNIDO; it decouples material flows from the value chain in order to promote the low-resource and low-pollutant use of chemicals.

In combination with these sustainability goals, study programs on green chemistry have been launched in Austria. They are offered jointly by three universities, each with its own research focus, and aim to teach a critical examination of resource use and technology assessment and to further develop chemical research in line with the concept of “safe and sustainable by design”.

Nevertheless, additional efforts are also required in Austria in order to achieve the sustainability goals by 2030. This applies in particular to the challenges of SDG 12 “Sustainable consumption and production patterns”, SDG 13 “Action to combat climate

change and its impacts” and SDG 15 “Life on land”. Despite efficiency gains in recent years (e.g. falling energy intensity measured against GDP), Austria continues to consume a high level of resources both domestically and abroad.

These developments are also confirmed by international rankings: Austria has consistently ranked in the top field in the “Sustainable Development Report” of the Bertelsmann Foundation and the Sustainable Development Solutions Network (SDSN) for several years. According to the ranking in the “Sustainable Development Report 2024”, Austria is in 6th place worldwide out of 167 countries assessed with regard to the implementation of all 17 SDGs. According to the current European SDG Index (“Europe Sustainable Development Report”), published on 29 January 2025, Austria, as in the previous year, ranks 4th among the 34 European countries assessed.

The *„Sustainable Development Report 2024“* presents the positive or negative effects of the actions of individual countries on the ability of other countries to implement the SDGs (i.e. spillover effects). The assessment shows that more efforts are needed to avoid making it more difficult for other countries to implement the SDGs. Both the OECD and the EC/Eurostat are looking closely at the issue of spillover and a methodological approach to assessing the effects. Austria incorporates the relevant activities at EU and international level into its actions. Austria works together with the OECD to promote policy coherence for sustainable development (PCSD) in the administration. Together with Italy and Slovakia, Austria has been participating in a project funded by the EC as part of the Technical Support Instrument since September 2024. Recommendations for Austria are expected by the end of 2025.

As part of implementation at the national level, Austria is focusing on further strengthening the targeted coordination of SDG implementation with the systematic involvement of stakeholders, in particular civil society, science, youth and the private sector. For example, the interministerial working group “Implementation of the 2030 Agenda for Sustainable Development” (IMAG 2030) was strengthened as an exchange mechanism involving representatives of the states and other stakeholders, and a steering group was also set up to coordinate activities.

From 2021 to 2023, “SDG Dialogue Forums” jointly organized by the federal administration and civil society took place with a strong political presence and the participation of members of the government. These broad-based dialog events served as the central SDG stakeholder event. One month before the HLPF 2024, the national “pre-

launch” of the second Austrian FNU took place in Vienna, which could also be followed via live stream. This event was endorsed by the United Nations as an example of best practice in order to present the report to its own public. Austria also presented its second FNU at European level as part of the European Sustainable Development Network (ESDN) and the Council Working Group on the 2030 Agenda.

In continuation of the existing cooperation between the federal level and the states and in line with the resolution of the Conference of State Governors of 3 November 2023, SDG implementation at regional and local level was the subject of the joint work. Based on the format of the SDG dialog forums at federal level, the first “Regional SDG Dialog Forum” took place on 13 November 2024. The State of Carinthia organized this forum on the topic of “Implementing sustainable development regionally” together with civil society. The IMAG 2030 reported on “Voluntary Local Reviews” (VLR) or regional SDG implementation reports, which are based on FNUs and are prepared on a voluntary basis by individual states or municipalities and can also be presented in New York.

## 2.3 EU funds

In the following, the focus will be on the EU funds used in Austria with a particular emphasis on the funds of the Partnership Agreement. The agreement, which is aligned with EU priorities, defines the investment priorities that a member state plans to support from the various funds and programs.

The **Austrian Partnership Agreement 2021-2027 (PA AT)** essentially comprises the programs co-financed by the ERDF (European Regional Development Fund), ESF+ (European Social Fund Plus), EMFAF (European Maritime, Fisheries and Aquaculture Fund) and JTF (Just Transition Funds).

**The PA sets out the strategic direction for the programs to ensure the effective and efficient use of EU funds.** The PA also contains information on the financial resources, as well as on the coordination, demarcation, and complementarities of the funds and programs. Furthermore, the PA AT addresses complementarities and synergies with the "Home Funds" and the EAFRD (European Agricultural Fund for Rural Development), as well as with other Union instruments such as the Recovery and Resilience Facility and the Horizon Europe research framework program.

