

Austrian Progress Report 2026

Unofficial translation of the official German version.

Vienna, April 2026

Introduction

In accordance with Article 21 of Regulation (EU) 2024/1263, each EU Member State shall submit an Annual Progress Report to the European Commission by 30 April each year.

This Annual Progress Report covers the years 2024 to 2026 and reports on the steps already taken or still to be taken to implement the Austrian medium-term Fiscal Structural Plan 2025 to 2029. It contains the following elements in particular:

- Information on the progress made in implementing the Austrian net expenditure path as defined by the Council.
- 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.

On 8 July 2025, the ECOFIN Council, in accordance with Article 126(6) of the Treaty on the Functioning of the European Union (TFEU), concluded that an excessive deficit exists in Austria¹ and, at the same time, issued a recommendation² for its correction in accordance with Article 126(7) TFEU. Austria is required to report at least every six months – usually in April and October – on progress in implementing this recommendation. This report therefore also covers the effective measures taken to bring an end to the excessive deficit in Austria.

Furthermore, on 17 February 2026, the Council activated the national escape clause on defence expenditure for Austria under the Stability and Growth Pact. In accordance with the Council's recommendation authorising Austria to deviate from the ceilings for net expenditure growth set by the Council, Austria is required to report on actual and planned data for defence expenditure (COFOG Division 02) as part of the Annual Progress Report.

¹ <https://www.consilium.europa.eu/media/en/putix/st10347en25.pdf>

² <https://data.consilium.europa.eu/doc/document/ST-10348-2025-INIT/en/pdf>

In terms of content and form, the Austrian Progress Report 2026 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 (BMF) own calculations and estimates and uses the economic forecast of the Austrian Institute of Economic Research (WIFO) from April 2026.

The Annual Progress Reports is 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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Economic and budgetary developments

1.1 Economic developments

Despite various trade policy and geopolitical factors, the global economy performed more robustly than expected in 2025. As a result, world trade grew by 4.2 % last year. Global industrial production also grew by a robust 3.2 %. In spring 2026, the global economy was hit by an energy price shock. The war in the Middle East and the closure of the Strait of Hormuz led to a significant rise in the price of natural gas and crude oil in particular. In April, the IMF lowered its forecast for global economic growth in 2026 to 3.1 % – on the assumption that the war would be of limited duration.

The WIFO economic forecast for April 2026 assesses the global economy as follows: for the eurozone, WIFO forecasts economic growth of 1.0 % in 2026, down from 1.4 % the previous year. Austria's most important trading partner, Germany, is expected to record an economic growth of 0.8 % this year. Growth rates of 0.3 % and 0.7 % are expected for Italy and Switzerland respectively.

Following a two-year period of weakness, the Austrian economy recorded moderate economic growth of 0.6 % in 2025. On the demand side, the upturn was driven in particular by investment in equipment (+9.2 %), whilst investment in construction continued to decline. Private consumption expanded by 0.5 % in real terms, whilst the household savings rate fell significantly from a high level. Exports of goods and services recorded a modest increase of just 0.3 %, with exports of goods to the United States – Austria's second-most important trading partner – declining by around a fifth. From a sectoral perspective, growth in 2025 was driven primarily by services. Furthermore, the industrial recession came to an end, and the manufacturing sector recorded growth of 1.2 %.

Before the outbreak of the war in the Middle East, various indicators had pointed to a continuation of the economic recovery. For example, the Weekly WIFO Economic Index indicates that economic output has recently expanded by around 1 % compared with the same period last year. Furthermore, the UniCredit Bank Austria Purchasing Managers'

Index climbed to 52.4 points in March – the highest level in almost four years. With the war in Iran, the associated rise in energy prices and inflation, and increased uncertainty, the economic outlook has once again deteriorated. As a result, consumer confidence has already declined in March.

According to WIFO's April forecast, real economic growth of +0.9 % is expected for 2026. This represents a downward revision of 0.3 percentage points compared with the December forecast. Private consumption is expected to be subdued at +0.5 %. The forecast for gross fixed capital formation has been revised down to +1.0 % compared with December 2025. According to WIFO, export growth is accelerating only moderately. After three years of decline, exports of goods are expected to rise by 0.7 % in 2026. Growth in exports of goods and services is expected to be roughly twice as high.

Growth is expected to be broad-based across the economy. Value added is expected to increase across all service sectors. Whilst growth of 1.2 % is forecast for the manufacturing sector, the construction sector is likely to stagnate.

The labour market reacts with a lag to economic conditions, and so, despite an economic upturn in 2025, the number of unemployed people rose by around 19,700 to 317,540. As a result, the unemployment rate, as defined by national standards, rose by 0.4 percentage points to 7.4 %. At the same time, however, employment in the labour force increased by 0.2 %. For 2026, WIFO does not expect a further rise in unemployment. Employment is likely to increase by 0.5 %.

Austrian CPI inflation fell from 3.8 % to 2.2 % between December 2025 and February 2026. This decline was primarily due to the disappearance of the base effect associated with the expiration of the electricity price cap. The reduction in the energy levy on electricity at the start of the year contributed to the fall in energy inflation. Against a backdrop of rising oil and fuel prices, inflation jumped to 3.2 % in March 2026. For 2026 as a whole, WIFO forecasts an inflation rate of 2.7 %.

It is difficult to predict how the war in the Middle East will unfold and how energy prices will develop as a result. Consequently, there is a high degree of uncertainty regarding future economic developments, with risks of both an upturn and a downturn.

1.2 Developments in public finances

Following a sharp rise in the general government deficit to 4.6 % of GDP in 2024, the consolidation of Austria's public finances has become a priority for the Federal Government. A comprehensive consolidation package was adopted as part of the 2025/2026 double budget. In 2025, the consolidation targets were met (see Chapter 1.3.1) and the general government Maastricht deficit decreased to 4.2 % instead of the planned 4.5 %.

The improved starting position for 2026 is being undermined by the weaker economic recovery resulting from the war in the Middle East.

Table 1: Overview development general government

Economic conditions	absolute			in % of GDP			change to prev. year			% -change to prev. year		
	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP nominal (bn. Euro)	494.1	512.8	528.5	100.0	100.0	100.0	+16.3	+18.7	+15.7	+3.4	+3.8	+3.1
GDP deflator	-	-	-	-	-	-	-	-	-	+4.1	+3.2	+2.2
Inflation (CPI)	-	-	-	-	-	-	-	-	-	+2.9	+3.6	+2.7
Wages & salaries, gross (bn. Euro)	209.2	217.0	222.5	42.3	42.3	42.1	+14.3	+7.9	+5.5	+7.4	+3.8	+2.5
Dependent active employees ¹ (thou.)	3898	3905	3923	-	-	-	+8.4	+6.9	+18.0	+0.1	+0.2	+0.5
Registered unemployed (thou.)	297.9	317.5	316.5	-	-	-	+27.1	+19.7	-1.0	+10.0	+6.6	-0.3
General government key figures	nominal in bn €			in % of GDP			change to prev. year			% -change to prev. year		
	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Net lending/borrowing	-23.0	-21.5	-22.2	-4.6	-4.2	-4.2	-10.7	+1.5	-0.7	-	-	-
Expenditure	273.2	283.0	291.8	55.3	55.2	55.2	+23.2	+9.8	+8.8	+9.3	+3.6	+3.1
Intermediate consumption	34.9	36.1	36.7	7.1	7.0	6.9	+1.8	+1.2	+0.6	+5.4	+3.4	+1.6
Compensation of employees	56.0	58.8	59.8	11.3	11.5	11.3	+5.4	+2.7	+1.0	+10.7	+4.9	+1.7
Subsidies	9.2	8.6	8.7	1.9	1.7	1.6	-1.5	-0.7	+0.1	-13.8	-7.2	+1.2
Property income (Interest)	7.3	8.3	9.4	1.5	1.6	1.8	+1.6	+0.9	+1.1	+27.9	+12.6	+13.2
Social benefits	96.8	102.8	106.8	19.6	20.0	20.2	+9.2	+6.0	+4.0	+10.5	+6.1	+3.9
Social transfers in kind	22.8	24.2	25.1	4.6	4.7	4.8	+2.1	+1.4	+0.9	+10.1	+6.3	+3.6
Other current transfers	17.5	15.8	16.5	3.5	3.1	3.1	+1.5	-1.7	+0.6	+9.6	-9.5	+4.0
Capital transfers	6.2	5.6	4.5	1.2	1.1	0.8	+0.9	-0.6	-1.1	+17.5	-9.7	-19.8
Gross fixed capital formation	19.7	20.1	21.8	4.0	3.9	4.1	+1.8	+0.4	+1.6	+10.3	+2.1	+8.1
Remaining transactions classes	2.7	2.8	2.8	0.5	0.5	0.5	+0.3	+0.1	-0.0	+13.0	+3.6	+1.6
COFOG 02. Defence	3.3	3.7	5.0	0.7	0.7	0.9	+0.4	+0.4	+1.2	+15.3	+11.0	+33.6
Revenue	250.2	261.5	269.7	50.6	51.0	51.0	+12.5	+11.3	+8.1	+5.3	+4.5	+3.1
Market output	23.3	24.4	25.3	4.7	4.8	4.8	+1.6	+1.1	+0.8	+7.5	+4.9	+3.5
Taxes on production and imports	67.4	71.9	73.7	13.7	14.0	13.9	+2.0	+4.4	+1.8	+3.0	+6.6	+2.5
Property income	5.8	5.4	5.7	1.2	1.1	1.1	+0.8	-0.4	+0.3	+17.0	-7.3	+4.9
Current taxes on income, wealth	69.3	71.5	73.9	14.0	13.9	14.0	+3.3	+2.2	+2.4	+5.0	+3.1	+3.4
Social contributions	79.0	83.0	85.6	16.0	16.2	16.2	+5.7	+4.0	+2.6	+7.8	+5.0	+3.1
Remaining transactions classes	5.4	5.4	5.6	1.1	1.0	1.1	-1.0	-0.0	+0.2	-15.1	-0.1	+3.5

1) Excluding individuals in active service who receive child care allowance or are on active duty.

Source: BMF, STAT

The Federal Government is ensuring planning certainty in uncertain times through a stability-oriented budgetary policy. The reduction of the general government deficit is being consistently pursued.

1.2.1 General government balance in 2025

The provisional general government outcome was published by Statistics Austria at the end of March 2026. The **general government Maastricht balance for 2025** stood at **21.5 bn euro**, or **-4.2 % of GDP**. Compared with 2024, the deficit is 1.5 bn euro lower, or 0.5 percentage points of GDP. The general government result was also better than the forecasts made in April and September 2025.

The **government expenditure ratio** stood at 55.2 % of GDP in 2025, representing a slight decline compared with 2024. In absolute terms, government expenditure rose by 9.8 bn euro, or 3.6 %, to 283.0 bn euro.

The **government revenue ratio** stood at 51.0 % of GDP, representing an increase of 0.4 percentage points of GDP. In absolute terms, government revenue increased by 11.3 bn euro, or 4.5 %, to 261.5 bn euro. The **tax and social security contribution ratio** (Indicator 2) stood at 44.3 % of GDP. All three government ratios are lower than assumed in April 2025 due to a revised nominal GDP; in absolute terms, the increase in both government expenditure and government revenue was higher than forecasted.

On the **expenditure side**, **social benefits** showed the strongest increase relative to GDP in 2025, rising from 19.6 % of GDP in 2024 to 20.0 % of GDP in 2025. In absolute terms, the increase amounted to 6.0 bn euro, or 6.1 %. Several factors were key to this dynamic:

- Firstly, the 2025 pension adjustment, which is based on the historical inflation rate, was 4.6 %, which was higher than nominal GDP growth in 2025.
- Secondly, rising unemployment figures (+19.7 thousand people on an annual average) led to a sharp increase in unemployment insurance benefits (+11.8 %).
- Thirdly, with the exception of the abolished educational leave, the Federal Government's structural labour market and pension consolidation measures will not take effect until 2026.

Compensation of employees rose from 11.3 % of GDP in 2024 to 11.5 % of GDP in 2025, or by 4.9 % in absolute terms. In addition to the 3.5 % adjustment of public sector salaries in 2025, there was also an increase in staff numbers. This primarily affects the health and social services sector as well as public security and defence.

Social transfers in kind continued to grow dynamically in 2025, rising by 6.3 %, which represents an increase of 0.1 percentage points relative to GDP to 4.7 %. This was largely driven by transfers in kind in the health and care sectors, in particular social insurance expenditure on registered doctors, medicines and rehabilitation, as well as expenditure by the Länder and municipalities on care. In addition to inflation-related increases, this trend is primarily shaped by demographic change.

Interest expenditure grew by 12.6 %, the highest rate in relative terms, amounting to 8.3 bn euro in 2025. The interest-to-GDP ratio thus stood at 1.6 % of GDP (+0.1 percentage points compared with 2024), reaching its highest level since 2018.

All other transaction classes declined in relation to GDP. This applies in particular to the three **types of transactions with a subsidy character**, where the Federal Government's consolidation measures had an impact. Overall, transactions with a subsidy character fell by 0.8 percentage points of GDP and, at 5.8 % of GDP, stood at their lowest level since 2019 (2019: 5.1 % of GDP).

In detail, the abolition of the climate bonus was a key reason for the decline in **other current transfers**. These fell by 1.7 bn euro, or 9.5 %, and by 0.5 percentage points relative to GDP. **Subsidies** fell by 0.7 bn euro (-7.2 %) or 0.2 percentage points of GDP in 2025, and **capital transfers** by 0.6 bn euro (-9.7 %) or 0.2 percentage points of GDP. The consolidation of federal subsidies had a significant impact on both transaction classes, for example on subsidies and capital transfers from the Climate and Energy Fund (D.3 & D.9), subsidies for industrial transformation (D.3), e-mobility subsidies (D.3), the investment premium (D.9) and broadband subsidies (D.9).

Intermediate consumption grew by 3.4 % in 2025 and, at 7.0 % of GDP, remained at a similar level to 2024. Here, cost-cutting measures in the federal ministries had a dampening effect. **Gross capital formation** by the general government sector also remained at the 2024 level, standing at 3.9 % of GDP in 2025. The development of gross fixed capital formation in 2025 was influenced by delivery delays.

