Federal Ministry
Republic of Austria
Finance

Report of the Federal Government

Strategy Report

2027 to 2030 and 2028 to 2031

in accordance with Section 14 of the Federal Budget Act 2013

Budget Report 2027 and 2028

in accordance with Section 42(3) of the Federal Budget Act 2013

Short version in English

Vienna, 10 July 2026

About this report

This report is a concise version of the Budget Report and Budget Strategy Report. It outlines the main challenges, objectives and policy priorities of the Federal Government's 2027/2028 double budget. The full reports are available in German only and are published alongside the Federal Finance Act and the Federal Medium-Term Expenditure Framework Act to provide explanatory information on these legislative proposals.

Unless otherwise stated, all monetary values are presented in millions (mn) or billions (bn) of euros and are generally rounded to one decimal place. As a result, minor rounding differences may occur. The outcome for 2025 reflects the fiscal position as of 26 June 2026. The figures for 2026 are based on the 2025/2026 double budget. For 2027 and 2028, the figures shown correspond to the adopted budget and represent the corresponding cash expenditures and cash revenue for those years. Unless otherwise indicated, the source of all data is the Federal Ministry of Finance (MoF).

This report as well as the full German version of the Budget Report and the Budget Strategy Report are also available on the website of the Federal Ministry of Finance at www.bmf.gv.at/budget.

The budget.gv.at website also provides interactive charts and tables on the federal budget, key general government fiscal aggregates and economic conditions.

budget.gv.at

Executive Summary

With the 2025/2026 double budget, the Federal Government successfully initiated the consolidation of Austria's public finances. Without the consolidation measures, the Maastricht deficit would have continued to rise towards 6% of GDP. Instead, it was reduced from 4.6% of GDP in 2024 to 4.2% of GDP in 2025, thereby exceeding the budget target for 2025.

With the 2027/2028 double budget, the Federal Government continues the consolidation of the public finances, with the objectives of reducing the deficit to below 3.0% of GDP by 2028 and thereby exiting the Excessive Deficit Procedure.

Federal budget (cash statement) € billion	**Outcome 2025**	**Budget 2026**	**→ Δ 26/27**	**Budget 2027**	**→ Δ 27/28**	**Budget 2028**	**MTEF 2029**	**MTEF 2030**	**MTEF 2031**
Cash expenditure	121.5	125.9	*+2.4*	128.2	*+0.8*	129.0	132.4	135.8	138.2
Cash revenue	107.1	107.6	*+5.1*	112.7	*+3.1*	115.8	117.9	120.1	122.1
Net financial balance	**-14.4**	**-18.3**	***+2.8***	**-15.5**	***+2.4***	**-13.2**	**-14.5**	**-15.7**	**-16.0**

General government (ESA 2010) % of GDP	**STAT 2025**	**Forecast 2026**	**→ Δ 26/27**	**Forecast - June 2026: 2027**	**Δ 27/28**	**2028**	**2029**	**2030**	**2031**
Maastricht balance	-4.2	-4.2	*+0.7*	-3.5	*+0.5*	-3.0	-2.8	-2.9	-2.9
Maastricht debt-to-GDP ratio	81.5	82.9	*+0.7*	83.6	*+0.2*	83.8	84.2	84.6	85.0

Macroeconomic framework		**STAT 3/26 2025**	**WIFO economic forecast - April 2026 - Main scenario: 2026**	**Δ 26/27**	**2027**	**Δ 27/28**	**2028**	**2029**	**2030**	**2031**
Real GDP growth[1]	*% change*	+0.6	+0.9	*+0.4*	+1.3	*-0.1*	+1.2	+1.1	+1.1	+1.0
Consumer prices	*% change*	+3.6	+2.7	*-0.4*	+2.3	*-0.2*	+2.1	+2.0	+1.9	+1.9
Registered unemployed	*thou. persons*	317.5	316.5	*-10.0*	306.5	*-12.7*	293.8	279.5	262.4	245.5

Source: MoF, Statistics Austria, WIFO Economic Forecast April 2026

1) On June 3, 2026, Statistics Austria published an upward revision for GDP for 2025. To ensure consistency with the WIFO forecast from April 2026, this GDP revision is not taken into account here.

The fiscal framework has deteriorated significantly, reflecting in particular the conclusion of the Austrian Stability Pact and the more challenging labour market conditions.

As a result, the Federal Government must implement additional net consolidation measures amounting to € 1.5 bn in 2027 and € 2.5 bn in 2028 in order to achieve the deficit target of 3.0%.

Net consolidation amounts to **€ 1.5 bn** in **2027** and **€ 2.5 bn** in **2028**. It remains at this level in 2029 and 2030 before increasing slightly to € 2.6 bn in 2031, based on current projections.

As was the case in the 2025/2026 double budget, all proactive policy measures are fully offset through corresponding financing measures. Consequently, the **gross consolidation volume** amounts to € 2.1 bn in 2027 and € 5.0 bn in 2028 and is expected to increase slightly to € 5.2 bn by 2031.

Consolidation and proactive measures 2027/2028 double budget € million, impact on the balance	**2027**	**2028**	**2029**	**2030**	**2031**
Gross consolidation (impact on the balance)	**2,073.1**	**5,017.4**	**4,997.6**	**5,066.3**	**5,176.6**
Consolidation contribution companies, banks and state-affiliated enterprises	754.0	2,180.5	2,048.2	1,865.5	1,666.7
Consolidation contribution employees	347.3	467.3	545.3	596.3	653.3
Consolidation contribution pensioners as well as other social and insurance benefits	323.0	649.1	683.2	724.0	757.0
Consolidation contribution people with higher earned incomes	453.8	612.7	638.1	647.7	666.8
Additional savings in administration and further consolidation measures	145.0	600.0	515.0	515.0	515.0
Measures relating to family benefits	50.0	317.8	317.8	317.8	317.8
Measures relating to climate-damaging subsidies and other subsidies		190.0	250.0	400.0	600.0
Proactive measures	**550.0**	**2,520.0**	**2,530.0**	**2,560.0**	**2,560.0**
Proactive business location measures	50.0	2,000.0	2,000.0	2,000.0	2,000.0
Proactive measrues in labour market and social policy	370.0	310.0	320.0	330.0	330.0
Proactive measures in education policy	130.0	210.0	210.0	230.0	230.0
Net consolidation	**1,523.1**	**2,497.4**	**2,467.6**	**2,506.3**	**2,616.6**

The federal government's administrative deficit amounts to **€ 15.5 bn** in the **2027 Budget**, representing an improvement of € 2.8 bn compared with the 2026 Budget. According to the **2028 Budget**, the net financing deficit is projected to decline by a further € 2.4 bn to **€ 13.2 bn** in 2028.

Federal budget (cash statement) € billion	**Outcome**	**Budget**	**⟶**	**Budget**	**⟶**	**Budget**	**Medium-Term Expenditure Framework**		
	2025	**2026**	**Δ 26/27**	**2027**	**Δ 27/28**	**2028**	**2029**	**2030**	**2031**
Cash expenditure	**121,468.6**	**125,851.8**	*+2,355.6*	**128,207.4**	*+771.2*	**128,978.6**	**132,350.0**	**135,812.9**	**138,170.0**
Year-on-year difference				*+1.9%*		*+0.6%*	*+2.6%*	*+2.6%*	*+1.7%*
Pensions (ch 22, ch 23)	32,755.2	34,174.4	*+1,244.5*	35,419.0	*+1,333.7*	36,752.6	38,571.5	40,554.8	42,595.3
Education, science & research (ch 30-31, ch 33-34)	20,175.1	20,711.8	*+336.4*	21,048.2	*+28.2*	21,076.4	21,381.7	21,653.3	21,857.4
Business loc., infrastruct. & environm. (ch 40-43)	12,506.5	11,827.4	*-282.4*	11,545.1	*+282.8*	11,827.8	11,777.2	12,025.2	11,942.5
ch 20 Labour	10,781.9	10,343.1	*+632.1*	10,975.2	*-280.2*	10,695.0	10,497.8	10,243.7	9,954.8
ch 58 Financing and Currency Swap Agreements	6,823.5	8,912.3	*-163.4*	8,748.9	*-8.9*	8,740.0	10,182.8	10,809.9	11,250.4
ch 21 Social Affairs and Consumer Protection	5,623.3	5,944.3	*+418.4*	6,362.7	*+150.5*	6,513.2	6,536.5	6,626.5	6,719.6
ch 14 Military Affairs	4,608.9	4,760.6	*+387.8*	5,148.4	*+35.6*	5,184.0	5,404.7	5,539.0	5,722.4
Other	28,194.2	29,177.8	*-217.8*	28,960.0	*-770.5*	28,189.5	27,997.8	28,360.5	28,127.6
Cash revenue	**107,099.8**	**107,569.9**	*+5,122.4*	**112,692.4**	*+3,132.3*	**115,824.7**	**117,890.7**	**120,078.6**	**122,149.8**
Year-on-year difference				*+4.8%*		*+2.8%*	*+1.8%*	*+1.9%*	*+1.7%*
ch 16 Tax Revenue	73,764.8	74,323.4	*+4,206.7*	78,530.1	*+3,379.2*	81,909.3	83,806.1	85,523.3	87,624.2
Gross tax revenue	*119,736.7*	*122,144.0*	*+6,756.7*	*128,900.7*	*+6,184.8*	*135,085.5*	*139,052.8*	*142,154.2*	*145,603.1*
Tax transfers	*-45,971.9*	*-47,820.6*	*-2,550.0*	*-50,370.6*	*-2,805.6*	*-53,176.2*	*-55,246.7*	*-56,630.9*	*-57,978.9*
ch 20 Labour (esp. UE insurance contributions)	9,990.0	10,456.9	*+670.4*	11,127.3	*+476.1*	11,603.4	12,016.8	12,393.0	12,756.4
ch 25 Family and Youth	9,088.0	9,481.4	*+513.5*	9,995.0	*-1,143.9*	8,851.0	9,067.2	9,278.1	9,493.4
Contributions to the Family Burden Equalis. Fund	*8,840.3*	*9,035.1*	*+300.8*	*9,335.9*	*-605.1*	*8,730.8*			
FBEF contributions - Employers	*7,223.1*	*7,413.1*	*+227.5*	*7,640.6*	*-1,270.8*	*6,369.8*			
FBEF contributions - Tax share	*1,617.2*	*1,622.0*	*+73.3*	*1,695.3*	*+665.7*	*2,361.0*			
Other	14,257.1	13,308.3	*-268.2*	13,040.1	*+420.9*	13,461.0	13,000.7	12,884.2	12,275.8
Net financial balance	**-14,368.8**	**-18,281.9**	***+2,766.8***	**-15,515.1**	***+2,361.1***	**-13,154.0**	**-14,459.3**	**-15,734.3**	**-16,020.3**

Content

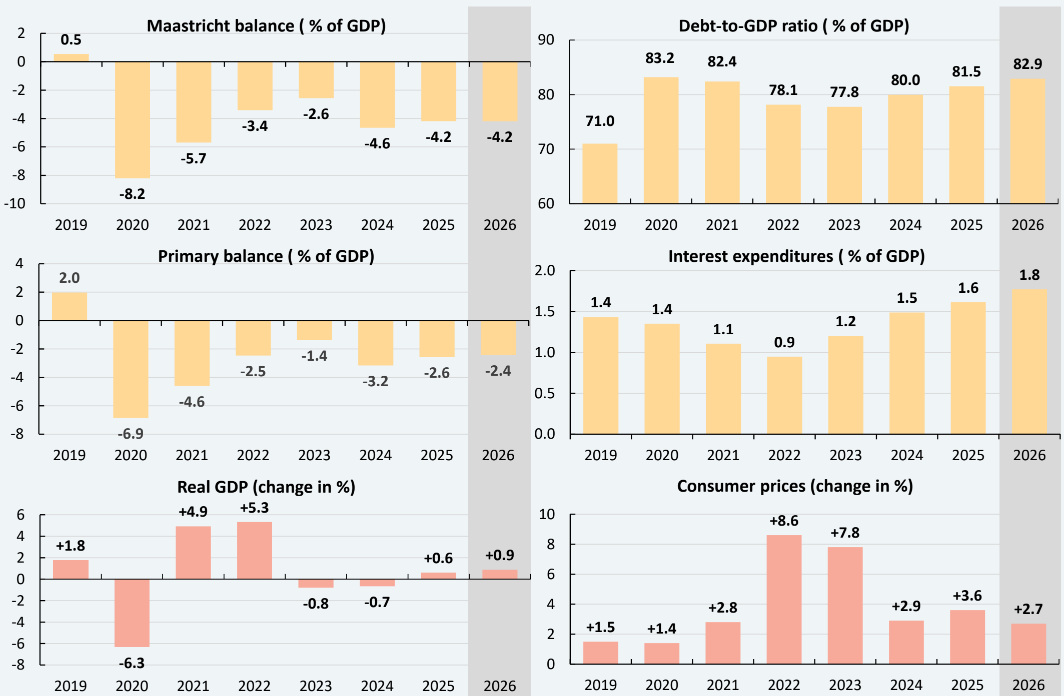
Successful Launch of Public Finance Consolidation

Following a sharp increase in the general government Maastricht deficit to 4.6% of GDP in 2024, consolidating Austria’s public finances has become a key priority for the Federal Government. To this end, a comprehensive consolidation package was adopted as part of the 2025/2026 double budget.

In 2025, the consolidation targets were exceeded, and the deficit was reduced to 4.2% of GDP. While this created a more favourable starting position for 2026, the weaker economic outlook following the Iran war offset these gains. As a result, the deficit for 2026 is currently projected to remain at 4.2% of GDP.

Economic conditions have been volatile for several years, with one crisis following another. Geopolitical tensions and trade policy conflicts continue to impede a self-sustaining, robust, export-led recovery.

The fiscal environment is also exceptionally challenging and differs markedly from previous episodes of fiscal consolidation. The difficult starting position in 2025 – following two consecutive years of recession, extensive crisis support measures and permanent relief measures – has significantly complicated the consolidation effort.



1. Challenges, Objectives and Key Priorities

The Federal Government is continuing the consolidation of the public finances through the 2027/2028 double budget while also setting key priorities for Austria’s future.

In addition to the measures already adopted under the 2025/2026 Budget, consolidation measures amounting to € 2.1 bn in 2027 and € 5.0 bn in 2028 will be implemented.

These are accompanied by proactive policy measures amounting to € 0.6 bn in 2027 and € 2.5 bn in 2028, resulting in net consolidation of € 1.5 bn in 2027 and € 2.5 bn in 2028.

This will ensure that the **general government Maastricht deficit is reduced to 3.5% of GDP in 2027 and to below 3.0% of GDP in 2028**. Following the completion of the 2028 fiscal year, Austria is expected to exit the EU’s Excessive Deficit Procedure.