Table 1: Overview of the four Austrian EU Fund programs that are primary covered by the PA AT

4 programs (of which 2 multi-fund programs)	EU Funds	Administrative authority	Date of approval by the EC
IBW/ERDF & JTF 2021-2027: Investments in employment, growth & the transition to a low-carbon economy in Austria	ERDF & JTF	ÖROK Office	03.08.2022
ESF+ Employment Program & JTF 2021-2027	ESF+ & JTF	Federal Ministry of Labour and Economic Affairs (BMAW)	07.11.2022
ESF+ Program to combat material deprivation 2021-2027	ESF+	Federal Ministry of Social Affairs, Health, Care and Consumer Protection (BMSGPK)	02.08.2022
EMFAF-Program Austria 2021- 2027	EMFAF	Federal Ministry of Agriculture, Forestry, Regions and Water Management (BML)	20.07.2022

Source: Information from the fund-responsible bodies.

The investments financed under the programs included in the PA contribute to the implementation of the following four (out of five) **Cohesion policy objectives**:

- A more competitive and smarter Europe by means of innovation, the promotion of SMEs, as well as by means of digitalisation and digital networking.
- A greener, low-carbon Europe, moving towards a zero-carbon economy and becoming more resilient.
- A more social and inclusive Europe by means of measures to promote effective and inclusive employment, education, qualifications, social inclusion and equal access to healthcare, and to strengthen the role of culture and sustainable tourism.
- A Europe closer to citizens by supporting local development and sustainable urban development in the EU.

The JTF supports the specific objective of “empowering regions and people to manage the social, economic and environmental impacts of the transition to a climate-neutral economy”.

The PA AT contributes to the recommendations addressed to Austria within the **European Semester** (with relatively limited funding) in particular through the following measures or to be expected to contribute to them:

In the area of the ESF+, to promote balanced participation of women and men in the labour market, better work-life balance (including innovative childcare options), active

inclusion, reducing early school leaving and providing basic education for young people, as well as measures for active and healthy ageing and equal access to lifelong learning.

In the area of the ERDF, measures related to increasing energy efficiency and reducing GHG emissions are particularly noteworthy. ERDF measures also contribute to the expansion of RTI capacities, and ERDF and EMFAF measures contribute to strengthening the competitiveness of Austrian companies.

In addition, an amendment to the IBW/ERDF & JTF Programs 2021-2027 for the application of the **STEP Regulation** within the framework of the JTF was recently approved by the European Commission. The program amendment expands the target group to include non-SMEs in (JTP) regions particularly affected by the transition to a climate-neutral economy. This expansion is intended to promote the interaction between large companies and local SMEs in the innovation and technology ecosystem of critical technologies.

The ESF+ Combating Material Deprivation program aims to combat (child) poverty in Austria. Both ESF+ programs thus make important contributions to the **implementation of the European Pillar of Social Rights**.

Austria has completed its **mid-term review (MTR)** of the ERDF, ESF, and JTF programs and, like the 2024 country report, confirms the current direction of the programs. Accordingly, no changes to the allocation of the flexibility amount are planned. The IBW/ERDF & JTF program 2021-2027 includes a new specific objective to promote the circular economy as part of the MTR to accelerate the transformation of the economy and promote the competitiveness of the companies involved.

The **CAP Strategic Plan Austria 2023-2027 (CSP 23-27)** encompasses the key measures of the Common Agricultural Policy in Austria, including rural development, and was approved by the European Commission on 13 September 2022. Interventions to the rural development contribute significantly to the vitality of rural areas, covering both the agricultural and, to a lesser extent, non-agricultural sectors, such as the creation of social infrastructure in rural areas. The CLLD approach (LEADER) supports cross-sectoral strategies at the local level.

The implementation of all EU Fund programs for 2021-2027 is well underway. In the following, an overview of the financial allocations of the funds under the PA shall be provided.

According to the 2021-2027 plan, a total of about 1.041 bn euro in EU funds is available for these, supplemented by around 1.763 bn euro in national funds. This results in a total volume of 2.804 bn euro in planned financial resources. As of the end of the third quarter of 2024, approximately 184.67 m euro of the EU funds are committed to projects (= approvals), which corresponds to around 18 % of the planned funds. At the program level, approvals range from 12 % (IBW/ERDF & JTF) to 100 % (ESF+ Combating Material Deprivation).

Table 2: Fund programs under shared management 2021-2027 (plan data; in euro at current prices)

EU Programs	Funds	EU funds	National funds	Total
<b>Partnership agreement funds (covered by the financial table)</b>				
IBW/ERDF & JTF	ERDF	491,882,802	1,055,270,450	1,547,153,252
	JTF	73,106,530	85,528,119	158,634,649
	Total	564,989,332	1,140,798,569	1,705,787,901
ESF+ Employment & JTF	ESF+	392,871,711	552,265,947	945,137,658
	JTF	59,738,478	59,738,478	119,476,956
	Total	452,610,189	612,004,425	1,064,614,614
ESF+ Combat Material Deprivation	ESF+	16,796,392	1,866,266	18,662,658
EMFAF AT	EMFAF	6,718,094	8,281,906	15,000,000
<b>Total</b>		<b>1,041,114,007</b>	<b>1,762,951,166</b>	<b>2,804,065,173</b>

Source: Information from the fund-responsible bodies.