On the **revenue side**, **taxes on production and imports** in particular grew dynamically by 6.6 % in 2025, corresponding to an increase of 0.4 percentage points of GDP. This was largely driven by the Federal Government's tax consolidation measures, such as the consolidation contributions from banks and the energy sector, the abolition of the VAT

exemption for photovoltaic systems, the inclusion of electric cars in the motor-related insurance tax, and the increase in gambling taxes, betting fee and tobacco tax.

Social contributions also showed strong growth in 2025 at 5.0 %, with the increase in health insurance contributions for pensioners from 1 July 2025 also having an impact.

Current taxes on income and wealth grew by 3.1 % in 2025, a slower rate than nominal GDP. Strong increases in capital gains tax (+19.0 % in total) and wage tax (+4.3%) were offset by weak growth in assessed income tax (+1.6 %) and a decline in corporate tax revenue (-6.1 %).

Market output rose by 4.9 % in 2025 (partly due to delayed inflationary effects). It thus stood at 4.8 % of GDP in 2025, the highest level since 1995. **Property income** declined in 2025 (-7.3 %) as a result of lower interest and dividend income, amounting to 1.1 % of GDP.

Broken down by **sector**, 15.2 bn euro of the general government deficit of 21.5 bn euro is attributable to the central government sector (-3.0 % of GDP). The Maastricht outcome for the central government sector thus improved by 1.5 bn euro (+0.4 percentage points of GDP) compared to 2024, and by 2.1 bn euro (+0.5 percentage points of GDP) compared to the April 2025 forecast. The deficit of the Länder and local government sector increased by 0.2 bn euro compared to 2024 to 5.6 bn euro, or 1.1 % of GDP, whilst that of the social security sector decreased by 0.2 bn euro to 0.6 bn euro (0.1 % of GDP). Compared to the April 2025 forecast, the deficits for these sectors were higher (by a total of 0.8 bn euro for the state and local government sector and 0.5 bn euro for the social security sector).

The **public debt ratio** rose by 1.6 percentage points in 2025 to 81.5 % of GDP. The significantly upwardly revised nominal GDP, as well as stronger GDP growth, explain why the public debt ratio is well below the April 2025 forecast (84.7 % of GDP).

1.2.2 Central government forecast for 2026

At the end of March 2026, the Federal Ministry of Finance updated its general government forecast for 2026. The general government **Maastricht balance** is expected to be **-22.2 bn euro**, which represents a slight deterioration compared to 2025 against the backdrop of the economic recovery losing momentum. In relation to GDP, this amounts to

a sideways movement at **-4.2 %**. The updated forecast figure is thus in line with the estimates from May and September 2025.

For the development of government ratios in 2026, the updated forecast implies only minor changes compared with 2025. The **government expenditure ratio** remains at the same level of 55.2 % of GDP. In absolute terms, government expenditure is forecast to rise by 8.8 bn euro, or 3.1 %, to 291.8 bn euro. The **government revenue ratio** will also stand at 51.0 % of GDP in 2026. In absolute terms, this represents an increase of 8.1 bn euro, or 3.1 %, to 269.7 bn euro.

On the **expenditure side**, **social benefits** will continue to rise in relation to GDP in 2026; however, at a forecast 20.2 % of GDP, the increase will be smaller than in recent years. In absolute terms, the forecast increase amounts to 4.0 bn euro, or 3.9 %. The forecast is based in particular on the following assumptions:

- Firstly, measures taken by the Federal Government in the pensions sector are curbing the growth in pension expenditure. These include, in particular, the restrictions on the corridor pension and the 2026 pension adjustment, which provides for a reduced indexation for pensions above an income of 2,500 euro.
- Secondly, further consolidation measures by the Federal Government – such as the suspension of the indexation of social benefits, the abolition of educational leave or the restriction on minimal income alongside unemployment benefit – are also having a dampening effect on the growth of monetary social benefits.
- Thirdly, the states are also implementing saving measures, foremost among which is the adjustment of the Minimum Income Guarantee in Vienna with the rates in other states.
- Fourthly, these expenditure-reducing measures are offset by expected additional expenditure on unemployment insurance benefits. Against the backdrop of a weakening economic recovery, the latest WIFO economic forecast from April 2026 predicts that unemployment will remain at a similarly high level to that of 2025.

Compensation of employees is expected to fall to 11.3 % of GDP in 2026. This projected decline results primarily from the newly agreed public sector wage agreement for the federal state and several states, which sets an effective pay rise of 1.65 % for 2026. This adjustment is significantly lower than the currently projected nominal GDP growth.

The rise in **social transfers in kind** will slow down in 2026 compared with 2025, but at 3.6 % will still exceed the forecast figures for the inflation rate and nominal GDP growth in 2026. This brings them to 4.8 % of GDP. Above-average increases are anticipated, for example, in social security expenditure on registered doctors, medicines and medical rehabilitation.

Interest expenditure is also expected to grow by over ten per cent in 2026, rising to 1.8 % of GDP. Uncertainty on the financial markets resulting from the war in the Middle East has led in recent weeks to high volatility and rising yields on government bonds in general, including Austrian bonds.

Following the significant decline in **transaction classes with a subsidy character** as a proportion of GDP to 5.8 % in 2025, a further, slight reduction is expected in 2026.

A decline in **capital transfers** as a proportion of GDP is forecast for 2026. Key factors underpinning this forecast include lower expenditure for the renovation campaign compared to 2025 (new subsidy programme in 2026, high back payments in 2025 based on the old subsidy regime), the phasing out of the investment premium, and a postponement of funds relating to the innovation fund for strengthening outpatient care to 2027.

Subsidies will grow only slightly in 2026 and remain at a similar level relative to GDP as in 2025. The savings already in effect in 2025 will continue in 2026. In addition, lower expenditure is expected for the craftsman bonus, which expires in 2026. This is offset in particular by an increase in expenditure under the “Housing and Construction Initiative” economic stimulus package of the previous Federal Government.

For **other current transfers**, slightly stronger growth than that of nominal GDP is forecast for 2026, which is attributable in particular to a rising EU contribution.

Intermediate consumption is expected to grow moderately by 1.6 % in 2026, meaning that compared to 2025, as a percentage of GDP, it will decline slightly to 6.9 %.

Gross capital formation is expected to rise slightly to 4.1 % of GDP in 2026. This is due to, on the one hand, rising military investment and, on the other hand, delays in deliveries to the Austrian Federal Railways (ÖBB) from 2025 to 2026.

On the **revenue side**, various developments will come into play regarding **taxes on production and imports** in 2026:

- The tax consolidation measures that came into force in 2025 will continue in 2026.
- For measures that only came into force during 2025, the corresponding consolidation volume will be higher in 2026 (e.g. the inclusion of electric cars in the motor-related insurance tax).
- This is offset by measures taken by the Federal Government to curb inflation and providing relief to the population, which result in a shortfall in revenue. These include, in particular, the temporary reduction in the electricity tax in 2026 (500.0 mn euro) and the reduction in VAT on staple food coming into force on 1 July 2026 (200.0 mn euro and 400.0 mn euro in subsequent years).
- The temporary reduction in mineral oil tax, decided in response to rising fuel prices, is budget-neutral when viewed in aggregate. The extent of the reduction is determined on a monthly basis and is set at the same level as the corresponding additional revenue from VAT resulting from risen fuel prices.

Overall, taxes on production and imports are expected to grow by 2.5 %, meaning they will fall slightly as a proportion of GDP.

Various discretionary measures must also be taken into account regarding the development of **current taxes on income and wealth**, for which total growth of 3.4 % is expected in 2026:

- A key additional consolidation measure compared with 2025 is the inflation adjustment of the income tax thresholds relevant to the tax brackets, which in 2026 (and subsequent years) will only be applied to the extent of two-thirds.
- Working in the opposite direction are the proactive measures presented as part of the 2025/2026 double budget, such as the increase in the commuter euro as a partial compensation for the abolished climate bonus.
- In addition, the increase in the investment allowance (for the period 1 November 2025 to 31 December 2026, resulting in a revenue shortfall of 30.0 mn euro in 2026), the one-off extension of the increased overtime pay regulation in 2026 (a one-off cost of 105.0 mn euro) and the tax exemption for holiday pay (40.0 mn euro) have been introduced as further measures to support the business environment.
- Regarding taxes, wage tax is expected to continue to grow strongly, whilst corporate tax revenue is forecast to rise only moderately in 2026.

- Capital gains tax revenue was significantly higher than forecast in 2025; consequently, no further increase is anticipated for 2026.
- The same applies to assessed income tax.
- Furthermore, in Vienna, the housing construction subsidy contribution was increased from 1.0 % to 1.5 % of the assessment base at the start of 2026, which will lead to additional revenue of around 200 mn euro.

Growth of 3.1 % is forecast for **social contributions** in 2026. According to the latest WIFO economic forecast, growth in wages and salaries relevant to this development will be weaker than in 2025. However, the increase in health insurance contributions for pensioners will apply throughout the whole of 2026.

The anti-fraud package will take effect for the first time in 2026 and affects all three of the aforementioned revenue-side transaction classes. Contrary to the original plan, the revenue-reducing measures under the “Working in Old Age” package will only come into force in 2027.

Market output is expected to show solid growth in 2026 and relative to GDP, to remain at the high level seen in 2025. Key consolidation measures affecting this transaction class include increases in Wiener Linien ticket prices and the price of the Climate ticket.

Property income is expected to remain stable in 2026. Compared to the forecasts from May and October 2025, which still anticipated a decline relative to 2025, higher dividend income is now expected. This will offset the cost of the enacted reduction in the electricity tax in 2026.

The updated estimate of the Maastricht outcome for the individual **sectors** essentially corresponds to the 2025 results. Compared with the May 2025 forecast, however, there are shifts that take into account not only the 2025 results but also the domestic fiscal targets in accordance with the new Austrian Stability Pact. Specifically, a Maastricht deficit of 15.7 bn euro or 3.0 % of GDP is expected for the central government sector, a total deficit of 6.0 bn euro or 1.1 % of GDP for the state and local government sector, and a deficit of 0.5 bn euro or 0.1 % of GDP for the social security sector.

The **public debt ratio** is expected to rise by 1.9 percentage points to 83.4 % of GDP in 2026.

1.3 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.

As part of the Austrian Fiscal Structural Plan for the years 2025 - 2029³, a path for net expenditure growth over a seven-year adjustment period⁴ from 2025 to 2031 was put forward. This path was approved by the Council on 8 July 2025. On the same day, the Council initiated an excessive deficit procedure (EDP) against Austria (see Chapter 1.3.1). Accordingly, the net expenditure path set out in the Council recommendation under Article 126(7) TFEU of 8 July 2025 applies for the years 2025 to 2028. This means that the nominal growth rate of net expenditure must not exceed 2.6 % in 2025, 2.2 % in 2026, 2.2 % again in 2027 and 2.0 % in 2028.

The two paths – one set out in the approved Austrian fiscal structural plan and the other in the Council recommendation under Article 126(7) on the correction of the excessive deficit – are substantively identical for the years 2025 to 2028 but are based on different legal foundations. During this period, the net expenditure path of the corrective arm (excessive deficit procedure) is decisive, as non-compliance with it may trigger sanction risks under Article 126(8) or (11) TFEU, and this thus constitutes the stricter surveillance and enforcement framework.

For the two reporting years 2025 and 2026, which are relevant to this Annual Progress Report, the nominal growth rate of net expenditure must therefore not exceed 2.6 % in 2025 and 2.2 % in 2026. Actual net expenditure growth for 2025 was 2.2 % and was thus below the maximum permitted level. Consequently, the budgetary target for Austria for 2025 is deemed to have been met. For 2026, the current budget forecast anticipates a net expenditure growth of 2.2 %. This means that, from today's perspective, the EU's budgetary target for 2026 will be met.

Detailed information is set out in Table 4 of the Annex.

³ [Austrian-Fiscal-Structural-Plan-2025-2029](#)

⁴ Following the commitment to implement 14 reform and investment measures, an extended adjustment period of seven years was granted instead of the usual four years (see section 1.3.3.).

With regard to assessing compliance with the permitted net expenditure path, in the case of Austria, the activated national escape clause on defence must also be taken into account. This allows Austria to deviate temporarily and to a limited extent from the recommended net expenditure path, provided that this deviation is justified by an increase in defence expenditure. Further information on this can be found in Chapter 1.3.2.

1.3.1 Excessive deficit procedure

On 8 July 2025, the Council identified an excessive deficit in Austria in accordance with Article 126(6) TFEU⁵ and, at the same time, issued recommendations for its correction in accordance with Article 126(7) TFEU⁶.

In its recommendation under Article 126(7) TFEU, the Council also set Austria a deadline of 15 October 2025 to take effective action and to present the necessary measures. Austria complied with this in its 'Report on effective measures to correct the excessive deficit' of 15 October 2025. As Austria was able to present effective measures to correct the excessive deficit for the years 2025 and 2026, the excessive deficit procedure was held in abeyance in November 2025.

Until the excessive deficit has been corrected, Austria will report at least every six months – usually in April and October – on progress in implementing the Council recommendation under Article 126(7) of 8 July 2025. This chapter of the Annual Progress Report fulfils this requirement.

A total net consolidation of 6.4 bn euro was planned for **2025**, the vast majority of which related to the central government sector. The provisional general government result shows that this consolidation target was achieved.

As regards the tax consolidation measures, apart from the stability tax, it is not possible to quantify ex post whether the planned volume was achieved. However, compared to the 2025 Budget, which was drawn up taking into account the measures taken, the revenue from the relevant taxes is in line with expectations.

⁵ <https://www.consilium.europa.eu/media/enjputix/st10347en25.pdf>

⁶ <https://data.consilium.europa.eu/doc/document/ST-10348-2025-INIT/en/pdf>

The evaluation of administrative savings can be carried out from either an organisational or an economic perspective. According to the organisational structure, it appears that, based on preliminary results for 2025, expenditure in most budget chapters have remained below the 2025 Budget, which took these savings into account. Significant overspending is attributable to specific causes, such as higher expenditure on the procurement of military goods (cash flow perspective; delivery – and thus Maastricht effect only in future years) or, due to economic conditions, higher expenditure on unemployment insurance benefits as a result of a higher number of unemployed persons than expected at the time the budget was drawn up in spring 2025, based on the WIFO economic forecast. From an economic perspective, operating expenses remained 0.2 bn euro below the 2025 Budget of 8.3 bn euro.