Table 1: Overview of the fiscal path 2027-2031

Federal budget (cash statement)	**Outcome**	**Budget**	**⟶**	**Budget**	**⟶**	**Budget**	**MTEF**		
€ billion	**2025**	**2026**	**Δ 26/27**	**2027**	**Δ 27/28**	**2028**	**2029**	**2030**	**2031**
Cash expenditure	121.5	125.9	*+2.4*	128.2	*+0.8*	129.0	132.4	135.8	138.2
Cash revenue	107.1	107.6	*+5.1*	112.7	*+3.1*	115.8	117.9	120.1	122.1
Net financial balance	**-14.4**	**-18.3**	***+2.8***	**-15.5**	***+2.4***	**-13.2**	**-14.5**	**-15.7**	**-16.0**

General government (ESA 2010)	**STAT**	**Forecast**	**⟶**	**Forecast - June 2026**					
% of GDP	**2025**	**2026**	**Δ 26/27**	**2027**	**Δ 27/28**	**2028**	**2029**	**2030**	**2031**
Maastricht balance	-4.2	-4.2	*+0.7*	-3.5	*+0.5*	-3.0	-2.8	-2.9	-2.9
Maastricht debt-to-GDP ratio	81.5	82.9	*+0.7*	83.6	*+0.2*	83.8	84.2	84.6	85.0

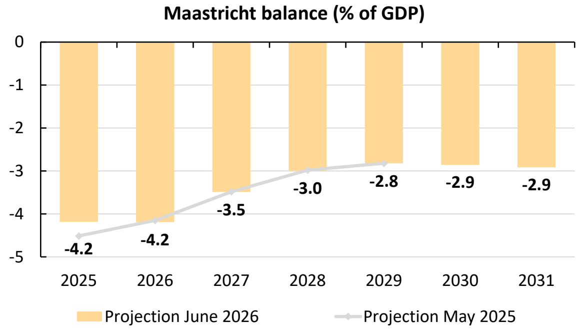
Macroeconomic framework		**STAT 3/26**	**WIFO economic forecast - April 2026 - Main scenario**							
		2025	**2026**	**Δ 26/27**	**2027**	**Δ 27/28**	**2028**	**2029**	**2030**	**2031**
Real GDP growth[1]	*% change*	+0.6	+0.9	*+0.4*	+1.3	*-0.1*	+1.2	+1.1	+1.1	+1.0
Consumer prices	*% change*	+3.6	+2.7	*-0.4*	+2.3	*-0.2*	+2.1	+2.0	+1.9	+1.9
Registered unemployed	*thou. persons*	317.5	316.5	*-10.0*	306.5	*-12.7*	293.8	279.5	262.4	245.5

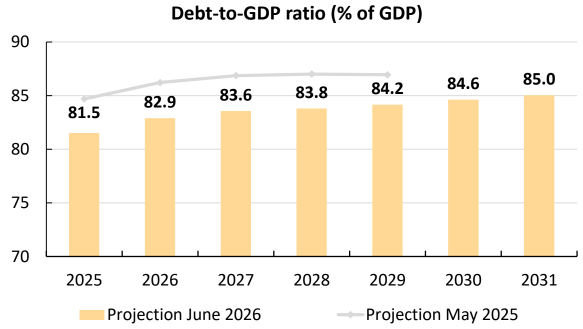
Source: MoF, Statistics Austria, WIFO Economic Forecast April 2026

1) On June 3, 2026, Statistics Austria published an upward revision for GDP for 2025. To ensure consistency with the WIFO forecast from April 2026, this GDP revision is not taken into account here.

In a joint effort, all levels of government and the social security sector are contributing to fiscal consolidation. The Federal Government’s consolidation package also supports the consolidation efforts of the other levels of government.

Figure 1: Development of the Maastricht balance and debt-to-GDP ratio (General government)





Source: 2025 Statistics Austria, from 2026 onwards MoF

In the interest of fairness, all groups are contributing to fiscal consolidation. At the same time, those benefiting from proactive policy measures are making a proportionately greater contribution to the consolidation effort.

The Federal Government is investing in childcare and long-term care while providing additional funding for labour market policies.

Through reforms and reductions in non-wage labour costs, the Government is implementing measures to strengthen Austria as a business location and reinforce employment incentives.

In addition, the 2027/2028 double budget reflects measures adopted after the preparation of the 2025/2026 double budget, including the reduction in VAT on selected food products, the parcel tax and the Industrial Electricity Price Act 2027-2029.

Why is additional fiscal consolidation necessary?

With the 2025/2026 double budget, the Federal Government introduced a comprehensive consolidation package aimed at reducing the general government deficit to below 3.0% of GDP by 2028.

Additional consolidation measures amounting to € 2.5 bn by 2028 are now required to achieve the deficit target and avoid higher interest payments.

Table 2: Update consolidation and proactive policy measures 2025/2026

€ million, impact on the balance	2025	2026	2027	2028	2029	2030	2031
Gross consolidation (impact on the balance)	**6,505.1**	**10,269.5**	**12,055.5**	**13,396.8**	**14,459.5**	**14,387.7**	**14,319.4**
Tax measures	1,043.5	2,168.8	2,290.8	2,692.8	3,150.8	3,025.8	3,025.8
Savings across ministries	1,109.4	1,303.3	1,503.4	1,807.0	2,006.1	2,006.1	2,006.1
Abolition of the Climate Bonus	1,964.5	1,973.6	1,983.5	1,983.5	1,983.5	1,983.5	1,983.5
Reduction in subsidies	1,201.7	1,283.7	1,870.4	1,934.1	2,147.3	2,147.3	2,147.3
Labour market, older workers and pensions[1]	138.1	1,078.2	1,694.7	2,057.0	2,303.3	2,356.5	2,288.2
Contribution from state-affiliated enterprises	584.2	725.3	775.7	699.4	744.7	744.7	744.7
Other measures	60.1	961.1	1,133.9	1,390.3	1,262.7	1,262.7	1,262.7
Other sectors[2]	403.6	775.5	803.2	832.7	861.0	861.0	861.0
Proactive measures	**529.7**	**991.6**	**1,800.3**	**1,816.4**	**1,831.3**	**1,831.3**	**1,831.3**
Economy & Labour	471.5	631.5	1,206.5	1,206.5	1,206.5	1,206.5	1,206.5
Health & Social Affairs	16.0	169.4	253.8	269.9	284.8	284.8	284.8
Education & Integration	42.2	190.7	340.0	340.0	340.0	340.0	340.0
Net consolidation	**5,975.5**	**9,277.9**	**10,255.2**	**11,580.4**	**12,628.2**	**12,556.4**	**12,488.1**

1) Including the 2026 pension adjustment.

2) Excludes stand-alone fiscal consolidation contributions, which are now determined by the target balances under the 2025 Austrian Stability Pact (2025 ASP).

Austrian Stability Pact: In December 2025, the Austrian Stability Pact was concluded. As part of this agreement, new fiscal targets were established for the states (*Länder*), municipalities, the Federal Government and the social security sector, and these have been incorporated into the current budget planning. Accordingly, the Federal Government and the social security sector are required to achieve a budget balance in 2028 that is 0.41% of GDP stronger than envisaged in the 2025/2026 double budget.

GDP revision: At the same time, the nominal GDP forecast for 2028 increased by € 22.8 bn following the statistical revision carried out in autumn 2025.

Taken together, the conclusion of the Austrian Stability Pact and the GDP revision reduce the permissible deficit for the federal government and social security sectors by € 1.7 bn.

Social security balance: Since then, the fiscal position of the social security sector has deteriorated further. As a result, these changes to the fiscal framework alone increase the **fiscal consolidation requirement by € 2.1 bn** for the **central government in 2028**. The social security sector will deliver the majority of its required consolidation through its autonomous administration.

Labour market: Labour market developments have been weaker than assumed in the WIFO forecast of March 2025. Consequently, expenditure on unemployment insurance benefits grew more rapidly than originally planned in 2025, while contribution revenues were also adversely affected. These trends continue in subsequent years and have been further exacerbated by the economic consequences of the Iran war. Against this background, the Government is introducing measures to strengthen unemployment insurance revenues.

Table 3: Required consolidation because of the Austrian Stability Pact & economic conditions

Impact of the 2025 Austrian Stability Pact (ASP)		2025 Targets (ASP)		MTEF 2025-2029 May 2025		Required consolidation	
		2027	2028	2027	2028	2027	2028
General government	**% of GDP**	**-3.50**	**-3.00**	**-3.48**	**-2.98**	**-0.02**	**-0.02**
States & municipalities	% of GDP	**-0.80**	**-0.69**	**-0.38**	**-0.26**	**-0.42**	**-0.43**
Central gov. & soc. sec. sector	% of GDP	**-2.70**	**-2.31**	**-3.11**	**-2.72**	**0.41**	**0.41**
States & municipalities	€ million	-4,378	-3,898	-1,973	-1,422	-2,405	-2,476
Central gov. & soc. sec. sector	€ million	-14,776	-13,050	-16,331	-14,738	1,555	1,688
of which: soc. sec. sector	€ million	-150	-150	240	302	-390	-452
of which: central gov.	**€ million**	**-14,626**	**-12,900**	**-16,571**	**-15,041**	**1,945**	**2,140**
	% of GDP	**-2.67**	**-2.28**	**-3.15**	**-2.77**	**0.48**	**0.49**

		WIFO April 2026 - Main		WIFO March 2025		Comparison	
		2027	2028	2027	2028	2027	2028
Nominal GDP	€ billion	547.2	564.9	525.7	542.2	+21.5	+22.8
Consumer Prices	Index (2015 = 100)	145.8	148.9	143.3	146.2	+1.7%	+1.8%
Registered unemployed	thou. persons	306.5	293.8	292.0	275.1	+14.6	+18.7

Economic conditions: Conversely, stronger economic activity in 2025 generated higher tax revenues, part of which carries forward as a favourable base effect into subsequent budget years.

Prices: The Iran war has led to a significant increase in fuel prices, leading to an upward revision of the inflation outlook. Without further action, the most pronounced budgetary impact would have been on pension expenditure. Although expenditure in this area has increased, the overall impact has been contained through the agreed pension adjustment for 2027 and the planned adjustment for 2028.

Indexation has also been suspended for a number of other budget items, and the public sector pay agreement was renegotiated in autumn 2025 in order to mitigate the impact of inflation on the budget.

Overall, these developments give rise to an **additional fiscal consolidation requirement of € 2.5 bn by 2028**.

Consolidation package and proactive policy measures

Net consolidation amounts to **€ 1.5 bn** in **2027** and **€ 2.5 bn** in **2028**. It remains at this level in 2029 and 2030 before increasing slightly to € 2.6 bn in 2031, based on current forecasts.

As was the case with the 2025/2026 double budget, all proactive policy measures are fully offset through corresponding consolidation measures. Consequently, the **gross consolidation volume** amounts to € 2.1 bn in 2027 and € 5.0 bn in 2028. It is projected to increase slightly to € 5.2 bn by 2031.

Table 4: Consolidation and proactive measures

Consolidation and proactive measures 2027/2028 double budget € million, impact on the balance	**2027**	**2028**	**2029**	**2030**	**2031**
Gross consolidation (impact on the balance)	**2,073.1**	**5,017.4**	**4,997.6**	**5,066.3**	**5,176.6**
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Net consolidation	**1,523.1**	**2,497.4**	**2,467.6**	**2,506.3**	**2,616.6**

The **consolidation package** is broad-based. All population groups and economic stakeholders are contributing to the consolidation effort, ensuring that the burden is shared fairly:

- **Businesses, banks and state-affiliated enterprises** are making a significant contribution to the fiscal consolidation, amounting to € 0.8 bn in 2027 and € 2.2 bn in 2028. As they benefit most from the proactive policy measures - particularly the € 2.0 bn reduction in non-wage labour costs - they also make the largest contribution to the consolidation effort. Key measures include the extension of the special contribution of banks (stability tax) for two years at the 2026 level (from 2030 onwards, the special contribution will expire and the bank levy will be reduced by 30%), the introduction of a progressive corporate income tax rate from 2028, a temporary restriction of eligible assets for the investment-related profit allowance, additional measures to combat fraud and modernise gambling regulations, contributions to a comprehensive labour market package, and the abolition of the workplace allowance.
- **Employees** are also contributing to the labour market package, amounting to € 0.3 bn in 2027 and € 0.5 bn in 2028. Key measures include the redesign of income-independent unemployment insurance contributions and the abolition of the telework allowance introduced during the COVID-19 pandemic.
- Pensioners already made a significant contribution to fiscal consolidation under the 2025/2026 double budget. Alongside the sharp increase in pension expenditure driven

by demographic change, pensioners benefited from pension adjustments that, in some cases, exceeded the underlying inflation rate between 2019 and 2023. To safeguard the long-term financial sustainability of the pensions system, pensions will therefore be adjusted more moderately in 2027 and 2028. Together with a reduction in spending on health resort services, **the contribution to fiscal consolidation from pensioners and other social and insurance benefits** amounts to € 0.3 bn in 2027 and € 0.6 bn in 2028.

- The social balance of the fiscal consolidation package is reflected not only in the contribution made by companies, banks and state-affiliated enterprises, but also in measures amounting to € 0.5 bn in 2027 and € 0.6 bn in 2028 that primarily affect **higher-income earners**. These include the unusual increase in the maximum social security contribution base, the introduction of taxation of private use of cars with zero CO_2 emissions (e-cars) and the reduction of the flat-rate acquisition cost for existing properties under the real estate income tax.
- As part of the 2025/2026 double budget, substantial consolidation measures within the **public administration** were already implemented through savings across the ministries, expenditure restraint in the Federal Government's personnel costs, the Subsidy Taskforce and the State-Owned Enterprises-Taskforce. This path towards a leaner public administration will be continued. *ÖBB-Infrastruktur AG* is also contributing to the consolidation effort through further optimisation of its investment programme. Together with **a range of additional measures**, including the upfront taxation option in the area of pension funds and an increase in the taxation on spirits, these measures contribute € 0.1 bn to fiscal consolidation in 2027 and € 0.6 bn in 2028.
- In the area of **family benefits**, the 2027/2028 double budget places greater emphasis on targeted benefits in kind, while general cash benefits are adjusted accordingly. Changes to the Family Bonus Plus from 2027 and the suspension of the valorisation of, inter alia, family benefits in 2028 (including the Child Tax Credit) will contribute € 0.1 bn to fiscal consolidation in 2027 and € 0.3 bn in 2028.
- The 2027/2028 double budget also marks the beginning of the gradual phase-out of environmentally harmful subsidies and introduces further reforms to the system of subsidies and incentives. The **measures targeting climate-damagingsubsidies and other subsidy schemes** will not only contribute € 0.2 bn to fiscal consolidation in 2028 but also support the achievement of Austria's climate target.

The 2027/2028 double budget not only ensures the necessary stabilisation of Austria's public finances. Through the consolidation measures, it also creates the fiscal space required to deliver **forward-looking policy initiatives in the areas of business competitiveness, labour market and social policy, and education**. In total, **€ 0.6 bn** in proactive policy funding will be provided in **2027** and **€ 2.5 bn** in **2028**:

- As a key **business location measure**, the employer contribution to the Family Burden Equalisation Fund (FBEF) will be reduced by one percentage point from 2028 onwards, providing significant relief for businesses. To support the agricultural sector, the Federal Government will introduce the agricultural diesel subsidy for 2026 and 2027. Together, these measures amount to **€ 0.5 bn** in **2027** and **€ 2.0 bn** in **2028**. The Federal Government will continue to monitor economic developments and is considering additional temporary economic stimulus measures of up to € 200.0 mn.
- Funding of **€ 0.4 bn** in **2027** and **€ 0.3 bn** in **2028** will be provided **for labour market and social policy measures**. The Federal Government will maintain active labour market policies at their current level of funding while implementing measures to promote skills development and support older workers and the long-term unemployed. A further priority is the long-term care sector, together with targeted measures to reduce child and youth poverty. Additional funding will also be provided to ensure access to analogue services and promote digital inclusion, support the Daily Physical Activity Programme, strengthen women's empowerment, and expand opportunities for educational advancement and lifelong learning.
- As in the previous double budget, funding of **€ 0.1 bn** in **2027** and **€ 0.2 bn** in **2028** will be allocated to **education policy** priorities. The Federal Government will invest in particular in early childhood education, including a second compulsory free year of kindergarten, all-day schooling, inclusion and the expansion of school psychology services.

Budget strategy

Overall, the package of measures strikes a balanced approach from both an economic and a social policy perspective and will shape Austria's fiscal policy over the coming years. Three guiding principles played a central role in the design of the 2027/2028 double budget.

First, the double budget aims to support the fragile economic recovery in the current geopolitical environment through targeted measures. The primary focus is on strengthening Austria's business competitiveness and safeguarding employment.