In Austria, **both the federal and state governments** are generally responsible for coordinating EU cohesion and fisheries policy, as well as relevant national, sectoral, and regional policies, based on the Federal Constitution. The responsible bodies regularly conduct coordination activities. The primary goal of these activities is to ensure that funding activities complement each other. Austria is pursuing a focus on fund interventions based on their respective target group-oriented and spatial priorities. Thus, potential overlaps exist only in a few areas.

There are **complementarities and potential overlaps** between the national Recovery and Resilience Plan (nRRP) 2020-2026 and the IBW/ERDF & JTF programs on the topics of **digitalization and greening** of companies. Any demarcations at the project level are made by the participating funding agencies. The low-threshold approach to digitalization funding for SMEs envisaged in the nRRP can serve as a preparatory measure for ERDF projects. The

nRRP measure "Transformation to Climate Neutrality" supports large-scale transformative projects by companies (including large corporations and ETS companies) within the framework of environmental funding. The JTF focuses on eco-innovations and diversification and supports companies with investments that are embedded in longer-term conversion strategies to proactively mitigate the negative consequences of the transformation. The nRRP measure "Retraining and Further Training" focuses on measures to increase the labour market opportunities of the unemployed, particularly in promising areas such as IT, care, and the environment. Thematic complementarity with the ESF+ was ensured through coordination during program development within the Federal Ministry of Labour and Economic Affairs (BMAW). ESF+ measures in similar areas address a broader target group and are more thematically open. There are also complementarities with the EAFRD in connection with measures planned for rural areas to promote the greening and digitalization of businesses and the use of renewable energy sources. Here, the distinction from the nRRP (as well as the ERDF) and thus the exclusion of duplicate funding is made at the level of the participating funding agencies, as well.

A continuous, comprehensive, content-strategic exchange on the EU funds, implemented through shared management and their interrelationships with other relevant instruments is covered, among other things, within the framework of the **Austrian Conference on Spatial Planning (ÖROK)** by the competent ÖROK Subcommittee on Regional Economy.

Within this overview on EU Funds, it should also be informed that the **EU Innovation Fund** supports Austrian projects and companies with the goal of decarbonization in their application submissions. The measure 'Transformation towards climate neutrality' within the nRRP is intended to support the transfer of funds to Austria through national co-financing.

Also worth mentioning is the **Technical Support Instrument (TSI)**, which supports Member States in the development and implementation of structural reforms and the implementation of the nRRPs. Public authorities at federal and state level are involved in around 40 projects, establishing the TSI as a very useful tool for supporting reforms, one that has been increasingly adopted in recent years. Austria uses the instrument primarily for reforms related to the implementation of country-specific recommendations, but also for its own national reform priorities, such as the sustainable strengthening of international competitiveness, strengthening of public healthcare, and supporting the digital transformation (digitalization of administration or administrative processes, digitalization of the financial market, digitalization of the education system).

### 3 Institutional aspects

**Länder and municipalities** contribute to the implementation of the country-specific recommendations (CSRs) within their respective areas of responsibility. The Fiscal Equalisation Act 2024-2028 plays a central role in financing such measures, allocating around 3.4 billion euro per year to the Länder and municipalities. In that context, a Fund for the Future was established providing annual federal funding in the areas of elementary education, housing and refurbishment as well as the environment and climate. The aim is to increase supply in elementary education and the corresponding attendance rate of under-three-year-olds, to create affordable housing or to maintain it through renovations and to increase the share of renewable energies. 1.1 billion euro was earmarked for the Fund for the Future in 2024. The first valorisation will take place in 2025. It was agreed that in 2024 500 million euro would be spent on elementary education, 300 million euro on housing and refurbishment, and a further 300 million euro on the environment and climate. Through supply expansion and measures to improve the quality of education, the Länder and municipalities support the goal of improving women's labour market participation and overcoming educational disadvantages. The measures foreseen under the Fund for the Future in the areas of housing renovation, climate and environment will significantly contribute to strengthening energy independence and accelerating the green transition. Respecting Länder preferences, many measures are implemented in the nRRP, in particular in the context of supporting investment and education and therefore especially strengthening social and territorial cohesion.

While preparing the NRP 2024 (adopted by the Council of Ministers on 8 May 2024), **social partners, Länder and non-governmental organisations were invited to comment**. Social partner input to CSR implementation is reflected in numerous and thematically broad initiatives at Länder and federal level (e.g. in the areas of labour market, social affairs and health, education and vocational training, as well as climate, energy and environmental issues). Labour market measures supported by social partners are also part of the nRRP. The joint contribution of social partners to the 2025 Progress Report is set out in the Annex II.

In the context of the **Fiscal Structure Plan and the Progress Report**, events were also held on **24 June 2024** and **18 March 2025** to which - in addition to federal ministries - representatives from local and regional authorities, civil society organisations, social

partners and other relevant stakeholders were invited. The aim was to enable an open exchange on fiscal policy developments and to discuss progress as well as future measures.