Regarding subsidies, the consolidation volume for some individual measures was not fully met; however, the deviations are minor in most cases. There were more significant shifts in the consolidation of environmental subsidies. In particular, in the area of green renovation of buildings, there was an increased need for liquidity due to a surge in applications for thermal-energy renovations and the resulting budgetary prior commitments. In contrast, expenditure was lower for e-mobility subsidies, for the industrial transformation, the Energy Efficiency Fund and the Climate and Energy Fund. However, part of the underspending on the three latter measures, specifically 75.0 mn euro, was used as counter-financing for the Act on Securing Business Locations (SAG).

In the case of the investment premium, there was an additional requirement compared to the 2025 Budget, meaning that the targeted consolidation volume was not fully achieved. In the area of Rural Development, higher EU funds (EAFRD) necessitated higher national co-financing than planned. There were also minor positive or negative deviations (less than +/- 10.0 mn euro) from the planned savings volume in the energy cost subsidy for NPOs (non-profit organisations), general sports promotion, promotion of art and culture, the Climate ticket and the Forest Fund.

In the area of the labour market, employment of older workers and pensions, the reform of educational leave was the only expenditure-side measure for which a consolidation target had already been factored in for 2025. The planned consolidation target was not fully achieved due to the use of transition periods. As with the renovation campaign, the consolidation has been implemented from a legislative perspective, and educational leave has been abolished and replaced by the further training period.

For the other measures, the adjustment in the area of digitalisation slightly exceeded the 2025 Budget and thus fell minimally short from the targeted consolidation volume.

The consolidation contribution from state-affiliated companies in the form of higher dividend payments to the federal government, as well as the adjustments to the Austrian Federal Railway (ÖBB) Master Plan Investments 2025-2030, were fully delivered.

Since the submission of the “Report on Effective Action to Correct the Excessive Deficit” on 15 October 2025, the following significant changes have occurred in discretionary measures for **2026**:

- **Update to measures from May 2025:** Certain discretionary (revenue-side) measures have been updated compared with the table reported in May 2025, such as the “Working in Old Age” package (300.0 mn euro), which was scheduled to start in 2026 but will now come into force in 2027.
- **New relief measures from the Federal Government:** Since last autumn, the Federal Government has adopted new measures to curb inflation and support the economy. These include a temporary reduction in the electricity tax in 2026 (500.0 mn euro), a one-off extension of the increased overtime pay regulation in 2026 (105.0 mn euro), tax exemption for holiday pay (40.0 mn euro), a reduction in VAT on staple food from 1 July 2026 (200.0 mn euro and 400.0 mn euro in subsequent years), and a temporary reduction in mineral oil tax (currently for April 2026, subject to monthly extension). These measures are, in principle, fully counter-financed. The reduction in the electricity tax is offset by higher dividend income, whilst the reduction in VAT on staple food is offset by a new tax on parcels in the mail-order business and anti-fraud measures. The reduction in mineral oil tax is implemented on a monthly basis to an extent corresponding to the additional revenue from VAT resulting from the risen fuel prices. The costs of the one-off extension of the increased overtime pay regulation in 2026 will be covered by the postponement of proactive measures (“Working in Old Age”), whilst the costs of the tax exemption for holiday pay will be covered by the higher revenue from income and wage tax in 2025 within the budget.
- **Consolidation measures by the City of Vienna:** The City of Vienna has presented a budget for 2026 featuring consolidation measures totalling around 2.0 bn euro, two-thirds of which will be achieved through expenditure cuts and one-third through increased revenue. On the expenditure side, measures include the resizing of subsidies and grants, the postponement or extension of construction projects, the implementation of cost-cutting and efficiency-enhancing measures at the Vienna

Health Association (Wiener Gesundheitsverbund) and the Vienna Social Fund (Fonds Soziales Wien), as well as structural and socially graded adjustments to the Minimum Income Guarantee (savings of around 200 mn euro). On the revenue side, the housing construction subsidy contribution was increased from 1.0 % to 1.5 % of the assessment base as of 1 January 2026 (approx. 200 mn euro), and Wiener Linien ticket prices were raised for the first time in years (approx. 100 mn euro). In addition, there will be, amongst other things, an increase in parking fees, a rise in the visitor's tax from 3.2 % to 5.0 % as of 1 July 2026, as well as further adjustments to various charges and fees (e.g. charges for sewer and water connections, Vienna sports promotion contribution, charge on betting terminals, etc.).

1.3.2 National Escape Clause – Defence expenditure

On 11 December 2025, Austria requested the activation of the national escape clause on defence. After assessing the necessary conditions, the European Commission recommended the Council the activation, which took place on 17 February 2026.

The activated escape clause allows Austria, for the budget years 2025 to 2028 – and thereafter for deliveries of military equipment contracted during this period – to deviate from the recommended net expenditure path, provided that this deviation is justified by an increase in defence expenditure (COFOG-2 definition) and the increase does not exceed 1.5 % of GDP annually until 2028 (compared to the 2021 level of expenditure as a percentage of GDP).

According to the available statistics on government expenditure published by Statistics Austria, total government defence expenditure in Austria, as classified under COFOG Division 02, amounted to 0.6 % of GDP in 2021, 0.6 % in 2022, 0.6 % in 2023, 0.7 % in 2024 and 0.7 % in 2025.

According to the 2025/2026 biennial budget, defence spending is estimated at 0.9 % of GDP in 2026. In the coming years, Austria intends to safeguard its long-term defence capabilities, whilst considering macroeconomic developments and budgetary requirements.

Detailed information is set out in Table 10 of the Annex.

1.3.3 Reforms & investments underpinning an extension of the adjustment period

In the Austrian fiscal structural plan for the years 2025–2029, Austria has committed to implementing fourteen reform and investment measures. These measures form the basis for extending the adjustment period from four to seven years. This chapter outlines the progress made in implementing these measures.

A significant proportion of the measures have already been successfully implemented. This applies to key measures relating to health insurance contributions for pensioners, pension increases in the first year ('Aliquotierung'), reform of unemployment benefits, and several revenue-side measures: the taxation of traditional and electronic lotteries, property transactions ('share deals'), the rezoning surcharge on gains from the sale of land, and the foundation transfer tax.

The same applies to the other measures – including initiatives in the education sector ('Opportunity Bonus'), raising the effective starting age for the corridor pension, the introduction of a second compulsory year of nursery school, labour market policy measures such as the revision of the 'further training period' and the reform of the 'Red-White-Red' Card, as well as measures in the field of research and development – implementation and thus the achievement of objectives are proceeding according to plan within the specified timeframes.

Overall, the progress made suggests that implementation is on schedule and that there are no significant delays.

Detailed information is set out in Table 15 of the Annex.

Implementation of the European Semester

2.1 Implementation of Country-Specific Recommendations (CSRs)

This chapter presents some of the measures that have been implemented in 2025 to address the Country-Specific Recommendations. The common priorities of the Union serve as headings as in Regulation (EU) 2024/1263. Further measures that have contributed to the implementation of the Country-Specific Recommendations in 2025 can be found in the Annex.

2.1.1 Social and economic resilience

Strengthening social and economic resilience has been a key focus of Austria's reform and investment policy over the past year. The measures are aimed, among other things, at increasing the labour market's adaptability, making social security systems future-proof, and ensuring the economy's long-term competitiveness.

To strengthen social and economic resilience, numerous measures have been taken to **implement targeted skills development initiatives**, which are designed to address structural labour shortages and the growing demand for skilled workers. The **skilled labour strategy for a strong labour market and business location** was acknowledged by the Council of Ministers on 17 February 2026 and will be developed from March onwards. It addresses the topics of skills development initiatives, apprenticeships and vocational training, framework conditions and international skilled workers ([MRV 41/14](#)). The **care scholarship** guarantees a minimum monthly income of around €1,650 to individuals undertaking training in specific care professions. Funding is available for training programmes lasting up to four years and comprising a minimum of 25 teaching hours per week. The **skilled worker grant** supports formal qualifications in selected future-oriented professions. The amount of the grant corresponds to the unemployment benefit, but up to a specified maximum amount. The scheme is administered by the Austrian Public Employment Service (AMS) and has been available permanently since June 2025. ([RIS, 2025](#))

A key component of the skilled **labour initiative** is the targeted implementation of labour market policy instruments to address acute staff shortages. The new **Tourism Employment Fund** is designed to tackle the structural challenges facing the Austrian tourism sector, in particular the persistent labour shortage and high staff turnover. The fund is intended to support both employees and businesses. ([RIS, 2026](#)) The annual **seasonal quota regulation** ensures that businesses in the tourism and agriculture sectors can employ sufficient staff during periods of high demand. ([RIS, 2025](#)) An amendment to the **Settlement and Residence Act** and the **Foreign Nationals Employment Act** introduced the new residence permit for 'cross-border workers'. This creates a clear legal basis for people who live in neighbouring countries and work in Austrian border regions. ([BGBLA, 2025](#))

The scope for earning a small amount of additional income whilst receiving unemployment benefits has been restricted (with exceptions for certain groups, such as the long-term unemployed and older people, or during extended training courses). This is intended to provide an incentive for a quicker transition from unemployment to full-time employment. ([RIS, 2025](#))

As part of efforts to promote the **employment of older people**, targeted incentives have been introduced to encourage older people to enter the labour market and remain in employment. A monitoring and incentive system will be developed until 2027 to increase employment among older people. This will create a financial incentive to remain in work for longer, whilst at the same time making the employment of older workers more attractive to businesses.

The new **partial retirement scheme** was introduced on 1 January 2026. This scheme allows eligible employees to reduce their working hours by between 25 % and 75 % whilst receiving a corresponding portion of their pension. The aim is to facilitate a later and more gradual transition into retirement. To encourage people to remain in the workforce for longer and to harmonise the partial pension scheme with the partial retirement scheme, the maximum duration of the existing partial retirement scheme is being gradually reduced from five to three years. The partial retirement scheme can therefore only be taken up as long as a partial pension is not yet available or no pension entitlement exists. ([BGBLA, 2025](#))

Structural measures have also been introduced in the **healthcare sector**. The focus is on the operational implementation of the current healthcare reform within the **2024–2028**

target-setting period, based on the relevant Section 15a agreements. In line with the principle of ‘digital first, outpatient second, inpatient third’ , the key priorities include promoting digitalisation and expanding the public health telematics infrastructure, expanding outpatient care – particularly in private practice – and primary care, refurbishing and expanding hospital outpatient departments and day clinics as well as upstream facilities, and optimising patient flows to ensure care is provided at the ‘best point of service’. The aim of these measures is to deliver services more efficiently to ensure high-quality, accessible care in the long term. (BKA, 2024, Target Management Agreement 2024 to 2028).

Health promotion and health literacy also form a central component of the current health reform. The Health Promotion Agenda strengthens the implementation of targeted, widely coordinated, quality-assured, effective and efficient health promotion measures, and contributes to a longer, self-determined life in good health for everyone in Austria. The funding for the Health Promotion Agenda has been enshrined in law under the agreement pursuant to Article 15a of the Federal Constitutional Law (B-VG) on the organisation and financing of the health service. Related projects and measures are already being implemented.

To **improve the tax structure and combat tax fraud**, new measures have been adopted based on recommendations from a commission of experts. These include the more effective use of new data sources, such as through the automatic exchange of information on crypto accounts, as well as the abolition of input tax deduction for the letting of particularly prestigious properties and restrictions on fraud-prone refunds under the standard consumption tax. The relevant legislation was passed and came into force on 1 January 2026. (Parliament, 2025; Parliament, 2025; Parliament, 2025) Furthermore, as part of the fiscal offensive in the 2025/2026 twin budget, further tax policy measures were implemented. These include a tax-free employee bonus for the years 2025 and 2026, an increase in the basic flat-rate allowance, including the input tax allowance (to €320,000 or 13.5 % from 2025, and to €420,000 or 15 % from 2026), as well as a VAT exemption for feminine hygiene products and contraceptives, which applies from 1 January 2026. (Parliament, 2025)

The contracting parties to the Austrian Stability Pact – the federal government, the provinces and the municipalities – reached a political agreement on the new pact on 28 November 2025. This agreement establishes a coordinated fiscal policy framework as well as the individual consolidation and adjustment contributions of all levels of government

for the coming years, thereby directly addressing the Council's call for better coordination of the contributions made by regions and municipalities to the overall national budgetary effort. (Parliament, 2026). The Pact has since entered into force. The distribution of tax revenue from 2024 onwards has been revised between the federal government, the Länder and the municipalities under the 2024 Fiscal Equalisation Act (FAG 2024) and considers the financial strength and sustainability of municipal budgets. Structurally weaker municipalities receive additional support via a structural fund to offset regional differences in revenue and expenditure. In addition, in 2025 the federal government provided a needs-based transfer of €300 million for municipalities. Reforms to the municipal investment framework, particularly the conversion of earmarked grants into more flexible investment-related transfers, also reduce administrative burdens and enable more predictable, needs-based investment planning. (RIS, 2023)

The Austria 2035 Industrial Strategy was developed in consultation with the social partners and was adopted by the Federal Government on 20 January 2026 and acknowledged by the Council of Ministers. It provides the strategic framework for strengthening the competitiveness of Austrian industry and sets out a technology initiative across nine key technologies and areas of strength. The strategy also includes measures to further develop research and innovation policy, to transform industry, and to improve the coordination of industrial policy measures. (BMWET, 2026)

In times of geopolitical upheaval and global competition, **research, technology and innovation (FTI) form the foundation of Austria's prosperity**, competitiveness, social cohesion and sustainable development. The key framework for Austria's FTI policy is the Research, Technology and Innovation Strategy 2030, or FTI Strategy 2030 for short. The FTI Pact 2027–2029, adopted in February, defines key strategic priorities for the years 2027–2029. Accordingly, the adopted FTI Pact 2027–2029 sets the following priorities: 'Focusing funding on key technology fields, promoting excellent research, technology transfer, enhancing the dissemination and impact of research results, vigorously continuing initiatives to achieve climate and energy targets through a transformation offensive, strengthening European and international cooperation as well as research security, promoting skills development, support for early-career researchers and gender equality, increasing efficiency and effectiveness within the RDI system, and strengthening trust in science and democracy". (MRV 42/14, FTI-Pact 27–29)