From 2028 onwards, the reduction in the employer contribution rate to the Family Burden Equalisation Fund (FBEF) will reduce the tax burden on labour in order to strengthen business competitiveness and support employment. In addition, energy-intensive industries will benefit from the extension of the Business Location Protection Act and the introduction of the industrial electricity price. At the same time, the chosen policy mix deliberately places greater emphasis on supporting labour-intensive businesses from an economic policy perspective.

Second, the success of the fiscal consolidation effort depends on all population groups and economic stakeholders making a contribution. As with the 2025/2026 double budget, the burden of consolidation is therefore shared fairly. This is reflected in the fact that, alongside companies, employees also make a fair contribution to fiscal consolidation. Measures such as the unusual increase in the maximum social security contribution base and the higher real estate capital gains tax on existing properties provide an additional contribution from higher-income earners, thereby giving effect to the ability-to-pay principle. Likewise, pensioners and families are again contributing to safeguarding the financial stability of the welfare system. Finally, following the savings already implemented across the ministries and in the salaries of public sector employees, additional savings measures and efficiency improvements will be introduced throughout the public administration and in state-owned enterprises.

An important element of fair fiscal consolidation is also the fight against tax fraud and abusive tax avoidance, as well as preventing the unjustified receipt of social benefits. As part of the 2025/2026 double budget, the Federal Government presented and has since implemented a comprehensive package of anti-fraud measures. This approach will be pursued consistently through additional targeted measures. Alongside refinements to the exit taxation regime, an extension of the information available under the Account Register and Account Inspection Act to combat shell companies, and measures to support the pension insurance institutions in preventing abuse (for example, combating social benefit fraud relating to the equalisation supplement), a third package of anti-fraud measures is planned.

Third, the double budget initiates structural reforms that will improve efficiency across a range of policy areas. These reforms focus primarily on the labour market, where measures are being introduced to strengthen employment incentives and enhance the financial sustainability of the unemployment insurance system. They include, for example, changes to the Family Bonus Plus and reforms to unemployment insurance contributions.

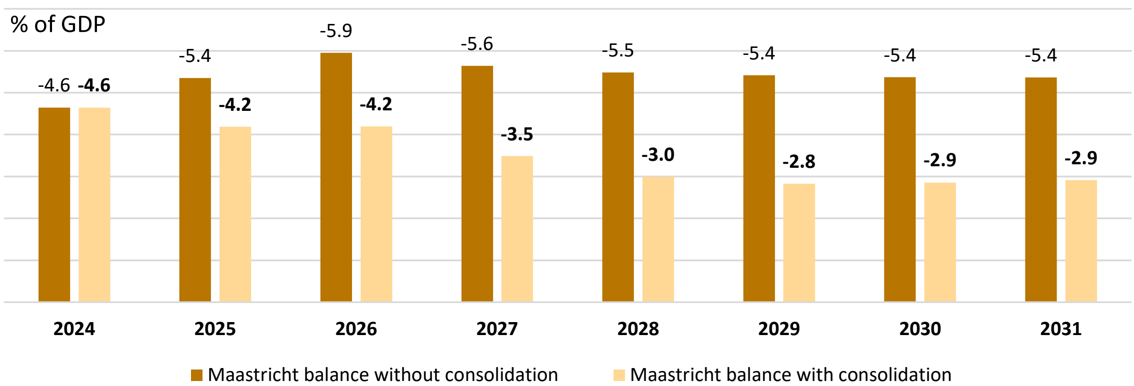
The 2027/2028 double budget also marks the beginning of the gradual phase-out of environmentally harmful subsidies, thereby supporting the achievement of both Austria's climate and fiscal objectives. Finally, building on measures already introduced, the Government will continue to expand early childhood education and all-day schooling.

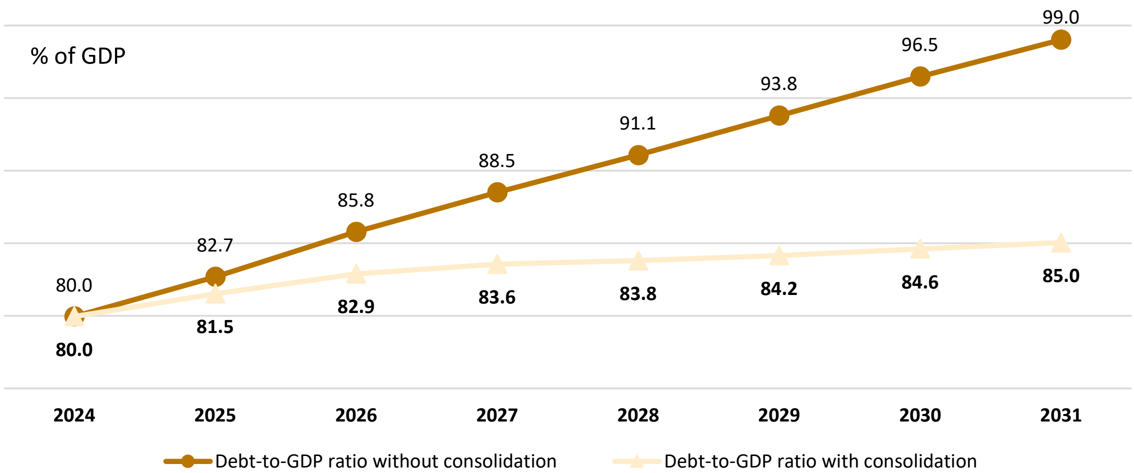
Budget objectives

With the 2025/2026 double budget, the Federal Government successfully initiated the consolidation of Austria's public finances. Without the consolidation measures agreed during the coalition negotiations, Austria's Maastricht deficit would have continued to increase, approaching an unsustainable level of 6% of GDP. Instead, it was reduced from 4.6% of GDP in 2024 to 4.2% of GDP in 2025, thereby exceeding the budget target for 2025.

Table 5 and Figure 2: Maastricht balance and debt-to-GDP ratio with and without fiscal consolidation

% of GDP	2024	2025	2026	2027	2028	2029	2030	2031
Maastricht balance without consolidation	-4.6	-5.4	-5.9	-5.6	-5.5	-5.4	-5.4	-5.4
Net consolidation (2025/2026)		5,975.5	9,277.9	10,255.2	11,580.4	12,628.2	12,556.4	12,488.1
Net consolidation (2027/2028)				1,523.1	2,497.4	2,467.6	2,506.3	2,616.6
Net consolidation (2025/2026 & 2027/2028) (€ mn)		**5,975.5**	**9,277.9**	**11,778.3**	**14,077.7**	**15,095.8**	**15,062.7**	**15,104.6**
Maastricht balance with consolidation	-4.6	-4.2	-4.2	-3.5	-3.0	-2.8	-2.9	-2.9





The original deficit target of 4.2% of GDP for 2026 remains unchanged. While the stronger-than expected fiscal starting position for 2026 would have improved the outlook, these gains have been offset by weaker economic growth resulting from the Iran war.

In these geopolitically volatile and uncertain times, when one global crisis follows another, it is particularly important to demonstrate stability and reliability. The Federal Government has therefore decided to present a further double budget at an early stage, thereby taking responsibility within its sphere of competence and providing a clear fiscal policy direction.

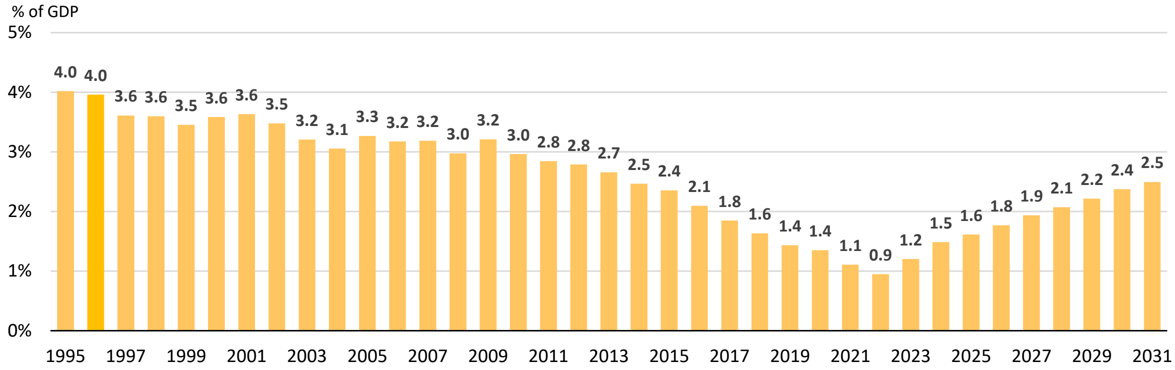
The 2027/2028 double budget sets out the federal policy measures required to achieve the fiscal objective of reducing the general government deficit to below 3.0% of GDP by 2028, thereby enabling Austria to exit the Excessive Deficit Procedure. In this respect, the 2027/2028 double budget provides a fiscal anchor and enhances planning certainty. It offers citizens, businesses, international stakeholders and transparency for investors and clarity regarding the path back to a stability-oriented fiscal policy.

The current volatile economic environment, combined with heightened geopolitical uncertainty, makes both economic and fiscal forecasting particularly challenging. Article 51b(2) of the Federal Constitutional Law (B-VG), in conjunction with Section 52(1) of the Federal Budget Act 2013 (BHG 2013), provides that, where economic conditions deteriorate and in order to safeguard the budgetary objectives, the Federal Minister of Finance may, with the approval of the Federal Government or on the basis of an authorisation under the Federal Finance Act, reserve a specified proportion of the expenditure appropriations provided for in the Federal Finance Act, provided that this does not affect the fulfilment of the Federal Government’s legal obligations.

Furthermore, Article 51(4) of the Federal Constitutional Law (B-VG) requires that an amendment to the 2028 Federal Finance Act be submitted to the National Council no later than October 2027. The objective is to reduce the general government Maastricht deficit to just below 3.0% of GDP from 2028 onwards and thereby bring the Excessive Deficit Procedure to an end.

Formally, Statistics Austria will publish the 2028 general government Maastricht Deficit at the end of March 2029. On this basis, the European Commission is expected to decide in 2029 to close the Excessive Deficit Procedure against Austria.

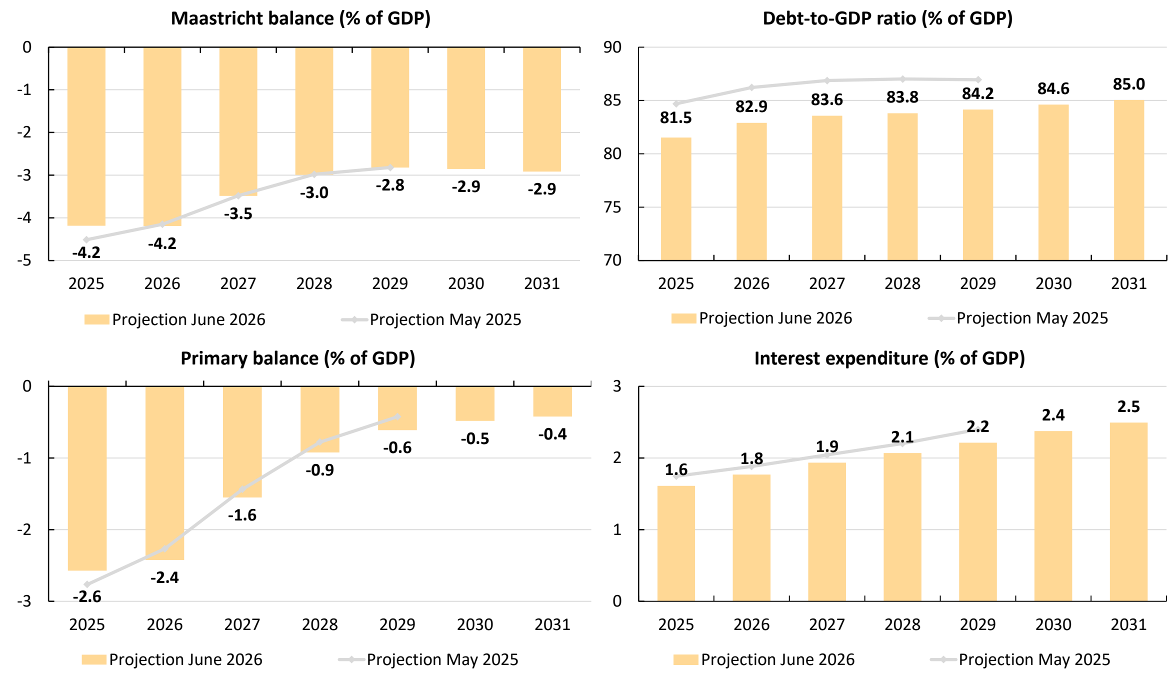
Figure 3: Long-term development of interest expenditures



Source: 2025 Statistics Austria, from 2026 onwards MoF

Fiscal consolidation is not an end in itself, nor is it undertaken solely to comply with the European fiscal rules. Rather, reducing the general government deficit is essential to contain the rise in public debt and lower interest expenditure. In 2025, Austria's interest payments amounted to € 8.3 bn, or 1.6% of GDP – taxpayer's money that cannot be invested in future-oriented priorities such as education, integration, health, long-term care, business competitiveness, the labour market, or security, nor used to build fiscal buffers against future crises.

Figure 4: Developments of general government key indicators



Source: 2025 Statistics Austria, from 2026 onwards MoF

General government developments

The general government **Maastricht balance** is forecast to improve as a result of fiscal consolidation across all subsectors, declining from -4.2% of GDP in 2025 and a currently projected -4.2% of GDP in 2026 to -3.5% of GDP in 2027. In 2028, the target of reducing the Maastricht deficit below 3.0% is achieved. The deficit is projected to remain below the 3% threshold throughout the remainder of the projection period until 2031.

According to current projection, the **general government expenditure ratio** will decline steadily from 55.2% of GDP in 2025 to 53.8% of GDP by 2031. Expenditure is expected to fall relative to GDP across all expenditure categories (ESA 2010 transaction categories), with the exception of interest expenditure. The largest declines are projected for compensation of employees (-0.7 percentage points between 2026 and 2031), intermediate consumption (-0.4 percentage points) and subsidies (-0.3 percentage points).

Despite the Austrian Federal Financing Agency's (OeBFA) prudent debt management, **interest expenditure** is projected to continue increasing markedly over the coming years. It will rise from 1.6% of GDP in 2025 to 2.5% of GDP by 2031, an increase of 0.9 percentage points. This increase partly offsets the gains from fiscal consolidation, while at the same time underlining how essential and unavoidable the consolidation effort is.

The impact of the Federal Government's fiscal consolidation, initiated under the 2025/2026 double budget, is reflected in the development of the **primary balance**. The primary deficit is projected to improve steadily from -2.6% of GDP in 2025 to -0.4% of GDP by 2031. This would represent the lowest primary deficit since 2019, before the onset of the successive crises.