Communicating opportunities and impact related to the nRRP should help to increase the **visibility of EU funds in Austria** and thereby also increase **citizens' trust in EU** action.

The **central element of the communication strategy** is still [www.eu-aufbauplan.at](http://www.eu-aufbauplan.at), a website designed by the Federal Chancellery serving as the official '**single web space**' for the nRRP. Since its launch on 24 September 2021, the website has been continuously expanded and updated - particularly the 'News' section. Information is provided on developments relevant to the media and public in relation to the RRF in general and on nRRP implementation in Austria in particular.

**Further communication** is coordinated and implemented (in accordance with Article 34 of Regulation (EU) 2021/241) by federal ministries, contact and settlement offices as well as other local authorities and organisations/institutions and/or the COM (representation in Austria). This concerns, for example, **communication via social media channels, newsletters and publications** (e.g. through the print magazine of the Federal Chancellery "Unser Europa. Unsere Gemeinde", which is published with a circulation of 8,000 copies and includes a permanent section on nRRP projects) or the (joint) **creation of communication material (videos, brochures)**. In addition, **media-public appointments and initiatives** take place on an ad hoc basis, for example in the context of press conferences, press foyers after the Council of Ministers or on-site visits to nRRP projects.

In order to increase the **visibility of the nRRP projects** and to show presence at technical events, for example, a representative of the Federal Ministry of Finance presented the Austrian traceability and tracking system as a 'best practice' at an event organised by the European Court of Auditors in Luxembourg on 15 October 2024. On 9 November 2024, a representative of the Federal Ministry of Finance provided insights to the EU budget, focusing on the RRF, as part of a series of lectures at the University of Klagenfurt, Carinthia. COM representatives regularly visit nRRP projects accompanied by media, such as the large-scale heat pump at an EVN plant in Korneuburg, Lower Austria, on 5 December 2024 (nRRP funding in relation to 'Transformation of the economy'). A high-level conference organised by the COM and the Belgian Presidency of the Council on 9 April 2024 provided an opportunity to exchange views between MS at the 'half-time' of

RRF implementation; a nRRP project, the renovation of the Volkskundemuseum Wien, was presented as a 'best practice' example.

The **COMs 'EU in my region' campaign**, which takes place several times a year in Austria and brings EU-funded projects innovatively closer to citizens in the form of 'action bounds' (digital scavenger hunts), also includes nRRP 'lighthouse projects': A representative of the Federal Chancellery, together with more than 100 stakeholders and young people, discussed the benefits that the completion of the Koralm Railway will bring to the population and the economy on 15 October 2024 in Völkermarkt, Carinthia. The nRRP project 'Community Nursing' was featured at an 'EU in my Region' event on 3 December 2024 in Pinkafeld, Burgenland. Another event is planned for May 2025 in Oberndorf, Salzburg, at which the nRRP project "Digital devices for pupils" will be presented.

Austria is also actively participating at European level in **projects and initiatives within the COM's Inform EU network** (link:

[https://ec.europa.eu/regional\\_policy/policy/communication/inform-network\\_en](https://ec.europa.eu/regional_policy/policy/communication/inform-network_en)), which includes EU funding programmes and funds (including the RRF) communication officers. A central forum are **biannual plenary sessions in different MS** (most recently the 7th plenary session on "Communication and AI" from 20-22 November 2024 in Seville, Spain), which offer space for the exchange of experiences and cooperation. Austria has already presented its nRRP public relations efforts twice in this context. At national level, coordinated by the Austrian spatial planning conference, the '**National Communication Network**' meets regularly and jointly implements activities, such as 2024 in the run-up to the European elections and 2025 through the organisation of a series of 'EU Pub Quizzes' in various Länder. These activities aim to raise awareness of EU funding programmes and funds in Austria, and to provide information on funded EU projects at regional and local levels.

Reforms and investments of the nRRP are also an integral part of the **communication activities around "30 years of Austria in the EU"** (website: <https://www.bundeskanzleramt.gv.at/30-jahre-oesterreich-in-der-eu.html>), which the Federal Chancellery launched in August 2024 and which will be implemented in the course of 2025. Under the title '**Was bringt uns die EU?**', **concrete benefits and achievements of the EU** for citizens, including nRRP projects, are communicated.

As included in the Operational Agreement, the **COM and the Republic of Austria organise a conference once a year (i.e. 'annual event')**. As a 'key communication moment' of the

nRRP, this jointly conceived event aims to discuss the current state of implementation of the nRRP with various stakeholders (in particular, representatives of the civil society and social partners) and beneficiaries across institutions and departments. The 2024 Annual Conference took place on 27 and 28 May 2024 in Vienna (at the premises of the Federal Ministry of Finance) and Strasshof an der Nordbahn, Lower Austria (link: <https://www.Bundeskanzleramt.gv.at/annual-event>). As in 2023, the organisation of a symposium and media-public project visits by high-ranking political actors in one federal state was also planned in 2024. Specifically, the broadband expansion in Strasshof and a primary care centre in Vienna were visited. In the run-up to the 2024 annual conference, the Federal Chancellery, in consultation with the COM and the Federal Ministry of Finance, developed an information folder on the nRRP (which is available at [www.eu-aufbauplan.at](http://www.eu-aufbauplan.at) and will be updated in 2025). The annual conference 2025 is scheduled to take place in the second half of the year.