In the area of **affordable housing**, a comprehensive package of measures has been adopted to protect tenants from inflation and short-term tenancy agreements. These

include rent caps under the Tenancy Law Act (MRG), as well as the suspension and limitation of rent indexation; the rent freeze for 2025 has already been implemented through the 4th Tenancy Law Inflation Mitigation Act. The new **Rent Protection Act** came into force on 1 January 2026. This introduced a statutory, inflation-dampening indexation system for residential rents, thereby limiting annual rent adjustments, capping the passing on of high inflation, and extending the minimum duration of fixed-term tenancy agreements to five years. The cost-covering principle under the Non-Profit Housing Act remains in place. Furthermore, the government is planning reforms that will link rent setting more closely to energy efficiency, promote climate-friendly building renovations and create greater legal certainty through model tenancy agreements. ([BKA, 2025](#))

The measures for **affordable energy** will reduce electricity costs in the short term by **lowering the electricity levy and providing state compensation** for rising prices resulting from emissions trading. ([BGBLA, 2025](#); [BGBLA, 2025](#)) At the same time, the **Affordable Electricity Act** establishes a comprehensive new legal framework for the electricity market that implements EU rules, reforms grid tariffs, strengthens renewable energy and digitalisation, and better protects consumers – particularly **vulnerable households** through the introduction of the social tariff. ([RIS, 2025](#))

The **educational reforms** aim to improve the quality of schools and basic skills, and to provide greater support for pupils. The Opportunity Bonus Programme will launch in the 2026/27 school year. Under this scheme, schools facing particular challenges will receive additional resources based on their socio-economic starting point (SÖL). The amendment to the School Act introduced new tools to prevent early school leaving, including support during suspensions and mandatory progress reviews. ([BGBLA, 2025](#)) Language support has been significantly expanded: the number of permanent posts available for German language support has been permanently increased to up to 1,300 from the 2025/26 school year onwards, enabling a targeted and needs-based allocation of resources. In addition, the model has been reformed so that schools can apply more flexible solutions in future. ([BKA, 2025](#); [BGBLA, 2026](#)) At the same time, summer school will become compulsory from 2026 for pupils with German language deficits. ([BGBLA, 2026](#))

In Austria, orientation classes have been set up for newly migrated children with little or no previous school experience, in which they receive targeted support in language, basic academic skills, values education and fundamental social rules – particularly if they have a refugee background or special support needs. ([BGBLA, 2025](#)) School-based day care is being further expanded, with funding able to be used more flexibly, for example by

facilitating the transfer of funds and allowing greater flexibility in how the funds are spent. ([BGBLA, 2026](#)) Further measures relate to mental health, prevention and school social work, a training initiative for early years education with more training places, and mobile-free zones up to Year 8. Finally, digital initiatives will strengthen media literacy and child protection. ([BKA, 2025](#); [BKA, 2025](#); [BGBLA, 2025](#))

The **tax relief measures, and structural reforms** include a permanent reduction in VAT to 4.9% on selected food items from 1 July 2026 ([BKA, 2026](#)), as well as simplifications and flat-rate arrangements for fees. At the same time, the tax system will be further digitised, including in relation to land transfer tax and fee procedures. In addition, tobacco duty will be extended to new products and foundations will be taxed more, which is intended to generate additional revenue. ([BGBLA, 2025](#)).

2.1.2 A fair green and digital transition

The **acceleration of major approval procedures under the General Administrative Procedure Act (AVG)** aims to ensure that administrative procedures are handled more efficiently and in line with modern requirements, and includes, in particular, the increased digitalisation of procedural steps, the creation of standardised electronic publication options, the improved structuring and streamlining of procedural workflows, and the initiation of a process to review and reduce specific procedural provisions in substantive laws. ([BKA, 2025](#)) Since 2023, the **Climate and Transformation Initiative** has been supporting the transition of industrial production processes to climate-friendly, energy-efficient and sustainable technologies, strengthening research, innovation and investment, creating planning certainty until 2030 through legally enshrined funding, and running its measures – including funding for energy efficiency, industrial transformation, research and key technologies – until the end of 2026; further initiatives for transformation are included in the Industry Strategy 2035, which was developed in consultation with the social partners and adopted in 2026 ([BKA, 2022](#)). The **ÖBB Framework Plan** sets out the funding and investment framework for the expansion, maintenance and modernisation of the railway infrastructure and serves to ensure an efficient, safe and sustainable rail infrastructure in Austria, with a focus on maintaining the existing network, expanding capacity in line with demand, improving the quality and reliability of rail transport, and on investments in key infrastructure projects to strengthen passenger and freight transport by rail, support the modal shift, and contribute to climate

protection, regional quality and security of supply. Overall, the level of investment remains high throughout the six-year framework plan period. ([BKA, 2025](#))

The **Carbon Management Strategy (CMS)** outlines a phased approach to the cost-effective management of hard-to-abate or unavoidable greenhouse gas emissions in Austria and builds on national measures to reduce emissions and improve efficiency. The solutions for so-called 'hard-to-abate' emissions include Carbon Capture and Storage (CCS), Carbon Capture and Utilisation (CCU), as well as technical and natural Carbon Dioxide Removal (CDR), and are designed to close the emissions gap so that climate neutrality can be achieved. Against this backdrop, the CMS identifies options for action and necessary reform steps, addresses organisational, financial and legal frameworks, and recommends the authorisation of geological CO₂ storage within the federal territory under strict safety and environmental conditions, including the lifting of the existing ban, the implementation of the EU CCS Directive and the adaptation of the legal framework for CO₂ transport. Phase 1 was completed with the analysis of the status quo and the drafting of an action plan with Cabinet Submission 103a/1 of 26 June 2024. The strategy is currently in Phase 2, the planning and implementation of the measures set out in the action plan. ([BKA, 2024](#))

2.1.3 Security of energy supply

To ensure **security of supply**, the focus has been on the rapid expansion of energy infrastructure since the start of the war of aggression against Ukraine, in particular on diversifying gas supplies through additional import capacity from non-Russian sources, with the increase in transport capacity from Germany to Austria and the closure of the 'WAG Loop' being key projects to enable higher pipeline capacity in reverse flow in the short term; the 'WAG Partial Loop' project forms part of the medium-term infrastructure and investment planning, has been approved in the Coordinated Network Development Plan and is being financed with funds of up to €70 million, with a parallel pipeline section of the West Austria Gas Pipeline being constructed between Oberkappel and Bad Leonfelden to enable an increase in transport capacity. ([BKA, 2024](#); [RIS, 2024](#))

Drinking water supply and wastewater disposal are essential public services. To ensure a reliable drinking water supply and safe wastewater disposal in the future, even under changing climatic conditions, ongoing sustainable investment in infrastructure is required. To this end, appropriate funding has been provided for in the Financial Equalisation Act (FAG 2024–2028) to ensure the sustainable maintenance and further development of

urban water management. Sustainable financing of urban water management infrastructure must be considered in the financial equalisation system.

The **Affordable Electricity Act** also contributes to security of supply by establishing a modern legal framework for a more efficient and flexible electricity system. Among other things, the aim of the Act is to establish the framework conditions for a more flexible and resilient electricity system and to ensure efficient and secure grid operation. At the same time, the Act supports the greater integration of renewable energy, as the electricity system is to be further developed in such a way as to facilitate the integration of electricity from renewable sources.

2.1.4 Implementation of national Recovery and Resilience Plan

The **implementation of the National Recovery and Resilience Plan** (nRRP) continues to progress in Austria. On 20 October 2025, the third payment claim, amounting to €515.5 million, was approved. This means that Austria has already claimed 84% of the available RRF funds. The total amount of funds disbursed stands at around €3.3 billion.

A further amendment to the AT plan aimed at simplifying the nRRP was approved in December. The fourth payment claim (for the fifth tranche) was submitted to the EC in March 2026; the final tranche is currently being planned and is due to be submitted in the third quarter of 2026.

2.2 European Pillar of Social Rights

The European Pillar of Social Rights serves as a guide for achieving ambitious employment and social policy outcomes in response to current and future challenges. Austria supports the achievement of the EU-wide targets for 2030 in the areas of employment, participation in further training and poverty reduction, and has set the following national targets for 2030:

- An employment rate of 79.9 % by 2030
- 62 % of all adults are to take part in further training each year by 2030
- Reduction in the number of people at risk of poverty or social exclusion (AROPE) in Austria by 204,000 (at least 50 % of whom are children) to 1,230,000 people by 2030.

This chapter highlights some of these measures and selected aspects of the implementation of the national 2030 targets.

National Key Target 2030: An employment rate of 79.9 % by 2030

The **employment rate** in Austria rose from 76.8 % in 2018 to 77.4 % in 2024, exceeding the EU average of 75.8 %. Despite the recession, the Austrian labour market has proved resilient and Austria is well on the way to achieving its 2030 target. In terms of part-time work, Austria has the second-highest rate in the EU at 30.7 %, although there are significant gender differences (women: 51.1 % and men: 13.7 %). Although the employment rate for older workers has risen from 54.5 % in 2019 to 58.8 % in 2024, it remains well below the EU average. This is where the active labour market policy measure ‘**Aktion 55Plus**’ comes into play. This initiative by the Public Employment Service (AMS) offers subsidised employment, wage subsidies and advisory services to encourage companies to hire older jobseekers. **Workplace-based training** (AQUA) is an established tool, with the AMS covering the relevant training costs and living expenses. Training for a specific job has shown positive results in evaluations. With the aim of creating age-friendly working environments, the “**Demografieberatung Digi+**” project – funded by the ESF+ and the BMASGPK – supports companies in developing conditions in which people – regardless of age – can work in a healthy, competent and motivated manner, using digitalisation as a key driver for age-neutral jobs and new forms of work organisation. Finally, it contributes to the promotion of digital skills through advice and referrals to tailored further training programmes.

Key target for 2030: 62 % of all adults should take part in continuing professional development each year by 2030

According to the latest available survey, 52.2 % of adults took part in formal or non-formal continuing education within a 12-month period. (STATISTIK AUSTRIA, 2025)

At federal level, adult continuing education is promoted through funding for non-profit adult education associations (KEBÖ), through free, nationwide programmes for acquiring basic skills (basic education) and for completing compulsory schooling, through the ‘Berufsmatura: Apprenticeship with Matura’ funding programme, and through free educational guidance services. These measures are being implemented particularly

against the backdrop that participation in continuing education is to be increased, especially among people with low levels of formal education, whilst those with higher levels of formal education already demonstrate consistently high participation in continuing education.

In the areas of educational guidance, basic education and catching up on compulsory schooling qualifications, the ESF+ makes a significant contribution to ensuring that services are available nationwide. Through these measures, Austria is promoting equal access to qualifications, supporting career transitions and improving participation in the labour market.

National Key Target for 2030: To reduce the number of people at risk of poverty or social exclusion (AROPE) in Austria by 204,000 (at least 50 % of whom are children) to 1,230,000 by 2030.

In the area of **poverty reduction**, the proportion of people at risk of poverty or social exclusion in Austria has recently fallen (16.9 % in 2024 compared with 17.7 % in 2023). Austria thus remains well below the EU average (21 %), but the figure has risen overall since 2019 (in 2024, 95,000 more people were affected by poverty and social exclusion than in the reference year 2019). Single parents, women living alone, men living alone, multi-person households with at least three children, female pensioners living alone, children and people with a migrant background, as well as older women, are particularly affected by poverty or social exclusion. Housing is a central element of social security and a prerequisite for social participation. In 2024, according to Statistics Austria, 21,073 people were registered as homeless, an increase of 578 people or 2.8 % compared to the previous year. The number of unreported cases is estimated to be significantly higher, particularly among women. With **WOHNSCHIRM**, a programme designed to prevent and end homelessness, Austria has created a tool that combines prevention and intervention. Under the '**Affordable Electricity Act**' (passed on 11 December 2025), eligible households receive electricity at a capped price.

To tackle the gender pay gap – which stands at 17.6 % and is particularly high even by EU standards – to create a more inclusive labour market and, in doing so, to reduce poverty (including in old age) among women, **three gender equality projects** are being funded by the ESF+ and the BMASGPK. The workplace advisory project '100 Per Cent – Equality Pays Off' supports companies and their employees in achieving fair, equality-oriented income and career development; the regional pilot project "Equal Pay Network" aims to achieve a

sustainable improvement in women’s lifetime earnings; and the “FairPlusService” project supports companies and their employees in further education and professional development, particularly for women in low-skilled and unskilled roles. These projects thus contribute to all three objectives (employment, combating poverty and further education).

Further measures can be found in the section on the implementation of country-specific recommendations, the CeSaR database, and the National Action Plan on Disability in Austria.

2.3 UN goals for sustainable development (SDGs)

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.

In its current **Government Programme for 2025–2029**, Austria reaffirms its **clear commitment to implementing the 2030 Agenda**. Of importance in this context is the greater focus on the SDGs in the budgetary process, as well as the assurance of continuous SDG monitoring by Statistics Austria. Furthermore, particular importance is attached to the inclusion of the SDGs in statutory impact assessments and to strengthening the parliamentary dimension through annual consideration by the relevant committees.

The **Interministerial Working Group on the Implementation of the 2030 Agenda for Sustainable Development (IMAG 2030)**, under the joint leadership of the Federal Chancellery (BKA) and the Federal Ministry for European and International Affairs (BMEIA), coordinates reporting on SDG implementation at federal level, involving representatives of the federal states and other stakeholders. IMAG 2030 and its steering group are guided by the following principles, amongst others, to ensure the coherent implementation and coordination of activities relating to the 2030 Agenda:

- **Multi-stakeholder process:** Continuing the systematic involvement of civil society, academia, the business sector and the social partners in the implementation of the 2030 Agenda and promoting dialogue with non-state actors.

- **Regionalisation of SDG implementation/SDG localisation** as an important next step for implementation in Austria.
- **Cooperation between the federal and provincial governments:** Coordination between the federal and provincial levels through the Conference of Sustainability Coordinators (NHK-K) as an interface.
- **Evidence-based policy:** Academic exchange on the 2030 Agenda and monitoring of progress using data and indicators (Statistics Austria).
- **Cooperation with Parliament:** Strengthening dialogue with a view to parliamentary committees addressing implementation issues.
- **Spillover effects:** Examining the global implications of national action.
- **Raising awareness** through proven cooperation formats and events.