Table 6: General government main indicators

General government (ESA 2010)	**STAT**	**Forecast**					
% of GDP	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Expenditure	55.2	55.2	54.7	54.3	54.0	53.9	53.8
Interest	*1.6*	*1.8*	*1.9*	*2.1*	*2.2*	*2.4*	*2.5*
Revenue	51.0	51.0	51.2	51.3	51.2	51.0	50.9
Taxes and social contributions	*43.9*	*44.0*	*44.3*	*44.4*	*44.4*	*44.2*	*44.1*
Maastricht balance (general government)	**-4.2**	**-4.2**	**-3.5**	**-3.0**	**-2.8**	**-2.9**	**-2.9**
Year-on-year difference	*+0.5*	*-0.0*	*+0.7*	*+0.5*	*+0.2*	*-0.0*	*-0.1*
Central government	-3.0	-3.0	-2.7	-2.3	-2.1	-2.2	-2.3
States and municpalities	-1.1	-1.1	-0.8	-0.7	-0.7	-0.6	-0.6
Social security sector	-0.1	-0.1	-0.0	-0.0	-0.0	-0.0	-0.0
Primary balance	**-2.6**	**-2.4**	**-1.6**	**-0.9**	**-0.6**	**-0.5**	**-0.4**
Maastricht debt-to-GDP ratio (general government)	**81.5**	**82.9**	**83.6**	**83.8**	**84.2**	**84.6**	**85.0**
Year-on-year difference	*+1.6*	*+1.4*	*+0.7*	*+0.2*	*+0.4*	*+0.5*	*+0.4*
Debt level effect, in pp. of GDP	4.5	3.8	3.5	2.8	2.9	2.9	2.8
GDP denominator effect, in pp. of GDP	-2.9	-2.4	-2.8	-2.6	-2.5	-2.4	-2.4

The general government **revenue ratio** is projected to increase initially from 51.0% of GDP in 2025 to 51.3% of GDP in 2028. The reduction in non-wage labour costs from 2028 onwards will initially be offset by other revenue-side consolidation measures but will subsequently become a key factor behind the declining revenue ratio, which is projected to fall to 50.9% of GDP by 2031. The **tax and social security contribution ratio** (national definition) follows a similar trajectory. After increasing from 43.9% of GDP in 2025 to 44.4% of GDP in 2028, it is projected to decline to 44.1% of GDP by 2031.

The increase in the debt-to-GDP ratio can be stabilised through the consolidation measures. Following a debt ratio of 81.5% of GDP in 2025, it is projected to increase to 82.9% in 2026 and 83.6% in 2027. From 2028 onwards, however, the pace of increase is expected to slow down markedly. The debt ratio is forecast to reach 83.8% of GDP in 2028 and rise only gradually thereafter to 85.0% of GDP by the end of the forecast period in 2031. It will therefore remain below its historical peak 85.6 of GDP in 2014, and thanks to the consolidation measures, significantly below the level 86.2% of GDP projected for 2031 in the Federal Ministry of Finance's long-term fiscal projection published in December 2025.

The investment of funds by general government entities with the Austrian Federal Financing Agency (OeBFA) through the *Bundeschatz* facility for public entities also has a favourable effect on debt developments[1]. As of 31 December 2025, investments by public entities through the *Bundesschatz* amounted to € 2.2 bn. From a general government perspective, these holdings do not affect the debt level. At the same time, they reduce the volume of funds that the OeBFA needs to raise on the capital markets, thereby contributing positively to the development of government debt.

These favourable effects on the level of government debt are particularly relevant for 2026, as investments by general government entities through the *Bundesschatz* are expected to increase to around € 5 bn by the end of the year.

Federal budget
Net financial balance
2027 Budget: € -15.5 bn | 2028 Budget: € -13.2 bn
The Federal Government's administrative deficit amounts to **€ 15.5 bn** in the **2027 Budget**, representing an improvement of € 2.8 bn compared with the 2026 Budget. According to

[1] See https://www.bundesschatz.at/oeffentliche-einheiten (29 May 2026)

the 2028 Budget, the net financing deficit will decline by a further € 2.4 bn in **€ 13.2 bn** in **2028**.

According to the current Medium-Term Expenditure Framework, the net financing deficit of the federal budget is projected to increase again in the following years, reaching € 14.5 bn in 2029, € 15.7 bn in 2030 and € 16.0 bn in 2031.

Table 7: Overview 2027 Budget, 2028 Budget and Medium-Term Expenditure Framework until 2031

Federal budget (cash statement) € billion	**Outcome**	**Budget**	**⟶**	**Budget**	**⟶**	**Budget**	**Medium-Term Expenditure Framework**		
	2025	**2026**	**Δ 26/27**	**2027**	**Δ 27/28**	**2028**	**2029**	**2030**	**2031**
Cash expenditure	**121,468.6**	**125,851.8**	*+2,355.6*	**128,207.4**	*+771.2*	**128,978.6**	**132,350.0**	**135,812.9**	**138,170.0**
Year-on-year difference				*+1.9%*		*+0.6%*	*+2.6%*	*+2.6%*	*+1.7%*
Pensions (ch 22, ch 23)	32,755.2	34,174.4	*+1,244.5*	35,419.0	*+1,333.7*	36,752.6	38,571.5	40,554.8	42,595.3
Education, science & research (ch 30-31, ch 33-34)	20,175.1	20,711.8	*+336.4*	21,048.2	*+28.2*	21,076.4	21,381.7	21,653.3	21,857.4
Business loc., infrastruct. & environm. (ch 40-43)	12,506.5	11,827.4	*-282.4*	11,545.1	*+282.8*	11,827.8	11,777.2	12,025.2	11,942.5
ch 20 Labour	10,781.9	10,343.1	*+632.1*	10,975.2	*-280.2*	10,695.0	10,497.8	10,243.7	9,954.8
ch 58 Financing and Currency Swap Agreements	6,823.5	8,912.3	*-163.4*	8,748.9	*-8.9*	8,740.0	10,182.8	10,809.9	11,250.4
ch 21 Social Affairs and Consumer Protection	5,623.3	5,944.3	*+418.4*	6,362.7	*+150.5*	6,513.2	6,536.5	6,626.5	6,719.6
ch 14 Military Affairs	4,608.9	4,760.6	*+387.8*	5,148.4	*+35.6*	5,184.0	5,404.7	5,539.0	5,722.4
Other	28,194.2	29,177.8	*-217.8*	28,960.0	*-770.5*	28,189.5	27,997.8	28,360.5	28,127.6
Cash revenue	**107,099.8**	**107,569.9**	*+5,122.4*	**112,692.4**	*+3,132.3*	**115,824.7**	**117,890.7**	**120,078.6**	**122,149.8**
Year-on-year difference				*+4.8%*		*+2.8%*	*+1.8%*	*+1.9%*	*+1.7%*
ch 16 Tax Revenue	73,764.8	74,323.4	*+4,206.7*	78,530.1	*+3,379.2*	81,909.3	83,806.1	85,523.3	87,624.2
Gross tax revenue	*119,736.7*	*122,144.0*	*+6,756.7*	*128,900.7*	*+6,184.8*	*135,085.5*	*139,052.8*	*142,154.2*	*145,603.1*
Tax transfers	*-45,971.9*	*-47,820.6*	*-2,550.0*	*-50,370.6*	*-2,805.6*	*-53,176.2*	*-55,246.7*	*-56,630.9*	*-57,978.9*
ch 20 Labour (esp. UE insurance contributions)	9,990.0	10,456.9	*+670.4*	11,127.3	*+476.1*	11,603.4	12,016.8	12,393.0	12,756.4
ch 25 Family and Youth	9,088.0	9,481.4	*+513.5*	9,995.0	*-1,143.9*	8,851.0	9,067.2	9,278.1	9,493.4
Contributions to the Family Burden Equalis. Fund	*8,840.3*	*9,035.1*	*+300.8*	*9,335.9*	*-605.1*	*8,730.8*			
FBEF contributions - Employers	*7,223.1*	*7,413.1*	*+227.5*	*7,640.6*	*-1,270.8*	*6,369.8*			
FBEF contributions - Tax share	*1,617.2*	*1,622.0*	*+73.3*	*1,695.3*	*+665.7*	*2,361.0*			
Other	14,257.1	13,308.3	*-268.2*	13,040.1	*+420.9*	13,461.0	13,000.7	12,884.2	12,275.8
Net financial balance	**-14,368.8**	**-18,281.9**	***+2,766.8***	**-15,515.1**	***+2,361.1***	**-13,154.0**	**-14,459.3**	**-15,734.3**	**-16,020.3**

The federal financing account reflects only the cash flows of the Federal Government (core entity). The Federal Government's net financing balance differs from the general government Maastricht balance because the latter also includes the deficits of the other general government subsectors, their extra-budgetary entities, and the Federal Government's own extra-budgetary entities. In addition, the ESA 2010 framework excludes purely financial transactions, such as the granting of loans, and records transactions on an accrual basis.

Cash expenditure

2027 Budget: € 128.2 bn | 2028 Budget: € 129.0 bn

The **2027 Budget** provides for total expenditure of **€ 128.2 bn**. This represents an increase of € 2.4 bn, or 1.9%, compared with the 2026 Budget.

Compared with the 2026 Budget, **cash expenditures** in the 2027 Budget **increase** primarily in the following areas:

- Pensions | ch 22 & ch 23 including long-term care allowance: +€ 1.2 bn
- Labour | ch 20: +€ 0.6 bn, primarily unemployment insurance benefits
- Social Affairs and Consumer Protection | CH 21: +€ 0.4 bn, primarily long-term care allowance and proactive policy measures
- Military Affairs | ch 14: +€ 0.4 bn
- Education, Science & Research | ch 30, ch 31, ch 33 & ch 34: +€ 0.3 bn, primarily ch 30 Education

These increases are partly offset by lower cash expenditures compared with the 2026 Budget in the areas of Business Location, Infrastructure and Environment (ch 40-43: € -0.3 bn) and Financing and Currency Swap Agreements (ch 58: € -0.2 bn). In addition, cash expenditures related to the earmarked housing subsidy grant to the states declines (ch 44: € -0.3 bn; included under the category „Other “).

Total cash expenditures in the 2028 Budget amount to € 129.0 bn, representing an increase of € 0.8 bn, or 0.6%, compared with the 2027 Budget.

The **increase in cash expenditures** in the 2028 Budget compared with the 2027 Budget is mainly attributable to the following areas:

- Pensions | ch 22 & ch 23 including long-term care allowance: +€ 1.3 bn
- Business Location, Infrastructure and Environment | ch 40 - ch 43: +€ 0.3 bn, primarily ch 40
- Social Affairs and Consumer Protection | ch 21: +€ 0.2 bn, primarily long-term care allowance

These increases are partly offset by lower cash expenditures in ch 20 Labour (€ -0.3 bn), primarily reflecting lower unemployment insurance benefit cash expenditures as a result of the projected decline in the number of registered unemployed persons.

The market decline in the „Other" category is mainly due to the fact that no surplus is projected for the Family Burden Equalisation Fund (FBEF) in the ch 25 Family and Youth in 2028.

The 2027 Federal Finance Act provides for authorisations amounting to € 0.3 bn, while the corresponding figure for the 2028 Federal Finance Act is € 0.6 bn.

According to the 2028-2031 Federal Medium-Term Expenditure Framework, the cash expenditure ceiling will increase to € 138.2 bn by 2031. Compared with cash expenditures under the 2026 Budget, this represents an overall increase of € 12.3 bn, or 9.7%.

Cash revenue
2027 Budget: € 112.7 bn | 2028 Budget: € 115.8 bn
Revenue in the **2027 Budget** is projected to increase by € 5.1 bn, or 4.8%, compared with the 2026 Budget, reaching **€ 112.7 bn**. Revenue in the **2028 Budget** amounts to **€ 115.8 bn**, representing a further increase of € 3.1 bn, or 2.8%, compared with the 2027 Budget.

Total cash revenue in **ch 16 Tax Revenue** increases by € 4.2 bn to **€ 78.5 bn** in the **2027 Budget** compared with the 2026 Budget. Gross tax revenue (including carbon markets) is projected to increase by € 6.8 bn, while tax transfers rise by € 2.6 bn, of which € 1.8 bn relates to shared tax revenue allocated to the states and municipalities. Cash revenue in ch 16 is projected to reach **€ 81.9 bn** in the **2028 Budget**, representing an increase of € 3.4 bn compared with the 2027 Budget. Gross tax revenue (including carbon markets) is expected to rise by € 6.2 bn, while tax transfers increase by € 2.8 bn, including € 1.8 bn in shared tax revenue for the states and municipalities.

The projected development of gross tax revenue incorporates tax-related consolidation measures amounting to € 0.7 bn in 2027 and € 1.8 bn in 2028. As a result of the Federal Government’s consolidation measures, **transfers of shared tax** revenue to the states and municipalities increase by € 0.1 bn in 2027 and € 0.4 bn in 2028. Accordingly, net tax revenue increases by € 0.5 bn in 2027 and € 1.4 bn in 2028. Alongside these tax measures, cash revenue developments continue to be driven primarily by the economic cycle.

Labour market developments, together with the consolidation measures and proactive policy measures, also affect revenue developments in ch 20 Labour, primarily unemployment insurance contributions, and ch 25 Family and Youth, primarily employer contributions to the Family Burden Equalisation Fund (FBEF).

In ch 20, unemployment insurance contributions increase by € 0.8 bn in the 2027 Budget compared with the 2026 Budget, followed by a further increase of € 0.5 bn in the 2028

Budget. This development is supported by the reform of unemployment insurance contributions and the unusual increase in the maximum social security contribution base.

Employer contributions to the FBEF in ch 25 increase by € 0.2 bn in the 2027 Budget compared with the 2026 Budget, before the reduction in non-wage labour costs, as the introduction of mandatory FBEF contributions for employees aged over 60, together with projected wage and employment growth, partly offsets the year-on-year reduction. To partly compensate for the resulting loss of FBEF cash revenue, the annual lump-sum transfer from personal income tax revenue will be increased by € 0.6 bn in 2028, raising the tax-financed share of FBEF funding by € 0.7 bn overall.

By **2031**, cash revenue is projected to increase by € 14.6 bn, or 13.6%, compared with the 2026 Budget, reaching **€ 122.1 bn**. Gross tax revenue (including carbon markets) in ch 16 is projected to rise to € 145.1 bn by 2031, representing an increase of € 23.0 bn, or 18.8%, compared with the 2026 Budget.

Economic environment

Following two consecutive years of recession, the Austrian economy returned to modest growth in 2025. With real GDP expanding by 0.6% (as of March 2026), this appeared to mark a turning point. Economic activity also started 2026 on a positive note. According to Statistics Austria, real GDP increased by 0.2% compared with the fourth quarter of 2025 and by 0.9% compared with the first quarter of 2025.

Revision of the National Accounts 2025 on 3 June 2026

On 3 June 2026, Statistics Austria updated the national accounts on the basis of newly available and revised data. For 2025, real GDP growth was revised upwards by 0.2 percentage points compared with the early March 2026 estimate, from 0.6% to 0.8%. As a result, nominal GDP in 2025 amounted to € 514.3 bn, representing an upward revision of € 1.5 bn compared with the early March 2026 estimate.

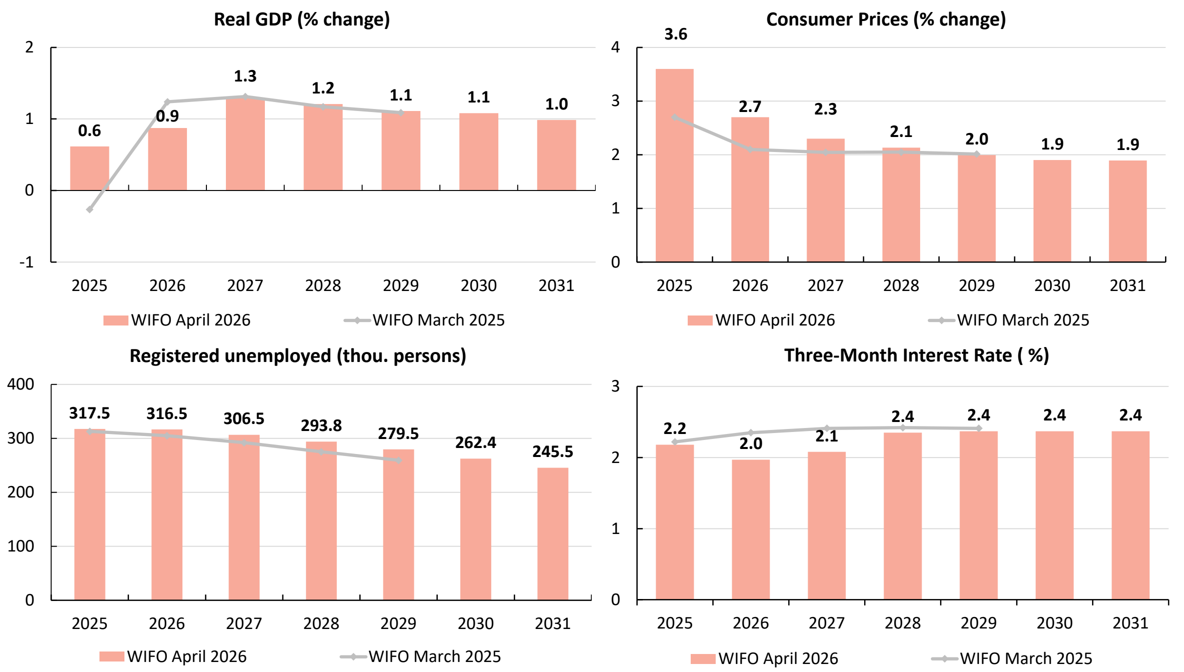
This revision has a slightly positive impact on the general government key indicators for 2025. The Maastricht deficit for 2025 remains at around 4.2% of GDP, while the debt-to-GDP ratio is now 0.2 percentage points lower, at 81.3% of GDP.