In order to further increase the visibility and transparency of nRRP projects in EU MS, the COM published an **interactive project map** in 2023, which has since been regularly updated (once per quarter) based on MS input; Austria is actively participating in this exercise. The map is available in English and provides detailed online resources (project information, links, image and video material). On this virtual map, the 100 largest final recipients per country are also published. The project map does not claim to fully map all projects in the EU MS, nor does it say anything about how the COM assesses the fulfilment of milestones or targets for a given nRRP investment or reform.

The **COM's Recovery and Resilience Scoreboard** also provides regularly updated details on disbursements and progress in the use of funds.

All recipients of Union funds must communicate the origin of those funds by providing coherent, effective and proportionate targeted information (in accordance with Article 34 of Regulation (EU) 2021/241). The **publicity obligations** for nRRP projects include the use of the corresponding logo and the wording 'Funded by the European Union – NextGenerationEU' on communication materials such as project websites, information folders, etc.

# Annex I

Table 3: Net expenditure growth

Net nationally financed primary expenditure	2024	2025
<b>Austrian Fiscal Structural Plan 2025-2029</b>		
Annual growth rate in %		2.6
Cumulative growth rate in %		2.6
<b>Austrian Progress Report 2025</b>		
Annual growth rate in %		1.6
Cumulative growth rate in %		1.6
Base year for cumulative growth is 2024		
Source: BMF		

Table 4: Main variables

General government	2023	2024	2025
	in % of GDP		
Net lending/borrowing (B.9)	-2.6	-4.7	-4.5
Structural balance	-2.8	-3.9	-3.4
Structural primary balance	-1.5	-2.4	-1.7
Gross debt	78.5	81.8	84.7
Change in gross debt (in pp)	0.1	3.3	2.9
Source: BMF			

Table 5: Macroeconomic scenario

<b>Gross domestic product</b>	<b>ESA Code</b>	<b>2023 in bn €</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
			<b>rate of change in %</b>		
Real GDP	B.1*g	-	-1.0	-1.2	-0.3
GDP deflator		-	6.6	3.1	2.4
Nominal GDP	B.1*g	473.2	5.6	1.8	2.2
<b>Components of real GDP</b>			<b>rate of change in %</b>		
Private consumption expenditure <sup>1)</sup>	P.3	-	-0.5	0.1	0.2
Government consumption expenditure	P.3	-	1.2	1.6	-0.3
Gross fixed capital formation	P.51g	-	-3.2	-3.4	-0.7
Changes in inventories and net acquisition of valuables (in % of GDP)	P.52 + P.53	-	0.4	-0.4	-0.5
Exports of goods and services	P.6	-	-0.4	-4.3	-0.9
Imports of goods and services	P.7	-	-4.6	-5.0	-0.2
<b>Contribution to real GDP growth (in percentage points)</b>					
Final domestic demand		-	-0.8	-0.5	-0.1
Changes in inventories and net acquisition of valuables <sup>2)</sup>	P.52+P.53	-	-2.7	-1.0	0.3
External balance of goods and services	B.11	-	2.6	0.4	-0.4
<b>Deflators and HICP</b>			<b>rate of change in %</b>		
Private consumption deflator		-	8.4	3.2	2.8
p.m. HICP		-	7.7	2.9	2.8
Government consumption deflator		-	5.1	6.2	3.2
Investment deflator		-	6.7	3.1	1.2
Export price deflator (goods and services)		-	1.8	1.8	1.2
Import price deflator (goods and services)		-	1.7	0.3	1.3
<b>Labour market</b>		<b>level</b>	<b>rate of change in %</b>		
Domestic employment (1000 persons)		4,723	0.8	0.0	0.2
Average annual hours worked per person employed		1,539	0.1	-1.1	-0.3
Real GDP per person employed		-	-1.8	-1.2	-0.5
Real GDP per hour worked		-	-1.9	-0.2	-0.2
Compensation of employees (in bn €)	D.1	234.8	8.0	8.5	3.6
Compensation per employee (in €)		49,721	7.1	8.5	3.4
Unemployment rate (Eurostat, in %)		-	5.1	5.2	5.3
<b>Potential GDP and components</b>			<b>rate of change in %</b>		
Potential GDP		-	0.9	0.4	0.3
<b>Contribution to potential growth (in percentage points)</b>					
Labour		-	0.3	0.0	0.0
Capital		-	0.4	0.3	0.3
Total factor productivity		-	0.2	0.1	0.0
Output gap (in % of potential GDP)		-	0.2	-1.3	-1.9