In its implementation of the SDGs, Austria relies on two Voluntary National Reviews (VNRs) on the implementation of the 2030 Agenda and the Sustainable Development Goals, meaning that Austria has already reported on SDG implementation twice before 2030 at the United Nations' annual 'High-Level Political Forum on Sustainable Development' (in 2020 and 2024). **Evidence-based SDG implementation** is based on a database maintained by Statistics Austria. This continuously developed and updated set of around 260 SDG indicators enables concrete statements to be made about trends in the implementation of the SDGs in Austria and is also available on the BKA's SDG website.

International rankings show that Austria has consistently ranked among the top nations in the "Sustainable Development Report" published by the Bertelsmann Foundation and the "Sustainable Development Solutions Network" (SDSN) for several years. According to the ranking in the "Sustainable Development Report 2025" (24 June 2025), Austria ranks 6th worldwide out of 167 countries assessed in terms of the implementation of all 17 SDGs. According to the latest European SDG Index ("Europe Sustainable Development Report"), published on 25 February 2026, Austria ranks 4th among the 34 European countries assessed, as it did the previous year. Nevertheless, additional efforts are needed in Austria too to achieve the sustainability goals by 2030.

The "Sustainable Development Report" also highlights the positive or negative impacts of individual countries' actions on the ability of other countries to implement the SDGs (i.e. spillover effects). The assessment shows that greater efforts are needed to ensure that other countries are not hindered in their implementation of the SDGs. Both the **OECD** and the **European Commission (EC)** and **Eurostat** are addressing the issue of 'spillover' and a

methodological approach. Austria is working with the OECD to promote policy coherence in the interests of sustainable development within the administration. Austria is also currently participating in a project funded by the EC under the **‘Technical Support Instrument’** in cooperation with the OECD. The **PCSD Scan** (PCSD, ‘Policy Coherence for Sustainable Development’) supports the efforts of all ministries to increase effectiveness and efficiency across all policy areas. The **analysis of the OECD PCSD Scan** is due to be finalised by June 2026 and published on the OECD website.

Building on the activities of IMAG 2030 to date and the ‘Outlook’ chapter of the second FNU, the IMAG 2030 Steering Group is also focusing on **raising awareness of sustainable development in the post-2030 era** (‘Post-2030 Agenda’) in Austria, as well as on dialogue with non-state actors in this context. As part of the SDG Dialogue Forum 2025, organised by IMAG 2030 in collaboration with its long-standing partners SDG Watch Austria and the Ban Ki-Moon Foundation, the challenges for the remaining years until 2030 and the priorities for the post-2030 period – under the title **‘Agenda for the post-2030 period’** – were discussed on 23 October 2025 with around 120 participants. Following this, a summary paper entitled “Perspectives on the implementation of the Sustainable Development Goals over the next five years and beyond” was produced, setting out the key findings, and published on the BKA’s SDG website. These broad-based dialogue events serve as a key SDG stakeholder event.

Another key focus of IMAG 2030 is **‘Voluntary Local Reviews’** (VLR) or regional SDG implementation reports, which are modelled on UNFPs and are drawn up on a voluntary basis by individual federal states or municipalities, and are taken into account at UN level. To encourage the potential development of a VLR from Austria, the BKA produced a **“Handbook on the Preparation of Voluntary Regional Implementation Reports”** to support federal states and cities/municipalities in drafting a VLR. IMAG 2030 regards the further **regionalisation of SDG implementation** as an important next step for implementation in Austria. SDG localisation is therefore also enshrined as a long-term priority in the IMAG Steering Group’s work programme.

2.4 EU funds

This section focuses on the EU funds used in Austria, with particular emphasis on the funds covered by the Partnership Agreement. This agreement, which is aligned with EU

priorities, sets out the key investment areas that a Member State supports through the various funds and programmes.

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).

Table 2: 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, Social Affairs, Health, Care and Consumer Protection (BMASGPK)	07.11.2022
ESF+ Program to combat material deprivation 2021-2027	ESF+	Federal Ministry of Labour, Social Affairs, Health, Care and Consumer Protection (BMASGPK)	02.08.2022
EMFAF-Program Austria 2021- 2027	EMFAF	Federal Ministry of Agriculture and Forestry, Climate and Environmental Protection, Regions and Water Management (BMLUK)	20.07.2022

Source: Information from the fund-responsible bodies.

The PV AT sets out the strategic direction for the programmes to ensure the effective and efficient use of EU funds. It also contains information on the financial resources, as well as on the coordination, demarcation and complementarities of the funds and programmes. Furthermore, the PV AT addresses complementarities and synergies with the ‘Home Funds’ and the EAFRD (European Agricultural Fund for Rural Development), as well as with other EU instruments such as the nRRP or the Horizon Europe research framework programme.

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 smarter Europe by promoting competitiveness, digital transformation, entrepreneurship and innovation.
- A greener, low-carbon Europe.

- A more social Europe by implementing the principles of the European Pillar of Social Rights
- A Europe closer to its citizens – sustainable and integrated development.

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) 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, particular mention should be made of measures to expand RDI capacities and strengthen the competitiveness of Austrian businesses, as well as to improve energy efficiency and reduce greenhouse gas emissions.

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**.

In accordance with Regulation (EU) No 1060/2021 (‘the Framework Regulation’), a **mid-term review (MTR)** must be carried out by 31 March 2025 for programmes funded by the ERDF, ESF+ and the JTF, in order to trigger the so-called flexibility amount (50 % of the EU funds earmarked for 2026 and 2027 – approx. 15 % of the EU programme funds) and, where appropriate, allocate it to new priorities.

The MTR, like the 2024 country-specific recommendations, confirms the existing strategic focus of the programmes. Accordingly, no changes have been made to the allocation of the flexibility amount. A measure to promote the circular economy has been included in the IBW/ERDF & JTF Programme 2021–2027 to accelerate the transformation of the economy and boost the competitiveness of the businesses involved.

The **GAP Strategic Plan for Austria 2023–2027** (GSP 23–27) sets out the key measures of the Common Agricultural Policy in Austria, including rural development, and was approved by the European Commission on 13 September 2022. Rural development interventions make a significant contribution to the vitality of rural areas, covering both the agricultural sector and, to a lesser extent, the non-agricultural sector, for example through the creation of social infrastructure in rural areas. The CLLD (LEADER) approach supports cross-sectoral strategies at local level.

The implementation of all EU fund programmes for 2021–2027 is now in full swing. The table below provides an overview of the financial allocations for the funds under the Partnership Agreement.

According to the 2021–2027 plan, a total of around €1.041 billion in EU funding is available for these projects, supplemented by approximately €1.636 billion in public and private national funding. This results in a total planned funding volume of €2.677 billion. Of the EU funds, approximately €546 million had been committed to projects (i.e. approvals) as at the end of 2025, which corresponds to approximately 52 % of the planned funds. At programme level, the approvals range from approximately 43 % (IWB/ERDF & JTF) to 100 % (ESF+ ‘Combating material deprivation’).

Table 3: Fund programs under shared management 2021-2027 (plan data; in euro at current prices)

EU Programs	Funds	EU funds	National funds	Total
Partnership agreement funds (covered by the financial table)				
IWB/ERDF & JTF	ERDF	491,882,802	918,734,990	1,410,617,792
	JTF	73,106,530	88,316,036	161,422,566
	Total	564,989,332	1,007,051,026	1,572,040,358
ESF+ Employment & JTF	ESF+	392,871,711	554,260,420	947,132,131
	JTF	59,738,478	59,738,478	119,476,956
	Total	452,610,189	613,998,898	1,066,609,087
ESF+ Combat Material Deprivation	ESF+	16,796,392	1,866,266	18,662,658
EMFAF AT	EMFAF	6,718,094	13,281,906	20,000,000
Total		1,041,114,007	1,636,198,096	2,677,312,103

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 (at that time 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).

Institutional aspects

In accordance with the national legal framework, consultations were held in accordance with Article 11(3) of Regulation (EU) 2024/1263 with the **social partners, Länder, civil society organisations and other relevant stakeholders**. As part of the preparation of the 2026 progress report, the social partners, federal states and non-governmental organisations were invited to submit comments. On **9 March 2026**, a discussion took place to which, in addition to the federal ministries, representatives from local and regional authorities, civil society organisations, the social partners and other relevant stakeholders were invited. The joint contribution of the Austrian social partners to the 2026 progress report is attached.

In accordance with the national legal framework, the progress report is submitted to Parliament following approval by the Council of Ministers and is subsequently considered by parliamentary committees.

Communication about the opportunities and impacts associated with the nRRP is intended to help **to increase the visibility of EU funding in Austria** and, in doing so, also **strengthen citizens' trust in the EU's actions**.

The **central element of the communication strategy** is still 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.

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**. On 20 May 2025, an event was held in **Oberndorf, Salzburg**, at which the nRRP project 'Digital Devices for Pupils' was presented. One or two further 'EU in my region' events are planned for 2026 (a date has been confirmed for 4 May 2026 in Vienna).

Austria is also actively participating at European level in **projects and initiatives within the COM's Inform EU network**, 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 8th plenary session on 'Truth and Trust: Communicators vs Disinformation', held from 16 to 18 June 2025 in Tallinn, Estonia), which offer space for the exchange of experiences and cooperation. Austria has already presented its public relations work on the nRRP twice in this context and, at the 8th plenary session in June 2025, highlighted nRRP projects and their communication as 'best practices' during a panel discussion. Austria will also be represented at the thematic seminar of the "Inform EU" network on the topic of "Communicating Financial Instruments" in Pilsen, Czech Republic, on 11–13 March 2026, where it will provide an overview of the nRRP's communication activities since 2021. At national level, the "**National Communication Network**", **coordinated by ÖROK**, meets regularly both in person (twice a year) and virtually (monthly online meetings) and implements joint activities, such as **organising a series of "EU Pub Quizzes" in various Länder in 2025/2026**. The aim of these activities is to leverage synergies, raise awareness of EU funding programmes and funds in Austria, and provide information on EU-funded projects at regional and local level.

As agreed in the OA, EK and the Republic of Austria **organise an annual conference ('annual event') once a year**. As a 'key communication moment' for the nRRP, this jointly planned event aims to discuss the current status of the nRRP's implementation across institutions and departments, together with various stakeholders (in particular

representatives of the social partners and civil society) as well as beneficiaries. **The 2025 annual conference took place on 24 November 2025 in Hagenberg im Mühlkreis, Upper Austria**. As part of a **media-open project tour (guided tour, press conference) led by high-ranking political figures from the province of Upper Austria**, the focus was placed on the nRRP's contribution to quantum research and science, as well as their economic applications, which fortunately generated numerous media reports, particularly in regional and local media. Specifically, Minister for European Affairs Claudia Bauer (formerly Plakolm), Minister for Science and Research Eva-Maria Holzleitner, Upper Austrian Provincial Councillor for Economic Affairs and Research Markus Achleitner, and the Head of the European Commission's Representation in Austria, Patrick Lobis, visited the 'QuantumReady' project at the Software Competence Center Hagenberg (SCCH), which is funded by the EU Recovery Plan: The aim is to analyze the potential applications of future quantum computers, particularly for small and medium-sized enterprises (SMEs), and to jointly develop strategies for their practical implementation. **The 2026 annual conference is scheduled to take place in June 2026.**

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 4: Net expenditure growth

Net nationally financed primary expenditure	2024	2025	2026
Council Recommendation			
Annual growth rate in %	-	2.6	2.2
Cumulative growth rate in %	-	2.6	4.8
Annual Progress Report 2026			
Annual growth rate in %	-	2.2	2.2
Cumulative growth rate in %	-	2.2	4.4

Base year for cumulative growth is 2024

Source: BMF

Table 5: Main variables

General government	2024	2025	2026
	in % of GDP		
Net lending/borrowing (B.9)	-4.6	-4.2	-4.2
Structural balance	-4.0	-3.4	-3.5
Structural primary balance	-2.5	-1.8	-1.7
Gross debt	80.0	81.5	83.4
Change in gross debt (in pp)	2.2	1.6	1.9

Source: BMF

Table 6: Macroeconomic scenario

Gross domestic product	ESA Code	2024 in bn €	2024	2025	2026
			rate of change in %		
Real GDP	B.1*g	380.2	-0.7	0.6	0.9
GDP deflator		-	4.1	3.2	2.2
Nominal GDP	B.1*g	494.1	3.4	3.8	3.1
Components of real GDP		in bn €	rate of change in %		
Private consumption expenditure ¹⁾	P.3	193.7	1.0	0.5	0.5
Government consumption expenditure	P.3	80.2	3.8	2.4	1.2
Gross fixed capital formation	P.51g	87.8	-4.3	1.4	1.0
Changes in inventories and net acquisition of valuables (in % of GDP)	P.52 + P.53	-	0.0	0.0	0.0
Exports of goods and services	P.6	224.9	-2.3	0.3	1.5
Imports of goods and services	P.7	205.5	-2.6	1.7	1.0
Contribution to real GDP growth (in percentage points)					
Final domestic demand		-	0.2	1.1	0.8
Changes in inventories and net acquisition of valuables ²⁾	P.52+P.53	-	-1.0	0.3	-0.2
External balance of goods and services	B.11	-	0.1	-0.7	0.3
Deflators and HICP			rate of change in %		
Private consumption deflator		-	3.3	2.7	2.6
p.m. HICP		-	2.9	3.6	2.7
Government consumption deflator		-	4.6	2.9	1.9
Investment deflator		-	3.0	2.3	2.5
Export price deflator (goods and services)		-	0.7	1.7	1.4
Import price deflator (goods and services)		-	-0.4	0.4	1.9
Labour market		level	rate of change in %		
Domestic employment (1000 persons) ³⁾		4,732	0.1	0.0	0.2
Average annual hours worked per person employed		1,535	0.1	0.5	0.3
Real GDP per person employed		-	-0.7	0.6	0.7
Real GDP per hour worked		-	-0.8	0.1	0.4
Compensation of employees (in bn €)	D.1	252.2	7.4	3.8	2.5
Compensation per employee (in €)		53,303	7.3	3.8	2.3
Unemployment rate (Eurostat, in %)		-	5.2	5.7	5.8
Potential GDP and components			rate of change in %		
Potential GDP		-	0.7	0.7	0.8
Contribution to potential growth (in percentage points)					
Labour		-	0.3	0.3	0.4
Capital		-	0.3	0.3	0.3
Total factor productivity		-	0.1	0.1	0.1
Output gap (in % of potential GDP)		-	-1.2	-1.3	-1.2

1) incl. NPISH; 2) incl. statistical discrepancy; 3) Employment – domestic concept
Reference year 2015 for real values.