The current budget planning is based on WIFO's medium-term economic forecast of April 2026, which in turn is based on the national accounts as available in early March 2026. Accordingly, the national accounts revision is no longer reflected in the budget planning. Its impact is limited and represents an upside risk to the budget, particularly for 2026.

However, the outbreak of the Iran war at the end of February 2026, and in particular the blockade of the Strait of Hormuz – a vital shipping route for global commodity trade – has once again clouded the economic outlook. The most immediate and tangible effect has been a substantial increase in crude oil and natural gas prices. The Federal Government's objective is to ensure that the wide range of measures already introduced prevents a broad pass-through of energy price inflation to other goods and services. Over the medium term, damage to energy production and transport infrastructure is also expected to weigh on price developments.

At the same time, the escalation of the conflict in Iran has added to the already elevated level of geopolitical uncertainty. This has adversely affected consumer confidence and firms'willingness to invest. In financial markets, the heightened uncertainty has led to increased volatility and higher government bond yields.

Figure 5: Overview economic conditions



Note: The 2025 GDP revision published by Statistics Austria on 3 June 2026 has not been incorporated into the Budget Report or the Budget Strategy Report, in order to maintain consistency with the Austrian Institute of Economic Research (WIFO) April 2026 Economic Forecast.

Against this backdrop, WIFO published its economic forecast on 10 April 2026, comprising a baseline scenario as well as optimistic and pessimistic scenarios. The three scenarios are based on different assumptions regarding the development of crude oil and natural gas prices, resulting in different forecasts for economic growth, inflation and labour market in 2026 and 2027. However, all three scenarios assume modest economic growth in both years. The forecast for 2028 and the subsequent years is based on the baseline scenario and assumes that the economic effects will have largely subsided by then.

Table 8: Economic conditions main indicators

Economic conditions		STAT 3/26	WIFO economic forecast April 2026 - Main scenario							
		2025	2026	Δ 26/27	2027	Δ 27/28	2028	2029	2030	2031
Real GDP growth[1]	*% change*	+0.6	+0.9	*+0.4*	+1.3	*-0.1*	+1.2	+1.1	+1.1	+1.0
Consumer prices	*% change*	+3.6	+2.7	*-0.4*	+2.3	*-0.2*	+2.1	+2.0	+1.9	+1.9
Registered unemployed	*thou. persons*	317.5	316.5	*-10.0*	306.5	*-12.7*	293.8	279.5	262.4	245.5

Source: Statistics Austria, WIFO economic forecast April 2026

1) On June 3, 2026, Statistics Austria published an upward revision for GDP for 2025. To ensure consistency with the WIFO forecast from April 2026, this GDP revision is not taken into account here.

Despite higher energy prices following the Iran war, **consumer price inflation (CPI)** is expected to decline from 3.6% in 2025, although the pace of disinflation is forecast to slow. Under the baseline scenario, inflation is expected to return to around the European Central Bank's (ECB) target, at 2.1% before easing further to 1.9% by 2030.

In its April 2026 **medium-term economic forecast**, WIFO projects real GDP growth of 0.9% in 2026 under the baseline scenario. Real GDP is forecast to increase by 1.3% in 2027 and 1.2% in 2028. Over the remainder of the forecast horizon, through to 2031, Austria's economy is expected to converge towards its trend growth rate, with annual growth moderating slightly to 1.0% by 2031.

As is typically the case, labour market developments have lagged economic activity over the recent years. Consequently, unemployment continued to increase in 2025 despite the modest economic recovery. Against the backdrop of the renewed economic slowdown, no significant improvement is expected in 2026. WIFO projects a noticeable decline in the number of registered unemployed only from 2027 onwards. By 2028, the number of registered unemployed persons are expected to fall below 300,000 and to continue declining steadily through to the end of the forecast horizon in 2031. At the same time, the number of employees is projected to increase at a moderate annual pace over the period 2027-2031.

1.1. Fiscal consolidation measures

The Federal Government fiscal consolidation package delivers gross fiscal consolidation of € 2.1 bn in 2027 and € 5.0 bn in 2028. The total volume of fiscal consolidation is projected to increase further to € 5.2 bn by 2031

Table 9: Overview fiscal consolidation

€ million, impact on the balance	2027	2028	2029	2030	2031
Consolidation contribution companies, banks and state-affiliated enterprises	754.0	2,180.5	2,048.2	1,865.5	1,666.7
Consolidation contribution employees	347.3	467.3	545.3	596.3	653.3
Consolidation contribution pensioners as well as other social and insurance benefits	323.0	649.1	683.2	724.0	757.0
Consolidation contribution people with higher earned incomes	453.8	612.7	638.1	647.7	666.8
Additional savings in administration and further consolidation measures	145.0	600.0	515.0	515.0	515.0
Measures relating to family benefits	50.0	317.8	317.8	317.8	317.8
Measures relating to climate-damaging subsidies and other subsidies		190.0	250.0	400.0	600.0
Gross consolidation	**2,073.1**	**5,017.4**	**4,997.6**	**5,066.3**	**5,176.6**

Consolidation contribution companies, banks and state-affiliated enterprises

Companies, banks and state-owned enterprises make a substantial contribution to fiscal consolidation over the period 2027-2031. Their contribution amounts to € 0.8 bn in 2027 and € 2.2 bn in 2028, representing around 36% and 43%, respectively, of the total fiscal consolidation volume in those years. From 2029 onwards, the contribution made by companies, banks and state-affiliated enterprises gradually declines, falling first to € 2.0 bn in 2029 and subsequently to € 1.7 bn by 2031.

Table 10: Consolidation – Consolidation contribution companies, banks and state-affiliated enterprises

€ million, impact on financial balance	ch / sector	2027	2028	2029	2030	2031
Extension of the special contribution of banks (stability tax)	16	300.0	300.0	90.0	-65.0	-65.0
Increase in dividend payments of state-affiliated enterprises		163.0	180.0	41.0		21.0
Increase in dividends from ÖBAG and Verbund AG	*40*	*143.0*	*160.0*	*21.0*		*21.0*
Increase in dividends from Austrian Federal Forests (Öbf)	*42*	*20.0*	*20.0*	*20.0*		
Modernisation of gambling regulations	16	20.3	120.5	157.0	170.0	200.0
Introduction unemployment insurance contributions older employees and further social security/unemp. insur. measures	various	142.0	166.0	166.0	166.0	166.0
Adjustment wage subsidies for hiring long-term unemployed	20	100.0	100.0	100.0	100.0	100.0
Abolition of social security contribution refunds in the farmers' social sec. system	16	15.0	15.0	15.0	15.0	15.0
Increase in the farmer's pension insurance contribution	22/soc.sec.	13.7	14.0	14.2	14.5	14.7
Introduction of mandatory FBEF-contributions for employees aged over 60	25		500.0	500.0	500.0	500.0
Introduction of a progressive corporate income tax rate	16		200.0	350.0	350.0	300.0
Incidence effect of the reductions in FBEF-contributions	various		300.0	300.0	300.0	300.0
Restriction on eligible assets for the investment-related profit exemption	16		200.0	200.0	200.0	
Fraud prevention - third package of measures	16		70.0	100.0	100.0	100.0
Abolition of the workplace allowance	16		15.0	15.0	15.0	15.0
Sum consolidation contribution companies, banks and state-affiliated enterprises		**754.0**	**2,180.5**	**2,048.2**	**1,865.5**	**1,666.7**

The significant contribution made by companies, banks and state-affiliated enterprises to fiscal consolidation, together with the emphasis on revenue-side measures, should be viewed in the context of the substantial reduction in non-wage labour costs and the resulting relief for businesses. Companies benefit significantly from the reduction in the employer contribution rate to the Family Burden Equalisation Fund (FBEF). From an economic policy perspective, the overall policy mix underlying the consolidation package is designed to provide greater support to labour-intensive businesses.

Extension of the special contribution of banks (stability tax)

ch 16 Tax Revenue | € 300.0 mn 2027 | € 300.0 mn 2028

As part of the 2025/2026 double budget, both the assessment base for the bank levy and a special contribution of € 300.0 mn for banks in the 2025 and 2026 calendar years were introduced. This special contribution will be extended for a further three years, with the amount reduced in the final year. From 2030 onwards, the bank levy itself will also be reduced by 30%. The extension ensures that banks continue to make a fair contribution to fiscal consolidation, reflecting the significant benefits they have derived from the European Central Bank’s (ECB) historically strong interest rate hiking cycle since 2022.

Increase in dividend payments of state-affiliated enterprises

ch 40 Economy & ch 42 Agriculture, Forestry, Regions and Water Management| € 163.0 mn 2027 | € 180.0 mn 2028

A fiscal consolidation contribution from state-affiliated enterprises was already introduced under the 2025/2026 double budget. This consisted of higher dividend payments since 2027. In line with the principle of sharing the consolidation effort fairly, state-affiliated enterprises will again contribute to fiscal consolidation. The following additional dividend payments to the federal budget are planned. The figures shown below reflect only the increase attributable to the consolidation contribution; any further dividend increases serve to finance previously adopted measures:

- ch 40 Economy: Additional dividend payments of € 143.0 mn in 2027 and € 160.0 mn in 2028 are planned from *ÖBAG* and *Verbund AG*. Responsibility for securing these additional dividend payments rests with the Federal Ministry for Economy, Energy and Tourism in its capacity as the Government’s shareholder representative. It is ensured that the additional dividend revenue is fully Maastricht-compliant.
- ch 42 Agriculture, Forestry, Regions and Water Management: The profits of *Österreichische Bundesforste AG* (ÖBf) have increased significantly since 2020 (see the 2027 and 2028 State Holdings Report). Against this background, the dividend distribution of ÖBf, which is wholly owned by the Republic of Austria, will be increased by € 20.0 mn per year between 2027 and 2029. As ÖBf is not classified within the

general government sector under ESA 2010, the higher dividend payments to the Federal Government have a positive Maastricht impact.

Modernisation of gambling regulations

ch 16 Tax Revenue | € 20.3 mn 2027 | € 120.5 mn 2028

In line with the 2025-2029 Government Programme, the Federal Government will introduce reforms to modernise Austria's gambling monopoly. A modern regulatory framework and additional measures - including payment blocking and website blocking, the introduction of operator-wide deposits limits, and the opening of the online gambling market through a concession-based licensing model - are intended to curb illegal gambling, increase channelisation into the regulated market in line with European best practice, and ensure the highest standards of player protection. A second reform package envisages the establishment of an independent gambling regulatory authority and, subject to the necessary constitutional competences, the introduction of uniform federal regulation for related areas, as set out in the Government Programme. These reforms will ensure a high level of player and youth protection across the Austrian market while also generating sustainable additional revenue for the federal budget.

Introduction of unemployment insurance contributions for older employers and further social security and unemployment insurance measures

Various | € 142.0 mn 2027 | € 166.0 mn 2028

Under the current system, older employees are exempt from unemployment insurance contributions once they reach certain age thresholds. As part of the fiscal consolidation package, this exemption will be revised from 2027 onwards. Through this and other measures, in particular the increase in the employer's contribution from 19.6% to 23.0%, the gradual phasing out of §27f GSVG (credit for health insurance contributions) and the redimensioning of business support measures, this will generate fiscal consolidation of € 142.0 mn in 2027 and € 166.0 mn in 2028.

Adjustment of wage subsidies for hiring long-term unemployed

ch 20 Labour | € 100.0 mn 2027 | € 100.0 mn 2028

The efficiency of wage subsidies for hiring long-term unemployed will be enhanced through the introduction of uniform eligibility criteria and measures to prevent windfall effects. This is expected to generate annual savings of € 100.0 mn from 2027 onwards. At the same time, proactive policy measures will strengthen targeted active labour market measures (see the proactive policy measure "Labour market support measures" on p. 51). This represents a strategic reallocation within the labour market support budget.

Abolition of social security contribution refunds in the farmers' social security system

ch 16 Tax Revenue | € 15.0 mn 2027 | € 15.0 Mio. 2028

The refund of social security contributions under the farmer’s social insurance scheme, introduced as part of the 2015/2016 tax reform, will be abolished. As a result, the annual federal funding of € 15.0 mn provided for this purpose to the Social Insurance Institution for the Self-Employed (SVS) under the ch 16 will also be discontinued.

Increase in the farmer's pension insurance contribution

ch 22 Pension Insurance & social security sector | € 13.7 mn 2027 | € 14.0 mn 2028

For self-employed persons, the Federal Government finances the employer-equivalent contribution that supplements insured persons’ own contributions to the contribution rate of 22.8% applicable to employees. From 2027 onwards, the contribution rate payable by insured persons under the Farmers’ Social Insurance (BSVG) will increase from 17.0% to 17.4%. As a result, federal transfers (ch 22) to the pension insurance institution will be reduced by € 13.7 mn in 2027 and € 14.0 mn in 2028.

Introduction of mandatory FBEF-contributions for employees aged over 60

ch 25 Family and Youth | € 500.0 mn 2028

Under the current system, employers are exempt from paying contributions to the Family Burden Equalisation Fund (FBEF) for employees once they have reached the age of 60, with the exemption taking effect from the beginning of the following calendar month. As part of the reduction in the employer contribution rate to the FBEF by one percentage point to 2.7% of the contribution base from 2028 onwards, this exemption will be abolished. Consequently, a uniform employer contribution rate to the FBEF will apply to all employees from 2028.

These measures will partly offset the budgetary cost of the reduction in non-wage labour costs and is expected to generate additional revenue of € 500.0 mn per year.

Introduction of a progressive corporate income tax rate

ch 16 Tax Revenue | € 200.0 mn 2028

The introduction of a progressive corporate income tax rate from the 2028 tax year will ensure that particularly profitable companies also make a contribution to fiscal consolidation. The standard corporate income tax rate will remain unchanged at 23%. However, taxable income exceeding € 1.0 mn will be subject to a rate of 24%.

The progressive rate will apply both to resident corporate taxpayers and to non-resident corporate taxpayers with limited tax liability (first category), i.e. entities without their registered office or place of effective management in Austria that derive specified Austria-source income. It will also apply to the taxable income of the group as a whole and may therefore be claimed only once per corporate tax group.

The new progressive corporate income tax schedule will apply for the first time to financial years beginning after 31 December 2027. In 2028, higher advance tax payments are expected to generate additional corporate income tax revenue of € 200.0 mn. Additional revenue is projected to amount to € 350.0 mn per year in 2029 and 2030, before stabilising at € 300.0 mn annually from 2031 onwards.