1) incl. NPISH; 2) incl. statistical discrepancy

Sources: BMF, STAT, WIFO

Table 6: External assumptions

		2023	2024	2025
Short-term interest rate	<i>in %, annual average</i>	3.4	3.6	2.2
Long-term interest rate	<i>in %, annual average</i>	3.1	2.8	3.2
USD/EUR exchange rate	<i>annual average</i>	1.1	1.1	1.0
World real GDP (excl. EU)	<i>rate of change in %</i>	3.3	3.1	2.7
EU real GDP	<i>rate of change in %</i>	0.4	1.1	1.3
World import volumes, excluding EU	<i>rate of change in %</i>			
Oil price	<i>Brent, USD/Barrel</i>	82.2	79.8	72.0

Source: WIFO

Table 7: Budgetary projections

	ESA Code	2023 in bn €	2023	2024	2025
			in % of GDP		
<b>Revenue</b>					
Taxes on production and imports	D.2	65.4	13.8	14.0	14.7
Current taxes on income, wealth, etc.	D.5	66.0	14.0	14.4	14.1
Social contributions	D.61	73.3	15.5	16.4	16.7
Other current revenue	(P.11+P.12+P.131) +D.39+D.4+D.7	30.7	6.5	6.6	6.5
Capital taxes	D.91	0.09	0.02	0.01	0.01
Other capital revenue	D.92 + D.99	1.6	0.3	0.2	0.2
<b>Total revenue</b>	<b>TR</b>	<b>237.1</b>	<b>50.1</b>	<b>51.6</b>	<b>52.2</b>
Of which: Transfers from the EU <sup>1)</sup>	D.7EU + D.9EU	1.4	0.3	0.2	0.2
Total revenue other than transfers from the EU		235.7	49.8	51.4	52.1
p.m. Revenue measures (increments)		-0.2	-0.1	-0.1	0.5
p.m. Revenue reductions funded by transfers from the EU (levels)		-	-	-	-
p.m. One-off revenue included in the projections (levels)		-	-	-	-
<b>Expenditure</b>		<b>in bn €</b>	<b>in % of GDP</b>		
Compensation of employees	D.1	50.4	10.7	11.5	11.6
Intermediate consumption	P.2	33.0	7.0	7.1	7.2
Interest expenditure	D.41	5.7	1.2	1.5	1.7
Social benefits other than social transfers in kind	D.62	87.6	18.5	20.2	20.8
Social transfers in kind	D.632	20.7	4.4	4.7	4.8
Subsidies	D.3	10.8	2.3	2.0	1.9
Other current expenditure	D.29 + (D.4-D.41) + D.5 + D.7 + D.8	18.0	3.8	4.0	3.6
Gross fixed capital formation	P.51g	17.9	3.8	3.9	3.9
Of which: Nationally financed public investment		17.5	3.7	3.8	3.9
Capital transfers	D.9	5.1	1.1	1.3	1.1
Other capital expenditure	P.52 + P.53 + NP	0.2	0.0	0.1	0.0
<b>Total expenditure</b>	<b>TE</b>	<b>249.5</b>	<b>52.7</b>	<b>56.3</b>	<b>56.8</b>
Of which: Expenditure funded by transfers from the EU <sup>2)</sup>	D.7EU + D.9EU	1.4	0.3	0.2	0.2
Nationally financed expenditure		248.1	52.4	56.1	56.6
p.m. National co-financing of programmes funded by the Union		0.87	0.18	0.20	0.19
p.m. Cyclical component of unemployment benefits		0.01	0.00	0.05	0.11
p.m. One-off expenditure included in the projections (levels)		0.00	0.00	0.00	0.00
<b>Net nationally financed primary expenditure (before DRM)</b>		<b>241.5</b>	<b>51.0</b>	<b>54.3</b>	<b>54.6</b>
<b>Net nationally financed primary expenditure growth</b>					
<b>Rate of change in %</b>			<b>3.7</b>	<b>8.6</b>	<b>1.6</b>

1) Accrued revenue, not cash 2) Equals "Transfers from the EU" above  
Source: BMF

Table 8: Budgetary projections – main variables

	ESA Code	2023	2023	2024	2025
		in bn €	in % of GDP		
<b>Net lending/borrowing</b>	<b>B.9</b>	<b>-12.4</b>	<b>-2.6</b>	<b>-4.7</b>	<b>-4.5</b>
Primary balance	B.9 - D.41p	-6.6	-1.4	-3.2	-2.8
Structural balance		-	-2.8	-3.9	-3.4
Structural primary balance		-	-1.5	-2.4	-1.7
<b>Gross debt</b>		<b>371.5</b>	<b>78.5</b>	<b>81.8</b>	<b>84.7</b>
Change in gross debt (in pp)		20.4	0.1	3.3	2.9
<b>Contributions to changes in gross debt</b>					
Primary balance		-	1.4	3.2	2.8
Snowball effect		-	-3.0	0.1	0.0
Interest expenditure		-	1.2	1.5	1.7
Growth		-	0.7	0.9	0.2
Inflation		-	-4.9	-2.4	-1.9
Stock-flow adjustment		-	1.7	0.1	0.1
p.m. Implicit interest rate on debt (in %)		-	1.6	2.0	2.2
<b>Defence expenditure</b>		<b>in bn €</b>	<b>rate of change in %</b>		
Total defence expenditure	COFOG 2	3.2	6.2	13.0	28.8
Defence investment	COFOG 2, P.51g	0.5	22.2	12.7	87.8