Sources: BMF, STAT, WIFO

Table 7: External assumptions

		2024	2025	2026
Short-term interest rate	<i>in %, annual average</i>	3.6	2.2	2.0
Long-term interest rate	<i>in %, annual average</i>	2.8	3.0	3.0
Exchange rate (USD/EUR)	<i>annual average</i>	1.1	1.1	1.2
World real GDP (excl. EU)	<i>rate of change in %</i>	3.2	3.3	3.2
EU real GDP	<i>rate of change in %</i>	1.1	1.6	1.2
World import volumes (excl. EU)	<i>rate of change in %</i>	-	-	-
Oil price	<i>Brent, USD/Barrel</i>	79.8	68.2	87.8

Source: WIFO

Table 8: Budgetary projections

	ESA Code	2024 in bn €	2024 in % of GDP	2025 in % of GDP	2026 in % of GDP
Revenue					
Taxes on production and imports	D.2	67.4	13.7	14.0	13.9
Current taxes on income, wealth, etc.	D.5	69.3	14.0	13.9	14.0
Social contributions	D.61	79.0	16.0	16.2	16.2
Other current revenue	(P.11+P.12+P.131)+ D.39 + D.4 + D.7	33.3	6.7	6.7	6.7
Capital taxes	D.91	0.0	0.0	0.0	0.0
Other capital revenue	D.92 + D.99	1.1	0.2	0.2	0.2
Total revenue	TR	250.2	50.6	51.0	51.0
Of which: Transfers from the EU ¹⁾	D.7EU + D.9EU	1.0	0.2	0.2	0.1
Total revenue other than transfers from the EU		249.3	50.5	50.8	50.9
p.m. Revenue measures (increments)		-0.4	-0.1	0.5	0.3
p.m. One-off expenditure included in the projections (levels, excluding EU funded measures)		-	-	-	-
p.m. One-off revenue included in the projections (levels)		-	-	-	-
Expenditure		in bn €	in % of GDP		
Compensation of employees	D.1	56.0	11.3	11.5	11.3
Intermediate consumption	P.2	34.9	7.1	7.0	6.9
Interest expenditure	D.41	7.3	1.5	1.6	1.8
Social benefits other than social transfers in kind	D.62	96.8	19.6	20.0	20.2
Social transfers in kind	D.632	22.8	4.6	4.7	4.8
Subsidies	D.3	9.2	1.9	1.7	1.6
Other current expenditure	D.29 + (D.4-D.41) + D.5 + D.7 + D.8	19.9	4.0	3.6	3.6
Gross fixed capital formation	P.51g	19.7	4.0	3.9	4.1
Of which: Nationally financed public investment		19.3	3.9	3.9	4.1
Capital transfers	D.9	6.2	1.2	1.1	0.8
Other capital expenditure	P.52 + P.53 + NP	0.2	0.0	0.0	0.0
Total expenditure	TE	273.2	55.3	55.2	55.2
Of which: Expenditure funded by transfers from the EU ²⁾	D.7EU + D.9EU	1.0	0.2	0.2	0.1
Nationally financed expenditure		272.2	55.1	55.0	55.1
p.m. National co-financing of programmes funded by the Union		0.9	0.2	0.2	0.2
p.m. Cyclical component of unemployment benefits		0.0	0.0	0.1	0.2
p.m. One-off expenditure included in the projections (levels)		-	-	-	-
Net nationally financed primary expenditure (before DRM)		264.0	53.4	53.1	53.0
Net nationally financed primary expenditure growth					
Rate of change in %		-	9.2	2.2	2.2

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

Table 9: Budgetary projections – main variables

	ESA Code	2024	2024	2025	2026
		in bn €	in % of GDP		
Net lending/borrowing, general government	B.9 (S.13)	-23.0	-4.6	-4.2	-4.2
Central government	B.9 (S.1311)	-16.7	-3.4	-3.0	-3.0
State governments (excl. Vienna)	B.9 (S.1312)	-2.3	-0.5	-0.4	-0.7
Local governments (incl. Vienna)	B.9 (S.1313)	-3.1	-0.6	-0.7	-0.4
Social security funds	B.9 (S.1314)	-0.9	-0.2	-0.1	-0.1
Primary balance	B.9 + D.41p	-15.6	-3.2	-2.6	-2.4
Structural balance		-	-4.0	-3.4	-3.5
Structural primary balance		-	-2.5	-1.8	-1.7
Gross debt		395.1	80.0	81.5	83.4
Change in gross debt (in pp)		23.4	2.2	1.6	1.9
Contributions to changes in gross debt					
Primary balance		-	3.2	2.6	2.4
Snowball effect		-	-1.1	-1.3	-0.6
Interest expenditure		-	1.5	1.6	1.8
Growth		-	0.5	-0.5	-0.7
Inflation		-	-3.1	-2.4	-1.7
Stock-flow adjustment		-	0.1	0.3	0.1
p.m. Implicit interest rate on debt (in %)		-	2.0	2.1	2.2
Defence expenditure		in bn €	in % of GDP		
Total defence expenditure	COFOG 2	3.3	0.7	0.7	0.9
Defence investment	COFOG 2, P.51g	0.5	0.1	0.2	0.3

Source: BMF

Table 10: Defence expenditure

	ESA Code	2021	2021	2022	2023	2024	2025	2026
		in bn €	in % of GDP					
Defence expenditure								
Total defence expenditure	COFOG 2	2.4	0.6	0.6	0.6	0.7	0.7	0.9
Defence investment	COFOG 2, P.51g	0.3	0.1	0.1	0.1	0.1	0.2	0.3

Source: BMF

Table 11: Discretionary revenue measures (in million euro)

Measures	ESA Code	2024	2025	2026
		in mn €		
Measures from 13 May 2025				
Consolidation contribution banks (stability tax)	D.2		350.0	350.0
Consolidation contribution energy industry	D.2		200.0	200.0
Abolition VAT-exemption photovoltaic systems	D.2		175.0	70.0
Post-valorisation of federal fees	D.2		65.0	150.0
Tobacco tax - increase and expansion to alternative products	D.2		50.0	150.0
Increase in gambling taxes & betting fee, modernisation of gambling m.	D.2		91.0	191.0
Inclusion of electric cars in the motor-related insurance tax	D.2		65.0	130.0
Closing the "share deal" loophole in real estate transfer tax	D.2		35.0	100.0
Tax concessions for light commercial vehicles	D.2		-20.0	-50.0
Increase in toll tariffs (external costs: air, noise, CO ₂ emissions)	D.2			42.0
Increase in basic flat rate incl. flat-rate input tax	D.2/D.5		-5.0	-50.0
VAT exemption for feminine hygiene products and contraceptives	D.2			-28.0
Anti-fraud package	D.2/D.5/D.61			270.0
Increase in dividends (compared to no-policy-change)	D.4		447.0	461.0
Possibility of a tax-free bonus for employees	D.5		-165.0	-70.0
Introduction reclassification tax as part of the real estate income tax	D.5		10.0	30.0
Suspension of the last third of the inflation adjustment 2026-2029	D.5			440.0
Increase in the commuter euro (partial compensation climate bonus)	D.5			-110.0
Suspension of the valorisation of the child deduction	D.5			45.0
Prolongation top income tax rate	D.5			50.0
"Working in Old Age"	D.5/D.61			0.0
Increase in health insurance contribution rate for pensioners	D.61		366.2	696.8
Post-valorisation of consular fees and court fees	D.7		30.5	41.8
Increase in foundation taxation	D.91			33.0
Climate ticket - price increase of 100 euros	P.11			30.0
Other measures	D.5/D.7		6.5	8.0
Measures between 13 May 2025 and 15 October 2025				
Increase in investment allowance	D.5			-30.0
Measures since 15 October 2025				
Reduction of electricity tax 2026	D.2			-500.0
Reduction of VAT on staple food	D.2			-200.0
Temporary reduction in mineral oil tax	D.2			-40.0
Vienna: Increase in parking fees	D.2			54.0
Vienna: Increase in visitor's tax	D.2			15.5
Burgenland: Introduction/increase of various taxes and levies	D.2		1.0	11.0
Vienna: Increase in other fees and charges	D.2/P.1			56.1
Increase in dividends (counter-financing reduction in electricity tax)	D.4			500.0
Tax exemption for holiday pay	D.5			-40.0
Prolongation overtime regulation	D.5			-105.0
Vienna: Increase in housing construction subsidy contribution	D.5			193.0
Vienna: Fare increase Wiener Linien	P.11			100.0
New discretionary revenue measures (acc. to ESA)			1,702.2	3,195.1
in % of GDP			0.3	0.6
New discretionary revenue measures (excl. dividends)			1,255.2	2,234.1
Incremental effect new discretionary revenue measures			+1,255.2	+979.0
Incremental effect previous discretionary revenue measures		-432.0	+1,244.8	+672.0
Incremental total effect discretionary revenue measures: DRM		-432.0	+2,499.9	+1,651.0

Table 12: Discretionary expenditure side measures (in million euro)

Measures	ESA Code	2024	2025	2026
		in mn €		
Measures from 13 May 2025				
Cancellation of pilot project "Administrators GCS"	D.1		-53.0	-26.0
Improving German language skills and protection against violence	D.1		35.7	90.0
Quality improvements elementary education	D.1		3.1	15.0
Training of teachers and educators	D.1		0.0	20.0
Further development of pedagogy	D.1		0.0	10.0
Compulsory second year of kindergarten	D.1/D.7			0.0
Labour market funding budget Public Employment Service	D.1/P.2/D.7		230.0	100.0
Savings in ministries -(expenditures, remainder)	D.1/D.3/D.7/P.2		-805.6	-898.1
Agriculture, forestry and water management (incl. forest fund)	D.3		-120.0	-25.5
Mobility subsidies and transport service contracts	D.3			-93.3
Closing the gap in mobility support for apprentices (top youth ticket)	D.3			5.0
Package for innovation, internationalisation and skilled labour	D.3		35.0	
Sustainability initiative	D.3		10.0	
Initiative "Clean Austria" (funds for shifting transport to the railways)	D.3			0.0
Subsidy task force	D.3/D.7			-150.0
Energy cost subsidy NPO	D.3/D.7		-20.6	
Sports promotion	D.3/D.7		-15.0	
Promotion of art and culture	D.3/D.7		-5.0	-5.0
Subsidy reductions (budget chapter 45)	D.3/D.9		-167.0	
Environmental subsidies (incl. e-mobility)	D.3/D.7/D.9		-479.6	-819.9
Abolition educational leave	D.62		-138.1	-650.0
Pension-related measures	D.62			-619.6
Restriction on unemployment benefit for marginally employed persons	D.62			-110.0
Further training period (successor model for educational leave)	D.62			150.0
Initiative 55 Plus	D.62			50.0
Extension heavy labour regulation (nursing professions)	D.62			40.0
Fund for tourism employees	D.62/D.7		6.5	6.5
Increase in e-card fee	D.63 (neg. exp.)		-37.4	-78.7
Suspension of the valorisation of social benefits (incl. share ministry)	D.63			-154.2
Expansion of psychosocial therapy services	D.63		16.0	21.0
Prescription fee freeze 2026 & adaptation of prescription fee cap	D.63			86.4
Alimony guarantee fund for single mothers	D.63			19.0
Package of measures for prevention in the area of women's health	D.63			10.0
Asylum reform	D.63/D.7			-50.0
Abolition climate bonus	D.7		-1,964.5	-1,973.6
Climate ticket - Abolition free climate ticket for 18-year-olds	D.7		-120.0	-120.0
Development assistance and foreign disaster fund	D.7		-10.0	-40.0
Opportunity bonus and data-based school development	D.7		3.3	25.0
"My-newspaper-subscription" for young people	D.7			0.0
Broadband subsidies	D.9		-150.0	
Investment premium	D.9		-114.5	
Innovation fund for strengthening outpatient care	D.9			0.0
ÖBB-Personenverkehr AG (savings to generate the dividend)	P.2		-80.0	
Digitalisation	P.2		-7.1	-20.0
Digital teaching aids	P.2		0.0	30.7

Imprisonment of foreign inmates	P.2		-10.0
Project healthy free snack in kindergarten	P.2		0.0
ÖBB-Infrastruktur AG - Master plan investments (incl. share ministry)	P.5	-332.9	-584.6
Measures between 13 May 2025 and 15 October 2025			
Pension adjustment 2026	D.62		-350.0
Act on Securing Business Locations (SAG)	D.3	75.0	75.0
Counter-financing SAG (budget reallocations)	D.3/D.7/D.9	-75.0	-75.0
Measures since 15 October 2025			
Vienna: Steps toward reforming the Minimum Income Guarantee	D.62		-200.0
Sum expenditure measures		-4,280.8	-6,299.8
in % of GDP		-0.8	-1.2

Source: BMF

Table 13: Revenue from and expenditure financed by RRF grants (in million euro)

in mn €	2020	2021	2022	2023	2024	2025	2026
Revenue from RRF grants							
RRF grants as included in the revenue projections ¹⁾		418.1	875.3	982.8	506.5	351.8	373.9
Cash disbursements of RRF grants from EU		450.0	-	742.1	-	2137.0	632.1
Expenditure financed by RRF grants	85.5	332.7	875.3	982.8	506.5	351.8	373.9
Total current expenditure	6.7	204.9	352.3	204.3	213.1	133.8	90.0
Total capital expenditure	78.8	127.8	523.0	778.4	293.3	218.1	283.9
Gross fixed capital formation	78.8	96.0	121.3	179.8	130.7	104.8	46.5
Capital transfers	0.0	31.8	401.7	598.6	162.6	113.2	237.4
Other costs financed by RRF grants							
Reduction in tax revenue	-	-	-	-	-	-	-
Other costs with impact on revenue	-	-	-	-	-	-	-
Financial transaction	-	-	-	-	-	-	-
One-off capital transfers from retroactive revisions in expenditure (and other costs) financed by RRF grants							
One-off capital transfers from the EU (D.9r, levels)						-	-
One-off capital transfers to the EU (D.9p, levels)						-	-