Incidence effect of the reductions in FBEF-contributions

Various | € 300.0 mn 2028

The reduction in the employer contribution rate to the Family Burden Equalisation Fund (FBEF) from 3.7% to 2.7% of the contribution base provides substantial relief to Austrian businesses, amounting to € 2.0 bn per year. This relief is expected to increase the income of both businesses and employees, thereby generating additional tax and social security revenue through incidence effects.

On the one hand, lower non-wage labour costs may increase the gross operating surplus of the corporate sector. Higher gross operating surpluses are expected to translate, at least in part, into higher corporate profits, resulting in additional corporate income tax revenue.

Alternatively, the incidence effects may be reflected in a higher aggregate wage bill, for example through stronger employment growth or higher wage settlements, thereby increasing revenue from labour-related taxes and social security contributions.

The incidence effects of the reduction in non-wage labour costs do not constitute a separate discretionary fiscal consolidation measure. Excluding these effects would require a larger volume of discretionary consolidation measures to achieve the same fiscal outcomes and would therefore overstate the overall fiscal consolidation requirement. A conservative estimate of € 300.0 mn, equivalent to 15% of the € 2.0 bn reduction in non-wage labour costs, has therefore been incorporated into the budget projections.

The projections do not explicitly take into account the potential increases in social security contributions that could result from the creation of additional jobs. Likewise, no separate adjustment is made for the fact that public sector employers also benefit from the reduction in non-wage labour costs. As their FBEF contributions also decline, personnel expenditure is reduced accordingly. This latter effect is implicitly reflected in the other adjustments included in the conciliation to the Maastricht balance.

Restriction on eligible assets for the investment-related profit exemption

ch 16 Tax Revenue | € 200.0 mn 2028

For the financial years beginning after 31 December 2026 and before 1 January 2030, eligibility for the investment-related profit allowance will be restricted to investments in tangible productive assets. During this period, investments in securities will no longer qualify for the allowance. For financial years beginning after 31 December 2029, investments in securities will once again be eligible for the investment-related profit allowance. The temporary restriction is expected to generate additional personal income tax revenue of € 200.0 mn per year between 2028 and 2030.

Fraud prevention – third package of measures

ch 16 Tax Revenue | € 70.0 mn 2028

With the third phase of this anti-fraud package, the Federal Government will continue its determined efforts to combat fraud. The third anti-fraud package is expected to generate additional revenue of around € 70.0 mn in 2028 and € 200.0 mn annually from 2029 onwards. The specific measures will be developed on the basis of proposals submitted by the Anti-Fraud Working Group.

Abolition of the workplace allowance

ch 16 Tax Revenue | € 15,0 Mio. 2028

Since the tax assessment year, self-employed persons have been able, under certain conditions, to claim a workplace lump-sum allowance in respect to business income to reflect the business use of private residential premises. For budgetary reasons, both the standard and the reduced workplace lump-sum allowance will be abolished for financial years beginning after 31 December 2026.

The deduction of expenditure on ergonomically suitable office furniture (in particular desks, office chairs and lighting) of up to € 300 per calendar year will remain available. Likewise, as under the current rules, expenditure on business equipment that is not specific to residential premises – particularly computers and printers – will continue to be tax deductible. In the abolition of the workplace allowances is expected to generate additional personal income tax revenue of € 15.0 mn per year from 2028 onwards.

Consolidation contribution employees

Alongside employers, employees also make a fair contribution to fiscal consolidation. Their contribution amounts to € 0.3 bn in 2027 and € 0.5 bn in 2028 and is projected to increase steadily to € 0.7 bn by 2031.

Table 11: Consolidation – consolidation contribution employees

€ million, impact on financial balance	ch / sector	2027	2028	2029	2030	2031
Redesign unemployment insurance contributions and further unemp. insu. measures	various	289.0	379.0	457.0	508.0	565.0
Abolition of the teleworking allowance	various	58.3	88.3	88.3	88.3	88.3
Sum consolidation contribution employees		**347.3**	**467.3**	**545.3**	**596.3**	**653.3**

The measures affecting employees focus primarily on the unemployment insurance system and, together with other reforms, aim to strengthen incentives for employment, particularly full-time employment.

Redesign of unemployment insurance contributions and further unemployment insurance measures

ch 20 Labour | € 289.0 mn 2027 | € 379.0 mn 2028

The standard unemployment insurance contribution rate payable by employees is 2.95% of gross earnings. Under the current system, lower-income earners benefit from a graduated contribution schedule with reduced contribution rates. This exemption is to be revised, taking into account transitional periods. Through this and other measures, in particular adjustments to the partial retirement allowance and the introduction of unemployment insurance contributions for older workers, this will generate fiscal consolidation of € 289.0 mn in 2027 and € 379.0 mn in 2028.

Abolition of the teleworking allowance

ch 16 Tax Revenue, ch 20 Labour, ch 22 Pension Insurance & social security sector | € 58.3 mn 2027 | € 88.3 mn 2028

Tax relief for working from home was introduced on 1 January 2021 in response to the COVID-19 pandemic and was extended to teleworking more generally in 2025. Under the current rules, employer payments to compensate employees for additional costs incurred through teleworking are exempt from income tax up to a maximum of 300 euro per year, limited to 3 euro per day for no more than 100 teleworking days.

In line with the abolition to the teleworking allowance for the self-employed, the teleworking allowance for employees will be abolished from the 2027 tax year for budgetary reasons. However, expenditure on ergonomic office equipment for a workplace outside a dedicated home office (in particular desks, office chairs and lighting) will continue to be deductible as employment-related expenses up to 300 euro per year, without being offset of the allowance is expected to generate additional personal income tax revenue of € 10.0 mn in 2027 and € 40.0 mn annually from 2028 onwards.

As the income tax exemption for the teleworking allowance will be abolished, its exemption from the definition of earnings for social security purposes will likewise be removed. Consequently, teleworking allowances will become part of the general contribution base for social security purposes. This is expected to increase contribution revenue for the pension, health, and accident insurance schemes by a total of € 40.7 mn per year from 2027 onwards. The additional pension insurance contributions (€ 29.4 mn per year) will be matched by an equivalent reduction in federal expenditure under ch 22 Pension Insurance as a result of the Federal Government's statutory guarantee. In addition, unemployment insurance contribution under ch 20 Labour are projected to increase by € 7.6 mn per year from 2027 onwards.

Overall, the abolition of the teleworking allowance is expected to generate additional general government revenue of € 58.3 mn in 2027 and € 88.3 mn annually from 2028 onwards.

Consolidation contribution pensioners as well as other social and insurance benefits

Under current conditions – including demographic change, subdued economic growth and, more recently, elevated inflation – the public pension system is experiencing strong expenditure growth. As part of the 2025/2026 double budget, the Federal Government therefore adopted a package of pension reforms to address the resulting fiscal pressure on the public finances. These reforms include, in particular, stricter eligibility requirements for the corridor pension and the introduction of a partial pension.

Nevertheless, expenditure by the social insurance institutions continues to grow dynamically. In addition, pension adjustments between 2019 and 2025 exceeded the underlying inflation rate in some years, creating a lasting burden on the budget. At the same time, collectively agreed wage settlements for 2026 and 2027 are, in many cases, significantly below the following inflation rate used for pension indexation.

Against this backdrop, pensions will again be adjusted more moderately in 2027 and 2028. In addition, efficiency gains will be achieved in the provision of health resort services, the indexation of non-income related social benefits will be suspended in 2028, and the replacement rate for the partial retirement allowance will be maintained at 80%. Taken together, these measures will generate fiscal consolidation of € 0.3 bn in 2027 and € 0.6 bn in 2028. Over the medium term, changes to emergency assistance affecting pension insurance contributions will also contribute to fiscal consolidation.

Table 12: Consolidation – Consolidation contribution pensioners as well as other social and insurance benefits

€ million, impact on financial balance	ch / sector	2027	2028	2029	2030	2031
2027/2028 pension adjustments		273.0	559.0	559.0	559.0	559.0
Pension insurance	*22/soc.sec.*	*223.0*	*457.0*	*457.0*	*457.0*	*457.0*
Pensions civil servants	*23*	*50.0*	*102.0*	*102.0*	*102.0*	*102.0*
Reduction in spending on health resort services	22/soc.sec.	50.0	75.0	100.0	125.0	150.0
Suspension of the valorisation of income-independent family & social benefits 2028	22/soc.sec.		15.1	4.2		
Maintaining 80% replacement rate for partial retirement allowance	20			20.0	40.0	48.0
Sum consolidation contribution pensioners as well as other social and insurance benefits		**323.0**	**649.1**	**683.2**	**724.0**	**757.0**

2027/2028 pension adjustments

ch 22 Pension Insurance & ch 23 Pensions for Civil Servants | € 273.0 mn 2027 | € 559.0 mn 2028

As part of the 2027/2028 double budget, measures to moderate the projected growth in pension expenditure are required in both 2027 and 2028 to safeguard the financial sustainability of the pension system. These measures are expected to generate fiscal consolidation of € 273.0 mn in 2027 and an additional € 286.0 mn in 2028, resulting in cumulative savings of € 559.0 mn by 2028.

For 2027, this means that the equalisation supplement thresholds will be increased by 3.3%, while pensions up to the maximum social security contribution base will be increased by 2.95%. Pensions above this threshold will receive a flat-rate increase of approximately 204 euro. The pension adjustment for 2028 is expected to contribute a further € 286.0 mn to fiscal consolidation (ch 22 and ch 23), bringing the cumulative consolidation volume to € 559.0 mn. The detailed design of the 2028 pension adjustment will be developed at a later stage. In addition, the social security contribution applicable to particularly high pensions in the public sector and public-related entities will be increased.

Reduction in spending on health resort services

ch 22 Pension Insurance & social security sector | € 50.0 mn 2027 | € 75.0 mn 2028

Within their respective areas of responsibility, the social insurance institutions will implement measures to reduce expenditure in health resort services. These measures will focus on achieving savings through tariff negotiations, revising and applying a medical criteria catalogue for approving health resort services and preventive rehabilitation (*Gesundheitsvorsorge Aktiv – GVA*), strengthening follow-up care to reduce or better manage repeated treatment stays, and making greater use of outpatient services. In addition to these expenditure restraint measures; further efficiency improvements will be identified in other areas. The objective is to reduce expenditure in this area by € 50.0 mn in 2027, € 75.0 mn in 2028 and € 100.0 mn annually from 2029 onwards compared with the respective baseline projection.

Suspension of the valorisation of income-independent family & social benefits 2028
ch 20 Labour, ch 22 Pension Insurance and social security sector | € 15.1 mn 2028
The suspension of the valorisation of income-independent social benefits, currently in force for 2026 and 2027, will be extended by a further year. Accordingly, the indexation of the assessment base for the retraining allowance, as well as the rehabilitation benefit, reintegration benefit and sickness benefit, will be suspended in 2028. This is expected to reduce expenditure in the social security sector by € 15.1 mn in 2028 and € 4.2 mn in 2029. Lower expenditure on rehabilitation benefit in the social security sector will also reduce federal expenditure under ch 22 Pension Insurance by a corresponding amount.

Maintaining the 80% replacement rate for the partial retirement allowance
ch 20 Labour | from 2029 onwards
Under Austria's partial retirement scheme, the Public Employment Service (AMS) reimburses employers for part of the gross wage costs associated with wage compensation and the related employer social security contributions. As part of the fiscal consolidation measures introduced under the 2025/2026 double budget, several reforms were made to the scheme, including reducing the replacement rate for continuous partial retirement arrangements to 80% for the period 2026-2028. Under the previous legislation, the replacement rate was scheduled to increase to 90% from 2029. This increase will no longer take place, meaning that expenditure on the partial retirement allowance will remain lower from 2029 onwards.

As a result, the cumulative effects of the legislative changes introduced since 2025 amount to € -72.0 mn in 2028, € -89.0 mn in 2029 and € -149.0 million in 2030. Consequently, total expenditure under labour market policy on the partial retirement scheme is projected to fall below € 500.0 mn annually from 2030 onwards.

Consolidation contribution people with higher earned income

In line with the ability-to-pay principle, higher income earners are expected to make a contribution to fiscal consolidation. Together with the contribution made by companies, banks, and state-affiliated enterprises, these measures underscore the social balance of the fiscal consolidation package. Specifically, they include the increase in the maximum social security contribution base, the introduction of taxation of private use of cars with zero CO_2 emissions (e-cars), the increase in the real estate capital gains tax on existing properties, and higher social security contributions for particularly high pensions in the public sector and public-related entities. Taken together, these measures are expected to generate additional revenue of € 0.5 bn in 2027, rising to € 0.6 bn annually from 2028 onwards and € 0.7 bn by 2031.

Table 13: Consolidation – Consolidation contribution people with higher earned income

€ million, impact on financial balance	ch / sector	2027	2028	2029	2030	2031
Unusual increase in maximum contribution base	various	228.8	287.7	293.1	302.7	311.8
Introduction taxation of private use of cars with zero CO_2 emissions (e-cars)	16	110.0	190.0	210.0	210.0	220.0
Reduction of the flat-rate acquisition cost for existing properties under the real estate	16	100.0	120.0	120.0	120.0	120.0
Increase in security contributions for particularly high pension benefits	23/var.	15.0	15.0	15.0	15.0	15.0
Sum consolidation contribution people with higher earned income		**453.8**	**612.7**	**638.1**	**647.7**	**666.8**

Unusual increase in the maximum social security contribution base

ch 20 Labour & ch 22 Pension Insurance & social security sector | € 228.8 mn 2027 | € 287.7 mn 2028

The maximum social security contribution base is the gross income threshold up to which social security contribution (health, accident, pension and unemployment insurance) is payable. Income above this threshold is exempt from social security contributions. In 2026, the maximum contribution base amounts to 6,930 euro gross per month or 231 euro per day. The daily maximum contribution base is adjusted annually by applying the statutory adjustment factor and rounding to the nearest euro.

As a contribution by higher-income earners to fiscal consolidation, the maximum contribution base will, in addition to its regular annual adjustment, be increased on an unusual basis by 5.00 euro per day in 2027 and by a further 1.67 euro per day in 2028.

This measure is expected to generate additional general government revenue of € 228.8 mn in 2027 and € 287.7 mn in 2028. Of this amount, € 179.9 mn in 2027 and € 239.6 mn in 2028 relate to additional pension insurance contributions, net of slightly higher future pension benefits. These higher contributions are offset by a net equivalent reduction in federal expenses under ch 22 Pensions Insurance, reflecting an intragovernmental transfer. Additional revenue from health insurance contributions is projected at € 59.4 mn in 2027 and € 79.2 mn in 2028, while accident insurance contributions are expected to increase by € 7.5 mn and € 10.0 mn, respectively. The effect on unemployment insurance contribution under ch 20 Labour amounts to € 32.0 mn in 2027 and € 43.9 mn in 2028. These gains are partly offset by lower revenue from personal income tax and wage tax, amounting to € 50.0 mn in 2027 and € 85.0 mn in 2028.

Introduction of taxation of private use of cars with zero CO_2 emissions (e-cars)

ch 16 Tax Revenue | € 110.0 mn 2027 | € 190.0 mn 2028

In future, the private use of employer-provided zero-emission vehicles will also be subject to a taxable benefit in kind. A phased introduction is envisaged. In 2027, a taxable benefit in kind of 0.375% of the vehicle's acquisition cost (including VAT and the standard consumption tax (NoVA)) will apply, capped at 180 euro per month. From the 2028 tax year onwards, the taxable benefit in kind will increase to 0.625% of the acquisition cost (including VAT and NoVA), subject to a maximum of 300 euro per month.