Source: BMF

Table 9: Discretionary revenue measures (in million euro)

Measures	ESA Code	2024	2025	2026
		in m €		
Bank consolidation contribution (stability levy)	D.2		350.0	350.0
Energy sector consolidation contribution	D.2		200.0	200.0
Abolition of VAT exemption for photovoltaik systems	D.2		175.0	70.0
Adjustment of federal fees for inflation	D.2		65.0	150.0
Tobacco tax – expansion, increase, etc.	D.2		50.0	185.0
Increase in gambling levies, betting fees, bonus drawings	D.2		91.0	191.0
Inclusion of e-cars in motor-related insurance tax	D.2		65.0	130.0
Closing loophole for “share deals” in real estate transfer tax	D.2		35.0	100.0
Tax relief for light commercial vehicles	D.2		-20.0	-50.0
VAT exemption for feminine hygiene products and contraceptives	D.2			-28.0
Anti-fraud package	D.2 (D.5)			270.0
Suspension of final third of inflation adjustment 2026–2029	D.5			440.0
Enabling of tax-free employee bonus	D.5		-165.0	-85.0
Increase in commuter euro (partial compensation for climate bonus)	D.5			-110.0
Suspension of indexation of child tax credit	D.5			45.0
Extension of top income tax rate	D.5			50.0
Increase in basic flat rate deduction incl. input tax flat rate	D.5 (D.2)		-5.0	-50.0
"Working in old age"	D.61 (D.5)			-300.0
Increase in health insurance contribution rate for pensioners	D.61		366.2	696.8
Increases in dividends (compared to no policy change)	D.4		447.0	461.0
Climate ticket price increase by 100 euro	P.11			30.0
Inflation adjustment of court and consular fees	D.7		30.5	41.8
Increase in foundation taxation	D.91			33.0
Other measures (mix of small measures)	div.		10.0	80.6
<b>New discretionary revenue measures (DRM)</b>			<b>1694.7</b>	<b>2901.2</b>
<b>in % of GDP</b>			<b>0.3</b>	<b>0.5</b>
<b>Incremental effect of new DRM (excluding dividends)</b>			<b>1247.7</b>	<b>1192.5</b>
<b>Incremental effect of older DRM</b>		<b>-242.3</b>	<b>1363.8</b>	<b>470.0</b>
<b>Total incremental effect of (new + older) DRM</b>		<b>-242.3</b>	<b>2611.5</b>	<b>1662.5</b>

Source: BMF

Table 10: Discretionary expenditure side measures (in million euro)

Measures	ESA Code	2024	2025	2026
		in m €		
<b>Consolidation measures (selection)</b>				
Abolition of the climate bonus	D.7		-1,964.5	-1,973.6
Savings in ministries (expenditure side)	P.2/D.1/D.5 (D.7,D.9)		-984.4	-1,093.3
Abolition of educational leave	D.7		-240.0	-650.0
Cancellation of the pilot project "administrators APS"	D.1		-53.0	-26.0
Subsidies reductions	D.3		-167.0	
Environmental subsidies (including e-mobility)	D.3 (D.9, D.7)		-557.0	-819.9
Subsidy task force	D.3			-150.0
Agriculture, forestry, and water management (including forest fund)	D.3		-120.0	-25.5
Mobility subsidies and transport service contracts	D.3/D.7			-93.3
Climate ticket	D.7		-120.0	-120.0
Development cooperation and foreign disaster relief fund	D.7		-10.0	-40.0
Imprisonment in the homeland	P.2			-10.0
Broadband subsidy	D.9		-150.0	
Investment premium	D.9		-130.0	
ÖBB Infrastruktur - additional adjustments to investment framework	P.5		-154.2	-415.3
Asylum reform	D.7/D.63			-50.0
Measures in the pension sector	D.62			-619.6
Restriction of unemployment benefits for marginally employed	D.62			-110.0
Contribution of the state and municipal levels	D.1/D.2/D.3/D.9 (D.7)		-100.0	-150.0
Social security funds consolidation measures/reforms	D.63		-190.0	-190.0
Increase in e-card fee	D.63 (neg. expenditure)		-37.0	-79.0
<b>Proactive measures (selection)</b>				
Improving German language skills & violence protection	D.1		55.0	90.0
Compusory second year of kindergarten	D.1 (D.7)			80.0
Quality initiative in elementary education	D.1		10.0	15.0
Training of teachers and educators	D.1		15.0	15.0
Further development of pedagogy	D.1		10.0	10.0
Project healthy free snacks in kindergarten	P.2			20.0
Digital teaching materials	P.2		10.0	25.0
Labour market funding budget (Public Employment Service, AMS)	D.1/P.2/D.7		230.0	100.0
Further training period (successor model for educational leave)	D.7			150.0
Initiative 55 Plus	D.7			50.0
"My newspaper subscription" for young people	D.7			30.0
Opportunity bonus and data-driven school development	D.7		20.0	65.0
Alimony fund guarantee for single mothers	D.63			35.0
Package of measures for prevention in women's health	D.63			10.0
Expansion of psychosocial therapy services	D.63		16.0	21.0
Prescription fee freeze 2026 & adaptation of prescription fee cap	D.63			86.4
Innovation fund to strengthen outpatient care	D.9			50.0
Other measures			-78.9	-71.4
<b>Total expenditure-side measures</b>			<b>-4,690.0</b>	<b>-5,834.6</b>
<b>in % of GDP</b>			<b>-0.9</b>	<b>-1.0</b>