1) RRF grants in 2021 include grants for 2020. Rounding differences may occur.
Sources: BMF, STAT

Table 14: Contingent liabilities

in % of GDP	2024	2025	2026
Public guarantees	12.9	11.9	11.7
of which: central government ¹⁾	9.8	9.1	9.0
of which: linked to the financial sector ²⁾	0.2	0.1	0.1
of which: state and local governments	1.8	2.8	2.7
of which: linked to the financial sector ²⁾	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

Table 15: Reforms & investments underpinning an extension of the adjustment period

	Measure	Main objective	Description and timing of key steps	Indicators	Status
1	Education ('Opportunity Bonus') (RRP measure 91a and adding to RRP measure)	Improving access to education through increased funding for schools, tailored to social indicators	Step 1: Implementation of milestone 91a under the RRP by Q4 2025	BGBl. II Nr. 204/2025	Completed
			Step 2: Attribution of funding by Q1 2026	Bundesvoranschlag 2026 - Teilheft 30 - Detailbudget 30.02.01 (Seite 75) sowie Detailbudget 30.01.04 (Seite 32ff.) Anmerkung: 2026 sind EUR 65 Mio. für den Chancenbonus und die datenbasierte Schulentwicklung vorgesehen.	Completed
			Step 3: First monitoring report by the Ministry of Education on the roll-out of the opportunity bonus (school year 2026/27) by Q4 2028	A monitoring report on the implementation of the Opportunity Bonus is being published.	On Track
2	Health insurance (new measure)	Increase in the health insurance contribution for pensioners from 5.1 % to 6 %	Implementation of the law by Q3 2025	BGBl I Nr. 20/2025 (30. Mai 2025) - Artikel 8	Completed
3	First pensions increase ('Aliquotierung') (new measure)	Limiting the first pension increase in the first year following retirement to 50 % of the general pension adjustment	Implementation of the law by Q1 2026	BGBl I Nr. 25/2025 (30. Juni 2025) - Artikel 28	Completed
4	Increase in effective retirement age ('Corridor pension') (new measure)	Raising the age of eligibility for the corridor pension from 62 to 63; increasing the number of contribution months required from 480 to 504	Step 1: Adoption of the law by Q3 2025	BGBl I Nr. 25/2025 (30. Juni 2025) - Artikel 32	Completed
			Step 2: Implementation of the law. The legal entry age into early retirement ('Corridor pension') is 63 years by Q2 2027	The statutory retirement age for the 'corridor pension' is 63.	On Track

			Step 3: Implementation of the law. The required insurance periods for early retirement are 504 months by Q1 2029	The insurance periods required for the 'corridor pension' amount to 504 months.	On Track
5	Early childhood education and care(new measure)	Introduction of a second compulsory year of kindergarten	Step 1: Allocation of additional funding for Länder from federal budget by Q1 2026	<u>Bundesvoranschlag 2026 - Teilheft 30 - Detailbudget 30.01.09 (Seite 65)Die Mittel werden 2026 gegenüber 2024 unter Position „Werkleistungen durch Dritte“ um EUR 114 Mio. erhöht, davon sind EUR 80 Mio. für das zweite verpflichtende Kindergartenjahr.</u>	Completed
			Step 2: Second kindergarten year is implemented in all Länder by Q3 2027	The second year of kindergarten has been introduced in all Länder by agreement between the federal government and the Länder pursuant to Article 15a.	On Track
6	Labour market - educational leave (new measure)	New scheme for 'training periods' to support specific labour market-relevant training programmes for low-skilled workers using public funds	Step 1: Adoption of the law by Q1 2026	<u>BGBL I Nr. 76/2025 (3. November 2025)</u>	Completed
			Step 2: Implementation of the law by Q2 2026	<u>BGBL I Nr. 78/2025 (3. November 2025)</u>	
7	Labour market - access for third-country nationals ('Red-White-Red' card) (new measure)	Reform and digitalisation of the 'Red-White-Red' Card, which enables third-country nationals to access the labour market (e.g. fast-track procedures for PhD students and care staff)	Implementation of the law reforming the criteria underlying the 'Red-White-Red' card and digitalisation of the 'Red-White-Red' card by Q1 2028	The law was passed by Parliament.	On Track
				Implementation of the digital application system 'Easy Access Austria'.	On Track
8	Reform of unemployment benefits (new measure)	Abolition of the option to earn a small amount of additional income whilst receiving unemployment benefits (with exceptions); this is	Implementation of the law by Q1 2026	<u>BGBL I Nr. 25/2025 (30. Juni 2025) - Artikel 45</u>	Completed

		intended to provide an incentive for a swifter transition from unemployment to full-time employment		<u>BGBL I Nr. 118/2025 (30. Dezember 2025)</u>	
9	Lottery tax (new measure)	Increase in the gambling levy on traditional lotteries from 16 % to 17.5 %	Implementation of the law (budget accompanying law) by Q1 2026	<u>BGBL I Nr. 25/2025 (30. Juni 2025) - Artikel 61</u>	Completed
10	Concession and lottery tax for electronic lotteries (new measure)	Increase in the licence and gambling levy for electronic lotteries from 40 % to 45 %	Implementation of the law (budget accompanying law) by Q1 2026	<u>BGBL I Nr. 25/2025 (30. Juni 2025) - Artikel 61</u>	Completed
11	Real estate taxation share deals (new measure)	Elimination of the possibility of circumventing land transfer tax through 'share deals'; if at least 75 % of the shares in a real estate company (Immobilien-gesellschaft) are transferred, land transfer tax becomes payable.	Implementation of the law (budget accompanying law) by Q1 2026	<u>BGBL I Nr. 25/2025 (30. Juni 2025) - Artikel 59</u>	Completed
12	Real estate taxation upon gains (new measure)	Introduction of a 30 % surcharge on the profit arising from the sale of rezoned land	Implementation of the law (budget accompanying law) by Q1 2026	<u>BGBL I Nr. 25/2025 (30. Juni 2025) - Artikel 56</u>	Completed
13	Foundation donation tax (new measure)	Increase in the tax rate on donations to foundations from 2.5 % to 3.5 %	Implementation of the law (budget accompanying law) by Q1 2026	<u>BGBL I Nr. 25/2025 (30. Juni 2025) - Artikel 57</u>	Completed
14	Research & Development – capitalise internally developed R&D costs (new measure)	Allowing the recognition of self-generated intangible assets in the balance sheet under certain conditions	Step 1: Adoption of the law by Q4 2027	The law was passed by Parliament.	On Track
			Step 2: Implementation of the law by Q1 2029	The Act applies to financial years beginning on or after 1 January 2028. The relevant annual accounts will be published in the following year.	On Track

Table 16: Further reforms and investments

	Measure	RRP/PA	CSR	Common Priorities	Status
1	<p>Qualification initiative for the unemployed and employed, e.g.</p> <ul style="list-style-type: none"> • Areas of ecological sustainability, circular economy and digitalization • Nursing scholarship, skilled worker scholarship (time limit) • Expansion of job-related qualification (AQUA) • Relationship between qualification and placement: Priority for skilled workers, nursing scholarships and women in skilled trades and technology • Strengthen digital skills 	no	2019.2.3 2023.3.1 2023.3.2 2024.3.1 2024.3.2	2	On Track
2	<p>Skilled labor offensive - Austrian skilled labor strategy, e.g. through:</p> <ul style="list-style-type: none"> • Higher qualification of employees • Apprentices as skilled workers of the future and (higher) vocational training • Acute need for skilled workers in tourism - increase seasonal quotas • Evaluation and further development of the shortage occupation list • Seasonal quotas for the Western Balkans region 	no	2019.2.3 2019.2.4 2023.3.2 2024.3.2	2	On Track
3	<p>Older people's employment package (working in old age, working healthily for longer) contains, among other things</p> <ul style="list-style-type: none"> • Qualification measures, offensive and opportunities to change careers, further training opportunities also for older employees • Age-appropriate workplaces • Incentive and monitoring system for a significant increase in the employment of people over the age of 60 • Accurate structuring of partial retirement (harmonize partial retirement with partial retirement) • Introduction of a more attractive "working in old age" model (additional income, exemption from social security contributions employee) together with the social partners • Action 55plus - social work for the long-term unemployed to secure their livelihood 	no	2019.2.3 2022.3.2 2023.3.2 2024.3.1	2	On Track

4	<p>Introduction of a partial pension</p> <ul style="list-style-type: none"> • Reduction in working hours; the resulting loss of salary is replaced by pension benefits. • The existing option of phased retirement (<i>Altersteilzeit</i>) will be harmonized with the new system of partial retirement (<i>Teilpension</i>), i.e. phased retirement (<i>Altersteilzeit</i>) can only be taken as long as no partial retirement (<i>Teilpension</i>) is possible or no pension entitlement exists. 	no	2019.1.3	2	Completed
5	<p>Expansion of outpatient and ambulatory care servicesThe expansion of ambulatory and outpatient care is a key objective in the government program and in the health target management. Measures include, among others: optimization of patient pathways according to the motto “digital before ambulant before inpatient care” incl. expansion of telemedicine and direct online appointment booking; expansion of the private practice sector and further strengthening of primary care for adults and children as well as in the area of specialist care; easing the burden on inpatient care in hospitals, for example by expanding primary care ambulances and strengthening the hospital ambulatory sector; expansion of disease management as part of integrated care.</p>	no	2020.1.2 2019.1.1	2	On Track
6	<p>Health promotion agenda: With the stronger anchoring of health promotion and health competence in <i>Zielsteuerung-Gesundheit</i>, more funds will be available for the innovative design of health-promoting living environments from 2024 to 2028, subject to budget reservations. The 2024-2028 framework work program of the <i>Agenda Gesundheitsförderung</i> defines the following key topics:</p> <ul style="list-style-type: none"> • Psychosocial health • Participation and social inclusion • Health competences • Climate and health 	no	2019.1.2	1,2	On Track
7	<p>Child health: A child health package is anchored in the government program. Among other things, the parent-child pass is to be further developed as a health promotion tool for children and young people and linked to <i>Frühen Hilfen</i>. The digitalization of the parent-child-pass is currently underway. <i>Frühe Hilfen</i> has been transferred to regular funding until 2028 by means of an agreement pursuant to Article 15a B-VG.</p>	RRP	2020.1.2	1,2	On Track

8	<p>Health competences: The government program provides for the strengthening of health competences. The topic is also anchored with its own goal in the <i>Zielsteuerung-Gesundheit</i> 2024-2028. Among other things, health competency contributes to the adequate use of the healthcare system and therefore helps to reduce overuse, underuse or misuse of the healthcare system and contributes to more healthy life years. In this way, it supports the sustainable financial viability of health and care systems. The Austrian Platform for Health Competence, which was set up in 2015 under the chairmanship of the federal government following a decision by the target steering committee, is currently implementing measures in the areas of information quality, quality of communication in patient treatment, organizational requirements for health competence, as well as citizen and patient empowerment. At federal level, funds are being invested in the development of tools, training courses and programs. Roll-outs are taking place at state and social insurance level. To support this, health literacy has also been anchored as one of four priority areas in the current national health promotion strategy. As the target management partners are obliged to use their health promotion funds primarily for the prioritized focus areas, this means that funds from the health promotion pots at federal level (<i>Fonds Gesundes Österreich, Agenda Gesundheitsförderung</i>) and at provincial level (<i>Landes-Gesundheitsförderung</i>) must also be invested in health competence.</p>	no	2019.2.4	2	Completed
9	<p>Digitization has a high priority in the government programme as well as in the <i>Zielsteuerung-Gesundheit</i>, including the principle of “digital before ambulant before inpatient”. This is expected to have quality effects in treatment and the provision of information as well as budgetary effects for the healthcare system.</p>	no	2019.3.2 2022.1.2 2023.1.3	2	On Track
10	<p>Financial Equalization Act 2024; Financial Equalization Act 2017, Environmental Funding Act, etc., amendment (Federal Law Gazette I No. 168/2023): The federal level will provide the Länder and municipalities with additional funding of EUR 2.6 billion by 2028, i.e. more than EUR 500 million per year, in order to achieve a childcare rate for under 3-year-olds of 38 % by 2028 or to increase the rate by at least 1 percentage point per year.</p>	no	2023.3.1 2022.3.1 2019.2.2	2	Completed
11	<p>Expansion of school autonomy: The framework conditions for the use of school autonomy should be further improved as part of the offensive funds. Creation of legal certainty (handbook on school autonomy, clarification of school and service law issues, legal amendments where necessary); target group-specific professionalization of school supervision, school management and employees of the Ministry of Education, strengthening and expansion of autonomous options, school autonomy provisions in pedagogical, organizational, personnel and financial matters, as well as consistent implementation through appropriate advisory services at the Ministry of Education and reduction of bureaucracy.</p> <p>Reducing bureaucracy: reduction of documentation and reporting obligations, further development of school administration.</p>	no	2019.2.4 2020.2.1 2023.3.2 2024.3.2	2	On Track

12	Reduced bureaucracy: European and national corporate reporting obligations, especially for SMEs, will be significantly reduced.	no	2020.3.2	2	On Track
13	According to the Research Financing Act, the Research, Technology and Innovation Pact 2027-2029 (RTI Pact 2027-2029) is to be adopted by the federal government by the end of 2025. In this next RTI Pact 2027-2029, strategic priorities for the implementation of the federal government's RTI Strategy 2030 will be adopted.	RRP	2019.3.1 2020.3.5 2021.1.3 2023.1.3	1,2,3	Completed
14	Long-term goal of increasing the research quota to over 4 percent by increasing basic funding in the three-year RTI pact in order to strengthen Austrian basic and applied research as a driver of innovation.	no	2019.3.1 2020.3.5 2021.1.3 2023.1.3	1,2,3	On Track
15	Commissioning and presentation of a new women's report	no	2019.2.2 2022.3.1 2023.3.1 2024.3.1	2	On Track
16	Higher education strategy 2040; development of a long-term higher education strategy with an emphasis on profile development and sharpening as well as a new division of labor in the entire higher education system. The strategy will be developed on the basis of an analysis by the Council for Research, Science and Technology, with the involvement of higher education policy stakeholders as part of a higher education dialog.	no	2020.2.2 2023.4.6	2	On Track
17	University of Applied Sciences (Fachhochschule) development and financing plan 2026-2030 is presented, also to improve their financial planning security.	no	2020.2.2 2023.4.6	2	On Track
18	Securing the university budget until 2030 while continuing and further developing university funding and paying particular attention to the research and competition component.	no	2020.3.5 2021.1.3 2023.4.6	2	On Track
19	Development and implementation of a strategy for lifelong learning / further training strategy as part of a comprehensive strategy for skilled workers.	no	2024.3.2 2023.3.2 2023.4.6 2022.3.2 2020.2.1 2020.2.2 2019.2.4	2	On Track