The reduced taxable benefit in kind preserves environmental incentives, as even under the second stage it remains at less than one third of the taxable benefit applicable to conventionally powered company cars. The new rules will apply from January 2027 to all zero-emission vehicles made available by employers for private use. The measure is expected to generate additional revenue of € 110.0 mn in 2027 and € 190.0 mn in 2028.

Reduction of the flat-rate acquisition cost for existing properties under the real estate income tax

ch 16 Tax Revenue | € 100.0 mn 2027 | € 120.0 mn 2028

Existing properties are defined as properties acquired before 31 March 2002 and therefore, as of 31 March 2012, generally not subject to capital gains taxation because the ten-year speculation period under the legal framework in force before the First Stability Act 2012 had already expired. Since the reform of real estate taxation in 2012, the acquisition cost for these "existing properties" has been deemed to equal 86% of the sale proceeds (40% in the case of rezoned properties).

To better reflect the appreciation in property values since 2012, the deemed acquisition cost for existing properties that have not been rezoned will be reduced from 86% to 80% of the sale proceeds. For rezoned properties, the corresponding percentage will be reduced from 40% to 30%.

As a result, disposals taking place after 31 December 2026 will be effectively taxed at 6% of the sale proceeds (21% for rezoned properties). The existing preferential treatment will therefore be maintained, while introducing only a modest adjustment to reflect inflation. The measure is expected to generate additional revenue of € 100.0 mn in 2027 and € 120.0 mn annually from 2028 onwards.

Increase in social security contributions for particularly high pension benefits
Various/ch 23 – Pensions for Civil Servants | € 15.0 mn 2027 | € 15.0 mn 2028
By making full use of the scope permitted under the Federal Constitutional Act on the Limitation of Remuneration for Public Office Holders – in particular through higher social security contributions on exceptionally high pensions and special pensions exceeding the maximum social security base – the Federal Government expects to generate fiscal savings of up to € 15.0 mn annually from 2027 onwards. Implementing the measure will require amendments to a number of sector-specific acts.

Additional savings in administration and further consolidation measures

With the 2025/2026 double budget, the Federal Government embarked on a path towards a leaner public administration, a more efficient system of public subsidies, and more efficient management of state-affiliated enterprises.

The 2025 Budget incorporated savings of € 1.1 bn across the federal ministries. Based on the outcome for 2025, these savings were achieved in full, with overruns in individual budget chapters attributable to specific circumstances. In the 2026 Budget, the corresponding fiscal consolidation volume increases to € 1.3 bn, while the expenditure ceilings under the 2026-2029 Federal Medium-Term Expenditure Framework include savings of € 2.0 bn for 2029.

In the area of public sector employment, the pay agreement for federal public servants was renegotiated, resulting in a more balanced salary adjustment than originally planned for 2026 and spreading the adjustment over the period 2026-2028. In addition, the Council of Minister's submission "Increasing Efficiency and Strengthening Merit-Based Recruitment in the Federal Civil Service" 341/1, circular resolution of 12 December 2025) established a savings path for the general administrative service, providing for a reduction of around 6% of administrative staff in the federal civil service (approximately 2,600 full-time equivalents) by the end of 2029. Together, these measures support the ministries' savings targets.

With regard to public subsidies, the 2025 Budget introduced immediate savings, while the 2025/2026 double budget established the Subsidy Taskforce. In addition to its medium-to long-term objectives of structurally modernising the Federal Government’s subsidy system, the Taskforce was tasked with gradually reducing subsidy expenditure by up to € 800.0 mn by 2029. Similarly, the State-Owned Enterprises Taskforce was mandated to deliver savings of € 300.0 mn by 2029. The corresponding fiscal consolidation volumes are reflected in the 2027-2030 and 2028-2031 Federal Medium-Term Expenditure Frameworks (see the information box “Implementation of the savings under the Subsidy Taskforce and the State-Owned Enterprises Taskforce” on p. 44).

In a second phase, beginning in autumn 2026, the Subsidy Taskforce will focus on the institutional design of the subsidy framework. This will include, in particular, the introduction of an effective cumulation principle to prevent over-subsidisation. Existing financial commitments and multiannual funding commitments will also be subject to a systematic review. The objective is to ensure that the long-term effectiveness of subsidy schemes, the financial sustainability of funding programmes and medium-term budgetary stability are mutually consistent. The aim is to avoid both substantial budget overruns and funding interruptions resulting from liquidity constraints.

The path towards a more efficient and effective public administration will continue under the 2027/2028 double budget. In addition, to the administrative savings of € 2.0 bn already incorporated into the budget framework, further savings of € 125.0 mn across the federal ministries will be realised from 2029 onwards. As in the previous year, ÖBB-Infrastructure AG will again contribute to the Federal Government’s fiscal consolidation efforts. Further measures will also be implemented within the Federal Ministry of Education and the diplomatic service.

Table 14: Consolidation – Additional savings in administration and further consolidation measures

€ million, impact on financial balance	ch / sector	2027	2028	2029	2030	2031
Additional consolidation contribution ÖBB-Infrastruktur AG	cen. govt.	55.0	285.0	285.0	285.0	285.0
Contribution education - Postponement of the equipment initiative	30	30.0	50.0	50.0	50.0	50.0
Increase in alcohol tax	16	35.0	45.0	45.0	45.0	45.0
Establishment of a substitute rule for calculating the standard consumption tax on motor vehicles imported from third countries	16	15.0	5.0	5.0	5.0	5.0
Upfront taxation option in the area of pension funds	16		200.0	-15.0	-15.0	-15.0
Efficiency improvements diplomatic representation network	12	5.0	10.0	15.0	15.0	15.0
Saving within the system	various	5.0	5.0	5.0	5.0	5.0
Further savings in the ministries	various			125.0	125.0	125.0
Sum additional savings in administration and further consolidation measures		**145.0**	**600.0**	**515.0**	**515.0**	**515.0**

Taken together with other measures, such as the introduction of an optional upfront taxation regime for pension fund benefits and the increase in spirits taxation/ in excise duty on spirits, these measures generate fiscal consolidation of € 0.1 bn in 2027 and € 0.6 bn in 2028.

ÖBB-Infrastruktur AG – Adjustment of the investment programmes

Central government sector | € 55.0 mn 2027 | € 285.0 mn 2028

Under ESA 2010, *ÖBB-Infrastruktur AG* is classified as a statistical unit within the general government sector (a so-called „non-market producer “). Accordingly, its financial balance is reflected in the Maastricht balance, although ESA 2010 provides specific accounting rules for investment expenditure.

Between 2027 and 2031, ÖBB will contribute a total of € 1.6 bn to fiscal consolidation. Of this amount, € 1.1 bn results from a scaling-back of the investment framework compared with the current 2025-2030 Framework Plan. The remaining € 0.5 bn stems from adjustments to special investment programmes.

Contribution education– Postponement of the equipment initiative

ch 30 Education | € 30.0 mn 2027 | € 50.0 mn 2028

Postponing the procurement of digital devices under the Digital Devices Initiative will generate savings in 2027 and 2028. As a result, pupils will receive their digital devices only from the sixth grade onwards. This postponement will not affect the implementation of the curriculum. The necessary legislative amendments are expected to be adopted in autumn 2026. The new arrangements will apply from the 2027/2028 school year, while the current rules will remain in force during the 2026/27 school year.

Increase in alcohol tax

ch 16 Tax Revenue | € 35.0 mn 2027 | € 45.0 mn 2028

The standard excise duty rate on alcohol currently amounts to 1,200 euro per 100 litres of pure alcohol and has remained unchanged since 1 March 2014. In the interests of both fiscal consolidation and public health, this rate will now be increased by 30% to 1,560 euro per 100 litres of pure alcohol. The new rate will take effect on 1 January 2027 and is expected to generate additional revenue of € 35.0 mn in 2027 and € 45.0 mn annually from 2028 onwards.

Establishment of a substitute rule for calculating the standard consumption tax on motor vehicles imported from third countries

ch 16 Tax Revenue | € 15.0 mn 2027 | € 5.0 mn 2028

Motor vehicles registered in Ukraine and used by displaced persons residing in Austria under the displaced persons regulation have so far been exempt from the requirement to register their vehicles in Austria. This exemption will expire on 1 July 2027, providing a sufficient transitional period to ensure an orderly administrative implementation.

In view of the future registration requirement for these vehicles in Austria, accompanying tax simplification measures will also be introduced. The reform is expected to generate additional revenue of € 15.0 mn in 2027 from the standard consumption tax (NoVA) and the motor-related insurance tax. In subsequent years, the measure is expected to increase revenue from the motor-related insurance tax by € 5.0 mn annually.

Upfront taxation option in the area of pension funds

ch 16 Tax Revenue | € 200.0 mn 2028

In 2028, certain pension beneficiaries and vested members of pension funds will, subject to specified conditions, be offered a one-off option to elect upfront taxation of their pension fund entitlements. In return, future pension payments will be exempt from income tax. The measure is expected to generate one-off additional revenue of € 200.0 mn in 2028. In subsequent years, annual revenue losses of approximately € 15.0 mn are expected.

Efficiency improvements in the diplomatic representation network

ch 12 Foreign Affairs | € 5.0 mn 2027 | € 10.0 mn 2028

The Federal Ministry for European and International Affairs will achieve savings primarily through administrative efficiencies and efficiency improvements across Austria's diplomatic network (€ 5.0 mn in 2027 and € 10.0 mn in 2028). At the same time, targeted investments for the future will continue, focusing in particular on the digitalisation of consular services and on strengthening the cyber security and physical security of Austrian embassies and consulates.

Saving within the system

Various budget chapters | € 5.0 mn 2027 |€ 5.0 mn 2028

As part of a whole-of-government effort to ensure sustainable public finances in times of crises, political parties contesting elections will also contribute to fiscal consolidation. Public funding for political parties will not be indexed to inflation in 2027 and 2028.

Together with other savings measures, including reductions in representation expenditure, this will reduce expenditure by at least € 5.0 mn.

Further savings in the ministries

Various budget chapters | € 125.0 mn from 2029 onwards

The 2025/2026 double budget already introduced substantial savings across the federal ministries and the Supreme Constitutional Institutions. These increased from € 1.1 bn in 2025 to € 2.0 bn by 2029. Responsibility for implementing these savings rests with the respective budget-managing authorities.

In addition, there are expenditure areas in which all federal ministries and Supreme Constitutional Institutions will contribute savings, for example through lower spending on public information and advertising. In line with the Government Programme, the Federal Government is committed to the prudent use of public funds and will reduce expenditure on public information activities.

The 2025 outcome demonstrates that, with only a few exceptions, the ministries fully achieved their savings targets. The Federal Government has now decided to continue and further strengthen these efforts from 2029 onwards. Specifically, additional ministry-specific savings of € 125.0 mn per year will be realised in 2029, 2030 and 2031. The allocation across budget chapters follows the same methodology applied in the 2025/2026 Federal Finance Acts and the 2025-2028 and 2026-2029 Medium-Term Expenditure Frameworks.

With regard to the new administrative savings from 2029 onwards, the following points should be noticed:

- ch 01-06 Supreme Constitutional Institutions, ch 16 Tax Revenue, ch 22 Pension Insurance, ch 23 Pensions for Civil Servants, ch 33 Economic Affairs – Research, ch 34 Innovation and Technology – Research, ch 44 Intergovernmental Transfers, ch 46 Financial Market Stability, ch 51 Cash Management and ch 58 Financing and Currency Swap Agreements are exempt from this consolidation measures.
- The additional administrative savings of € 125.0 mn per year from 2029 onwards will be realised entirely on the expenditure side.
- Part of the consolidation contribution under ch 41 Mobility will be achieved outside the federal budget through Maastricht-relevant savings resulting from the scaling-back of investments by *ÖBB-Infrastruktur AG*.

- Part of the ch 41 Mobility will be achieved outside the federal budget through Maastricht-relevant savings resulting from the scaling-back of investment by *ÖBB-Infrastruktur AG*.

Implementation of the savings under the Subsidy Taskforce and the State-Owned Enterprises Taskforce

As part of the 2025/2026 double budget, the Federal Government established both a Subsidy Taskforce and a State-Owned Enterprises Taskforce.

The **Subsidy Taskforce** has taken an important first step towards developing a comprehensive Federal Subsidy Strategy as the cornerstone of the future design of the Federal Government's subsidy system. Its objective is to modernise the federal subsidy landscape over the medium to long term, improve efficiency and enhance transparency on a lasting basis. To this end, the Taskforce has developed nine common guiding principles that will serve as the basis for the design, governance and evaluation of federal subsidy programmes. The results have been published in a joint report[2].

In a second phase, beginning in autumn 2026, the Subsidy Taskforce will focus on the institutional design of the subsidy framework. This will include, in particular, the introduction of an effective cumulation principles to prevent over-subsidisation. Existing financial commitments and multiannual funding commitments will also be subject to systematic review. The objectives are to ensure that the long-term effectiveness of subsidy schemes, the financial sustainability of funding programmes and medium-term budgetary stability are mutually consistent. The aim is to avoid both substantial budget overruns and funding interruptions resulting from liquidity constraints.

As part of this work, a common assessment base was developed for the fiscal consolidation targets relating to direct federal subsidies set out in the 2025-2028 and 2026-2029 Budget Strategy Reports. This serves as the common basis for the cross-ministerial allocation and implementation of the fiscal consolidation targets. The following savings requirements were established across the budget chapters

[2] The report of the Subsidy Taskforce is available at: https://www.bmf.gv.at/dam/jcr:b9472624-8c47-4732-9c37-af737cc47d96/Bericht%20F%C3%B6rder-Taskforce.pdf (26 May 2026)

for the period 2026-2029: € 150.0 mn in 2026, € 400.0 mn in 2027, € 600.0 mn in 2028 and € 800.0 mn in 2029. From 2027 onwards, these amounts have been allocated across the individual budget chapters on the basis of the common assessment base and are reflected accordingly in the 2027-2030 and 2028-2031 Federal Medium-Term Expenditure Frameworks. Illustrative examples include:

- ch 15 Financial Administration: Discontinuation of the TECTRANS funding programme.
- ch 41 Mobility: Discontinuation of the „Lighthouse of Heat Transition “and „Energy Research “funding programmes
- ch 43 Environment, Climate and Circular Economy: Abolition of the Device Repair Bonus

The current fiscal situation also required state-affiliated enterprises to contribute to fiscal consolidation. Part of this contribution will be delivered through the **State-Owned Enterprises Taskforce**. The required fiscal consolidation contribution amounts to € 100.0 mn in 2027, € 200.0 mn in 2028 and € 300.0 mn in 2029. The State-Owned Enterprises Taskforce has allocated these savings targets across the responsible federal ministries.

The scope of the State-Owned Enterprises Taskforce comprises:

- Companies in which the Federal Government holds a direct majority shareholding.
- Legal entities pursuant to Section 67(1)(2) of the Federal Budget Act (BHG)
- Funds and foundations pursuant to Section 46 of the Federal Budget Regulation (BHV) in which the Federal Government holds a majority interest
- Direct majority-owned subsidiaries of federal holding companies (ÖBAG, ÖBB, ASFINAG and the Federal Theatres)
- Excluding universities

In total, the Taskforce covers 143 entities. Its scope therefore extends beyond the definition of participations used in the State Holdings Report by additionally including foundations, funds and subsidiaries of federal holding companies. A more detailed explanation of these differences is provided in the 2027/2028 State Holdings Report.

The allocation key used to distribute the fiscal consolidation targets across the budget chapters is based on two indicators: net profit (weighted at two-thirds) and personnel expenditure (weighted at one-third). This methodology is intended to ensure that both highly profitable enterprises and enterprises with comparatively high personnel costs contribute to fiscal consolidation. For the personnel expenditure component, an efficiency score is also applied, meaning that enterprises with higher personnel expenditure per employee are required to deliver proportionately larger savings.