Source: BMF

Table 11: Revenue from and expenditure financed by RRF grants (in million euro)

in m €	ESA Code	2020	2021	2022	2023	2024	2025	2026
<b>Revenue from RRF grants</b>								
RRF grants as included in the revenue projections <sup>1)</sup>			418.1	903.6	982.8	506.5	346.5	180.8
Cash disbursements of RRF grants from EU			450.0		742.1		2137.0	632.1
<b>Expenditure financed by RRF grants</b>		<b>85.5</b>	<b>332.7</b>	<b>903.6</b>	<b>982.8</b>	<b>506.5</b>	<b>346.5</b>	<b>180.8</b>
<b>Total current expenditure</b>		<b>6.7</b>	<b>204.9</b>	<b>380.6</b>	<b>204.4</b>	<b>213.2</b>	<b>107.6</b>	<b>67.1</b>
Compensation of employees	D.1	0.0	53.0	51.0	9.9	21.6	0.0	0.0
Intermediate consumption	P.2	0.0	148.3	280.7	101.6	65.3	5.6	2.1
Social payments	D.62+D.632	0.0	0.6	6.7	12.8	16.9	20.0	5.0
Interest expenditure	D.41	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies, payable	D.3	6.7	3.1	42.0	71.1	97.8	82.0	60.0
Current transfers	D.7	0.0	0.0	0.2	9.1	11.7	0.0	0.0
<b>Total capital expenditure</b>		<b>78.8</b>	<b>127.8</b>	<b>523.1</b>	<b>778.4</b>	<b>293.3</b>	<b>238.9</b>	<b>113.7</b>
Gross fixed capital formation	P.51g	78.8	96.0	121.3	179.8	130.7	85.5	62.5
Capital transfers	D.9	0.0	31.8	401.8	598.7	162.6	153.5	51.2
<b>Other costs financed by RRF grants</b>								
Reduction in tax revenue		-	-	-	-	-	-	-
Other costs with impact on revenue		-	-	-	-	-	-	-
Financial transaction		-	-	-	-	-	-	-

1) RRF grants in 2021 include grants for 2020.

Rounding differences may occur.

Sources: BMF, STAT

Table 12: Contingent liabilities

in % of GDP	2023	2024	2025	2026
Public guarantees	14.2	13.8	13.0	12.9
of which: central government <sup>1)</sup>	10.9	10.6	10.0	9.9
of which: linked to the financial sector <sup>2)</sup>	0.2	0.2	0.2	0.2
of which: state and local governments	3.3	3.2	3.1	2.9
of which: linked to the financial sector <sup>2)</sup>	0.8	0.7	0.7	0.6

1) Guarantees for exports without double count of funding guarantees.

Without liabilities for EFSF as well as without liabilities for euro coins towards Austrian Mint. SURE and EGF included from 2020. According to ESA 2010, liabilities for SchiG, ÖBB according to BFG as well as those of ÖBB Infrastruktur AG and ÖBB Personenverkehr AG according to EurofimaG are included in the public sector and will here not be included in order to avoid double count. Forecasts are based mainly on statistical values resulting from percentage change in history and are not based on political decisions.

2) Without double count of liabilities for KA Finanz AG, HETA, immigion and Kärntner Ausgleichszahlungsfonds or bank deposit insurance.

Rounding differences may occur.

Sources: BMF, State governments, STAT, WIFO

# Annex II

The documents listed below are part of the Austrian Progress Report 2025 and can be found [here](#).

- (1) FENIX Database: Implementation of the national Recovery and Resilience Plan
- (2) CeSaR Database: Implementation of 2024 Country-Specific Recommendations
- (3) Joint contribution of the Austrian social partners to the Progress Report 2025

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