20	<p>Improving the tax structure and combating tax fraud includes, among other things</p> <ul style="list-style-type: none"> • Effective use of new data sources such as automatic exchange of information on crypto accounts • Establishment of a commission of experts 	no	2024 1.7 2023 1.8 2022 1.6 2020 4.1 2019 2.1	2	Completed
21	<p>Fiscal offensive measures in the 2025 & 2026 double budget:</p> <ul style="list-style-type: none"> • Tax-free bonus for employees (not bound by collective agreement) • Increase in the basic flat rate including input tax flat rate (from 2025 initially to € 320,000 and 13.5 % and from 2026 to € 420,000 and 15 %) • VAT exemption for feminine hygiene articles and related products 	no	2024 1.7 2024 1.6 2023 1.8 2022 1.6 2020 4.1 2019 2.1	2	Completed
22	Abolition of the climate bonus with simultaneous partial compensation for commuters (2025; 2026)	no	2024 1.7 2024 1.6 2023 1.8 2022 1.6 2020 4.1 2019 2.1	1	Completed
23	Revise and implement the Austrian Stability Pact as quickly as possible in order to coordinate the contributions of the individual regional authorities for the fiscal challenges of the coming years. (2025)	no	2024.1.2 2023.1.2	2	On Track
24	Sustainable financing of urban water management infrastructure must be taken into account in financial equalization.	no		3	On Track
25	In view of the current difficult financial situation, the Federal Government has confirmed that it will provide targeted support to municipalities in order to maintain their ability to act. In particular, financially weak municipalities are to be helped to secure liquidity and investments in forward-looking areas are to be encouraged.	no	2024.1.5 2023.1.7 2022.1.5 2019.1.4	2	Completed
26	A reform group - consisting of the federal government, federal states, cities and municipalities - is set up with the involvement of other stakeholders in order to prepare the next financial equalization . This is the starting signal for the task reform and further development. The central aim of the process is to further develop the task orientation.	no	2024.1.5 2023.1.7 2022.1.5 2019.1.4	2	On Track

27	In view of the increasing number of extreme weather events, a reform of the disaster fund must be examined. Cooperation and assistance in the event of a disaster should be evaluated and, if necessary, modernized in order to meet the challenges of our time. To this end, a process is being set up to carry out a comparison of variants of solidarity-based support models (including existing aid from the disaster fund - "flood compensation").	no		2	Delayed
28	TOP Youth Ticket for AusbildungsFit participants and apprentices who commute across federal state borders.	no	2020.3.6 2024.4.5 2023.4.2	1,2	On Track
29	Fundamental revision of the Mobility Master Plans 2030 for the areas of logistics location development, public transport, freight transport, active mobility (pedestrians, cyclists), private transport, aviation strategy, shipping.	RRP milestones 9&10	2020.3.6 2023.4.5 2023.4.2	1,2	Completed
30	Strategy for the logistics location , positioning logistics to achieve climate neutrality and strengthen competitiveness as the backbone of sustainable location development; terminal target network strategy for intermodal transport.	no	2020.3.6 2023.4.5 2024.4.2	1	On Track
31	Provision of federal funds for the construction of the WAG Teil-Loop infrastructure project (Federal Law Gazette I No. 132/2024): In order to diversify Austria's gas supply, additional capacity should be created quickly to import more gas from non-Russian sources. Increasing transport capacity from Germany to Austria is therefore a top priority. In this context, closing the "WAG loop" is a key project to enable Austria to handle a large proportion of its imports via the transport routes in Germany if necessary. This should enable a short-term increase in pipeline capacity in reverse flow. The expansion of the gas infrastructure as part of the "WAG Teil-Loop" project is being funded with EUR 70 million. 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 and reduce dependence on Russian gas. Specifically, the section between Oberkappel and Bad Leonfelden is to be extended by a 40 km long parallel pipeline.	no	2024.4.1 2023.4.2 2022.4.1 2022.4.4	3	Completed

32	<p>Expand investment in sustainable transport and reduce emissions, particularly in the transport sector, by</p> <ul style="list-style-type: none"> - Defining a nationwide strategy for the construction of cycle paths and cycle highways that is coordinated with the infrastructure expansion of ÖBB and ASFINAG - Securing the continuous financing of the ÖBB framework plan for the expansion and maintenance of ÖBB infrastructure - Creating a legal framework for the expansion of e-infrastructure along the high-ranking road network - Strengthening the (public) transport connections to Austrian airports - Create framework conditions for faster ramp-up of e-mobility through rapid expansion of charging infrastructure - Continuation of subsidies for rail freight transport 	partly RRP	2020.3.6 2023.4.5 2024.4.2	1	Completed
33	<p>Carbon Management Strategy (Council of Ministers presentation 103a/1): The Carbon Management Strategy identifies options for action and necessary reforms for 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) (i.e. the capture and geological storage of CO₂), Carbon Capture and Utilization (CCU) (i.e. the capture and subsequent binding of CO₂ in products), Carbon Dioxide Removal (CDR) (i.e. the removal of CO₂ from the atmosphere by technical or nature-based processes).</p>	no	2024.4.2 2023.4.5	1	Completed

34	<p>Creation of an industrial strategy for Austria as a business location. The federal government, with the involvement of relevant stakeholders - in particular the social partners - and experts, will draw up a new industrial and location strategy by the end of 2025 at the latest with a clear focus on the competitiveness and productivity of the Austrian economy. This strategy takes into account the need to create and retain added value and jobs in Austria. (Evaluation of strengths, opportunities and challenges, international positioning, SMEs, key technologies as the future, skilled workers, low-cost energy).</p>	no	2019.3.1 2019.3.2 2019.3.3 2019.3.4 2019.3.5 2020.3.1 2020.3.2 2020.3.4 2020.3.5 2020.4.1 2020.4.4 2021.1.3 2022.1.2 2022.1.6 2023.1.3 2023.1.8 2023.4.6 2024.1.6 2024.1.7 2024.3.3	1,2	Completed
35	<p>Transformation fund: The funding instruments required to support the transformation of industry, business and agriculture will be designed or continued in a practical manner. Multiple tracks or even contradictions in the processing of funding will be examined with the aim of creating a one-stop-shop solution for all transformation funding, which will strengthen the clear strategic and efficient focus. In order to actively support the transformation in regions and sectors with a high need for adaptation, a legal and organizational framework will be created in which not only employment and economic policy, but also societal and social challenges can be overcome. The corresponding measures are to be tested and improved in model regions.</p>	no	2019.3.4 2022.4.3 2023.1.1	1,2	Completed

36	<p>Research governance</p> <ul style="list-style-type: none"> - Research funding should be made more efficient, transparent and service-oriented. The aim is to increase permeability in data management (e.g. once-only principle, review of lump-sum funding). - Examination of previous international recommendations for their topicality and degree of implementation as well as implementation of relevant and open recommendations, in particular autonomy of agencies and larger programs. - International evaluation of the research system by the end of 2027. 	no	2019.3.1 2020.3.5	2	On Track
37	<p>Apprenticeships and vocational training:</p> <ul style="list-style-type: none"> - Strengthen apprenticeships through sufficient funding for company-based apprenticeship funding (Section 19c of the Vocational Training Act) with a focus on quality promotion, digital apprenticeship training and adults in apprenticeships - Further development of apprentice- as well as apprentice company coaching to ensure quality - Focus on German language skills in and outside of vocational school - Reform of the final apprenticeship examination, in particular provision of quality-assured preparation courses - Evaluation and improvement of the framework conditions for companies and apprentices in inter-company apprenticeships (<i>Überbetriebliche Lehrausbildung, ÜBA</i>) with a clear focus on labour market placement and placement in company-based apprenticeships <p>Continuation of vocational training in accordance with § 8b of the Vocational Training Act: support for apprentices through vocational training assistance and the possibility of extending the apprenticeship period or training for partial qualifications; promotion of basic general education for apprentices as part of company apprenticeship funding;</p> <p>Demand-orientated further development of job profiles for apprenticeships, taking into account current economic, technological, social and sustainable developments.</p>	no	2019.2.3 2019.2.4 2020.2.2 2020.2.1 2022.3.2 2023.3.2	2	On Track
38	<p>Fund of funds:</p> <p>To mobilize national and international venture capital for start-ups, scale-ups and spin-offs (academic as well as multinational spin-offs), a red-white-red fund of funds will be set up as a “fund of funds” model to make it easier for Austrian companies to obtain growth capital indirectly. An active involvement of the EIF and other public anchor investors or guarantees will be sought.</p>	no	2019.3.4 2020.3.4 2024.3.3	1,2	On Track
39	<p>Maximum impact for business support:</p> <p>Subsidies for companies are designed in such a way that they ensure the greatest possible economic effect with maximum efficiency in the use of budget funds. This requires a mix of instruments: Guarantees and liabilities and innovative tax measures should be examined.</p>	no	2020.3.1 2023.1.1	1,2	On Track

40	Private capital: Joint efforts to mobilize more private capital. The possibilities of using foundation capital or setting up public-private funds (verticals) for key research and transformation topics should be examined.	no	2020.3.4	1,2	On Track
41	Acceleration of major AVG approval procedure: e.g. uniform electronic announcement platform, digitalization; initiation of a process to simultaneously reduce the special procedural provisions in the substantive laws; efficient structuring of the procedure.	no	2022.4.1 2022.4.2 2023.4.3	1,2	Completed
42	Education: Increase childcare rates for children under three and for children aged between three and six. Improving access to education: Entry into force of a legal act to implement the additional modules of the Individual Competence Measurement PLUS (iKMPLUS). The additional modules are intended to enable targeted support for pupils.	RRP	2019.2.2 2019.2.4 2020.2.1 2022.3.2 2023.3.2 2024.3.1 2024.3.2	2	Completed
43	Health care: Strengthening primary care and increasing its attractiveness. Establishment of a primary care platform, promotion of projects for the establishment and further development of primary care units, electronic implementation of the parent-child pass, nationwide introduction of “Frühe Hilfen” in all Austrian districts for socially disadvantaged pregnant women, their infants and families.	RRP	2019.1.1 2020.1.2 2023.1.6	2	Completed
44	Long-term care: Implementation of the core elements of the reform of long-term care, establishment of community nurses at national level, as an element of the reform of long-term care provision.	partly RRP	2019.1.1 2019.1.2 2020.1.2 2022.1.4 2023.1.5	2	Completed
45	Broadband expansion: creation of the Platform Internet Infrastructure Austria 2030 (PIA 2030) and gigabit-capable access networks and symmetrical gigabit connections in areas with special socio-economic priorities.	RRP	2019.3.2 2020.3.3	2	On Track
46	Digitization of schools: Continuation of the digital skills initiative in line with the 8-point plan including accompanying measures for the full roll-out of the device initiative; fair and equal access to basic digital skills for all pupils at lower secondary level and provision of digital end devices for pupils.	RRP	2019.3.2 2020.2.1 2020.2.2	2	Completed
47	Research: RTI Strategy 2030, Quantum Austria - promotion of quantum sciences, Austrian Institute for Precision Medicine and (digital) research infrastructures for the sustainable development of universities in the context of digitalization.	RRP	2019.3.1 2020.3.5	2	On Track

48	ERDF sustainability measures for energy efficiency, decarbonization and resource conservation: Promotion of the use of climate-relevant technologies and services (primarily for companies); support for applied research and demo projects as well as eco-innovations for greater energy efficiency.	PA	2019 3.3 2020 3.7 2021 1.3 2022 1.2 2022 4.3 2023 4.4	1,2	On Track
49	Specific ERDF measures for territorial development: Promotion of sustainable mobility through innovative mobility solutions (use of the possibilities of digitalization, introduction of alternative drive systems in urban public transport, etc.).	PA	2020 3.6 2023 4.5	1,2	On Track
50	ESF+ measures for reconciliation and equality between men and women. Reduction of gender-specific income differences, promotion of a better work-life balance, reduction of gender stereotyping.	PA	2019 2.2 2022 3.1 2023 2.1 2023 3.1	2	On Track
51	ESF+ measures to combat poverty and promote active inclusion, reduce early school leaving, active and healthy ageing and equal access to lifelong learning. In particular, offers for disadvantaged people whose employability is limited or who require specific measures for labor market integration, for pupils with learning difficulties (especially with regard to socio-economic background and migration background) to prevent early school leaving and for employees to enable them to remain in the workplace for as long as possible. In order to promote basic skills, there is a focus on equal access to lifelong learning (e.g. through basic education and catching up on compulsory school qualifications).	PA	2019 2.3 2019 2.4 2020 2.1 2022 3.2 2023 2.1 2023 3.2	2	On Track
52	JTF measures to manage the transition to a climate-neutral economy: SME investments to develop and establish “green” business areas in order to create employment or to avoid or cushion job losses in the medium term. Targeted careers advice and guidance, measures for training, further qualification and re-training.	PA	2021 1.3 2023 2.1 2023 4.6	2	On Track
53	Measures within the framework of the Structural Funds on digitalization: ESF+ focus on lifelong learning with special consideration of the acquisition of digital skills; digitalization/digital learning as a cross-cutting issue both within the framework of ESF+ and the ERDF, depending on the objective of the measure or target groups. REACT-EU supplement within the framework of the ESF with specific measures aimed at expanding digital skills for young people.	PA	2019 3.2 2020 2.2 2023 2.1	2	On Track

RRF: Recovery and Resilience Facility; RRP: Recovery and Resilience Programme; PA: Partnership Agreement; CSR: Country-Specific Recommendation

Annex II

The documents listed below are part of the Austrian Progress Report 2026 and can be found [here](#).

- (1) FENIX Database: Implementation of the national Recovery and Resilience Plan
- (2) CeSaR Database: Implementation of 2025 Country-Specific Recommendations
- (3) Joint contribution of the Austrian social partners to the Progress Report 2026

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