Measures relating to family benefits

The 2027/2028 double budget introduces two fiscal consolidation measures in the area of family benefits. First, the Family Bonus Plus will be reformed with the aim of strengthening incentives to participate in the labour market. Second, the indexation of family benefits and the child tax credit will be suspended in 2028. Together, these measures will generate fiscal consolidation of € 0.3 bn in 2028.

Table 15: Consolidation – Measures relating to family benefits

€ million, impact on financial balance	ch / sector	2027	2028	2029	2030	2031
Changes to the Family Bonus Plus	16	50.0	130.0	130.0	130.0	130.0
Suspension of the valorisation of income-independent family benefits 2028	25/soc.sec.		147.8	147.8	147.8	147.8
Suspension of the valorisation of the child deduction	16		40.0	40.0	40.0	40.0
Sum measures relating to family benefits		**50.0**	**317.8**	**317.8**	**317.8**	**317.8**

The adjustments to family benefits should be viewed alongside the proactive policy measures in the field of education (see p. 53). From 2027 onwards, additional funding will be provided, amount other things, for a compulsory second free year of kindergarten, the expansion of all-day schooling and a strengthened quality initiative in early childhood education. As a result, there will be a modest shift in the composition of family support from cash benefits towards benefits in kind over the coming years.

Changes to the Family Bonus Plus

ch 16 Tax Revenue| € 50.0 mn 2027 | € 130.0 mn 2028

As part of the 2027/2028 double budget, the Family Bonus Plus will be reformed with the objective of strengthening incentives to participate in paid employment and reducing differences in disposable income between men and women.

Under the new rules, the existing options for allocating the Family Bonus Plus between eligible claimants will only remain available where the child has not yet reached the age of four or where another child under the age of four lives in the same household.

For children aged four and over, the Family Bonus Plus may either be allocated at a rate of 75% to the person entitled to family allowance or their spouse or partner and 25% to the other eligible claimant (instead of the current 100%/0% allocation), or both eligible claimants may continue to claim the Family Bonus Plus equally, with each receiving 50%.

An exception applies where increased family allowance is paid for a child, who will continue to be treated in the same way as a child below the age of four. Separate allocation rules will also apply to parents living below b the age of four. Separate allocation rules will also apply to parents living apart where the maintenance tax credit is payable for the child in the respective month.

The new rules will apply for the first time to the 2027 tax assessment and to payroll periods from January 2027 onwards. The reform is expected to generate additional tax revenue of € 50.0 mn in 2027 and € 130.0 mn annually from 2028 onwards.

Suspension of the valorisation of income-independent family benefits 2028
ch 25 Family and Youth & Social Security Sector | € 147.8 mn 2028
Between 2023 and 2025, non-income-related family benefits – including family allowance, the supplement for large families, childcare allowance, the school start allowance and the Family Time Bonus – were automatically indexed every year using the pension adjustment factor (Section 108f ASVG).

As part of the fiscal consolidation package presented in May 2025, indexation was suspended for 2026 and 2027. Given the continued need for fiscal consolidation in the following years, indexation of family benefits will also be suspended in 2028.

The suspension of indexation is expected to reduce expenditure under ch 25 Family and Youth by € 150.0 mn and general government expenditure by € 147.8 mn annually from 2028 onwards.

Suspension of the valorisation of the child deduction
ch 16 Tax Revenue | € 40.0 mn 2028
In line with the suspension of indexation for non-income-related benefits, the suspension of the annual inflation adjustment of the child deduction will also be extended. The annual

adjustment has already been suspended for the 2026 and 2027 calendar years. Under the new measures, no inflation adjustment will be made in 2028 either. The measure is expected to generate additional tax revenue of € 40.0 mn per year from 2028 onwards.

Measures relating to climate-damaging subsidies and other subsidies

Climate protection and fiscal consolidation are not competing policy objectives. On the contrary, the gradual phase-out of environmentally harmful measures can contribute both to reducing greenhouse gas emissions – and thereby to achieving Austria's climate targets – and to improving the fiscal position. A prime example is carbon pricing, which was introduced in Austria in 2022.

Table 16: Consolidation – Measures relating to climate-damaging subsidies and other subsidies

€ million, impact on financial balance	ch / sector	2027	2028	2029	2030	2031
Measures relating to climate-damaging subsidies and other subsidies	**various**		**190.0**	**250.0**	**400.0**	**600.0**

Green tax measure and measures arising from the working group on counterproductive incentives and subsidies

Various budget chapters| € 190.0 mn 2028

The findings of the working group on counterproductive incentives and subsidies provide the basis for two integrated reform processes commencing with the 2028 Budget. First, measures relating to indirect subsidies amounting to € 150.0 mn per year will be developed from 2028 onwards. Second, additional measures amounting to € 40.0 mn will be implemented in 2028.

1.2. Proactive policy measures

Table 17: Overview of proactive policy measures

€ million	2027	2028	2029	2030	2031
Proactive business location measures	50.0	2,000.0	2,000.0	2,000.0	2,000.0
Proactive labour and social policy measures	370.0	310.0	320.0	330.0	330.0
Proactive education policy measures	130.0	210.0	210.0	230.0	230.0
Sum proactive policy measures	**550.0**	**2,520.0**	**2,530.0**	**2,560.0**	**2,560.0**

The fiscal consolidation package enables proactive policy measures amounting to € 0.6 bn in 2027 and € 2.5 bn in 2028 without jeopardising the fiscal targets. Through its fiscal consolidation package, the Federal Government not only ensures the reduction of the Maastricht deficit but also creates the fiscal space needed to finance forward-looking policy initiatives. Austria required targeted measures that support sustainable and future-oriented economic and social development over the coming years.

This means that all proactive policy measures are fully financed and do not create an additional budgetary gap. Moreover, the overall policy package is expected to generate positive employment effects, which should, over the medium term, also have favourable impact on the public finances. The package includes, among other measures, a substantial reduction in non-wage labour costs, additional funding for active labour market policies, investments in early childhood education to improve the reconciliation of works and family life, and stronger support for caring relatives.

Proactive business location measures

With the 2027/2028 double budget, the Federal Government continues its active economic location policy aimed at strengthening the competitiveness of the Austrian economy. As early as the Government retreat at the beginning of 2026, it decided to extend the Act on Securing Business Location and introduce an industrial electricity price (see p. 62 onwards). These measures will help reduce energy costs for the industrial sector to an internationally competitive level.

A further key measures is the substantial reduction in non-wage labour costs, representing a significant step towards reducing the tax burden on labour and particularly benefiting labour-intensive businesses. The Federal Government will continue to monitor economic developments and is considering additional temporary economic stimulus measures of up to € 200.0 mn. Furthermore, agricultural diesel support will be temporarily reintroduced to provide relief for farmers.

Overall, proactive policy measures in the area of economic location policy amount to € 0.05 bn in 2027 and € 2.0 bn annually from 2028 onwards. These measures are financed primarily by the corporate sector itself, while the overall policy mix is designed to favour labour- intensive business.

Table 18: Proactive business location measures

€ million	ch	2027	2028	2029	2030	2031
Temporary reintroduction of agricultural diesel reabte	16	50.0				
Reduction in non-wage labour costs - reduction in employer contributions to the FBEF	25		2,000.0	2,000.0	2,000.0	2,000.0
Sum proactive business location measures		**50.0**	**2,000.0**	**2,000.0**	**2,000.0**	**2,000.0**

Temporary reintroduction of agricultural diesel rebate

ch 16 Tax Revenue | € 50.0 mn 2027

Diesel remains the principal fuel used in agriculture and forestry. Following the outbreak of the Iran war and the blockade of the Strait of Hormuz, fuel prices increased sharply. At the same time, fertiliser prices also rose significantly.

To offset these developments, the Federal Government is providing € 50.0 mn in both 2026 and 2027 for the temporary reintroduction of the agricultural diesel refund scheme. This targeted measure provides support for Austrian farmers.

Reduction in non-wage labour costs – reduction in employer contributions to the Family Burden Equalisation Fund (FBEF)

ch 25 Family and Youth| € 2,000.0 mn 2028

As its central measure to support businesses – particularly labour-intensive enterprises- the Federal Government will substantially reduce non-wage labour cost from 2028 onwards. This represents a major step towards reducing the tax burden on labour in Austria. Lower non-wage labour costs strengthen Austria as a business location and promote employment growth.

Specifically, the employer contribution rate to the Family Burden Equalisation Fund (FBEF) will be reduced by one percentage point in 2028, from 3.7% to 2.7% of the contribution base. The long-term is even more pronounced: in 2016, the contribution rate stood at 4.5%.

The resulting relief for businesses amounts to € 2.0 bn per year from 2028 onwards. The associated reduction in FBEF revenue will be partly offset through the abolition of the current exemption from employer FBEF contribution for employees aged over 60 (see the fiscal consolidation measure “Introduction of mandatory FBEF-contributions for employees aged over 60” on p. 30) and through an increase in the annual transfer from personal income tax revenues.

Proactive labour market and social policy measures

The proactive labour market and social policy measures contained in the 2027/2028 double budget focus first, on labour market support and, second, on key social policy priorities.

Against the backdrop is the care sector, in particular strengthening home-based care services. Home-based care constitutes a cornerstone of Austria's long-term care system and enables people in need of care to remain in their own homes for as long as possible. Another key priority is the targeted reduction of child and youth poverty through non-discriminatory and easily accessible support measures.

Additional funding, will also be provided to safeguard analogue access to public services and participation in digital life, expand the Daily Physical Activity Programme, strengthen support for women, and broaden opportunities for educational advancement and lifelong learning.

In total, these proactive social policy measures amount € 0.4 bn in 2027 and € 0.3 bn annually thereafter.

Table 19: Proactive labour and social policy measures

€ million	ch	2027	2028	2029	2030	2031
Labour market support measures	20	170.0	100.0	110.0	120.0	120.0
Daily physical activity in education - increase in funds	17	10.0	15.0	15.0	15.0	15.0
Proactive measures in the long-term care sector	21	100.0	100.0	100.0	100.0	100.0
Combating child and youth poverty	21	60.0	65.0	65.0	65.0	65.0
Analog life	21	20.0	20.0	20.0	20.0	20.0
Empowering women	31	5.0	5.0	5.0	5.0	5.0
Expanding lifelong learning	31	5.0	5.0	5.0	5.0	5.0
Sum proactive labour and social policy measures		**370.0**	**310.0**	**320.0**	**330.0**	**330.0**

Labour market support measures

ch 20 Labour | € 170.0 mn 2027 | € 100.0 mn 2028

Labour markets typically respond to economic developments with a time lag. As a result, registered unemployment continued to rise in 2025 despite the modest economic recovery. Given the renewed slowdown following the Iran war, no significant improvement is expected in 2026, with unemployment projected to decline only from 2027 onwards. Long-term unemployment has increased noticeably in recent months.

Against this backdrop, the Federal Government will maintain the Public Employment Service's (AMS) active labour market policy budget.

Additional funding amounts to € 170.0 mn in 2027, € 100.0 mn in 2028, € 110.0 in 2029, and € 120.0 mn annually in 2030 and 2031.

Despite their qualifications and extensive work experience, older unemployed persons face significantly lower chances of returning to regular employment after job loss. For those affected, unemployment often means not only financial hardship but also reduced social participation and recognition.

Since 1 January 2026, the Action 55+ programme has created or supported between 3,000 and 6,000 meaningful jobs, remunerated in accordance with collective agreements, for disadvantaged persons aged 55 and over in social enterprises, non-profit employment projects and, through wage subsidies, also in private-sector activities that contribute to Austria's social and environmental well-being. Individualised job matching, together with guidance and support services, complements the programme. Funding of € 50.0 mn per year will continue from 2027 onwards.

Daily physical activity in education - increase in funds

ch 17 Housing, Media, Telecommunication and Sport| € 10.0 mn 2027 | € 15.0 mn 2028

Through the daily physical activity programme, the Federal Government is promoting greater physical activity among children and young people by embedding sport more firmly in schools and kindergartens. The Government Programme 2025-2029 therefore commits to further expanding this successful initiative.

The programme complements traditional physical education classes by providing additional, quality-assured activities delivered by sports clubs. This benefits both physical and mental health and particularly reaches children from less active households.

Additional funding amounts to € 10.0 mn in 2027 and € 15.0 mn annually thereafter.

Proactive measures in the long-term care sector

ch 21 Social Affairs and Consumer Protection| € 100.0 mn 2027 | € 100.0 mn 2028

Annual proactive funding of € 100.0 mn will strengthen home-based care services, a central pillar of Austria's long-term care system. These services enable people to receive care in their own homes while reducing the burden on caring relatives. Expanding home-based care through additional qualified staff will improve the quality of care while helping contain long-term costs.

Combating child and youth poverty

ch 21 Social Affairs and Consumer Protection| € 60.0 mn 2027 | € 65.0 mn 2028

Funding of € 60.0 mn in 2027 and € 65.0 mn annually from 2028 onwards will support the systematic expansion of measures to combat child and youth poverty. The measures will be designed to be non-discriminatory and easily accessible, ensuring that children and young people facing multiple disadvantages, including those with disability, benefit.

Funding will support initiatives such as early help services, learning support, mentoring, transition support, free holiday childcare and social counselling.

Analog life

ch 21 Social Affairs and Consumer Protection| € 20.0 mn 2027 | € 20.0 mn 2028

Recognising that not everyone is able to participate fully in digital life, annual funding of € 20.0 mn will ensure equal opportunities through continued analogue access to services. Funding will support advice, guidance, training and assistance relating to digital participation.

Empowering women

ch 31 Women, Science and Research | € 5.0 mn 2027 | € 5.0 mn 2028

The Federal Government underlines that strengthening women's opportunities remains a priority. In addition to delivering the largest women's budget in Austria's history under the 2027/2028 double budget, annual proactive funding of € 5.0 mn will support targeted measures benefiting women across all stages in life.

Expansion of lifelong learning

ch 31 Women, Science and Research | € 5,0 Mio. 2027 | € 5,0 Mio. 2028

In a country where educational opportunities continue to be strongly influenced by family background and around 1.7 mn adults experience difficulties with reading, strong opportunities for education advancement and lifelong learning remain essential - from apprenticeships with high school diploma to the Level-up programme. Annual funding of € 5.0 mn will therefore be provided.

Proactive education policy measures

The 2025/2026 double budget already planned strong emphasis on a forward-looking education policy capable of addressing the challenges facing Austria's schools and early childhood education system. The 2027/2028 double budget continues this approach by providing substantial additional investment of € 130.0 mn in 2027 and € 210.0 mn in 2028. These investments also strengthen the ability of both parents-particularly women-to participate in the labour market.

Table 20: Proactive education policy measures

€ million	ch	2027	2028	2029	2030	2031
Proactive education policy measures	**30**	**130.0**	**210.0**	**210.0**	**230.0**	**230.0**

Early childhood education, all-day schools, inclusion and school psychology
ch 30 Education | € 130.0 mn 2027 | € 210.0 mn 2028
A total of € 130.0 mn will be invested in education in 2027, increasing to € 210.0 mn annually from 2028 onwards. Funding focuses on four priorities:

- Expanding the compulsory second free year of kindergarten and implementing a quality initiative through a new financing agreement for early childhood education.
- Creating a nationwide framework for staffing all-day schools.
- Increasing funding for inclusive education and support for children with disability; and
- Continuing the expansion of school psychology services to strengthen psychosocial support in schools.

These investments secure the long-term financing needed to provide children with the best possible start to their educational journey, promote equal opportunities and further improve the reconciliation of work and family life.

1.3. Impact of measures on ESA subsectors

This section examines the impact of the measures agreed under the 2027/2028 double budget on the individual sectors defined under the European System of Accounts (ESA 2010).

A simplified analysis shows that the net fiscal consolidation of € 1.5 bn in 2027 and € 2.5 bn in 2028 is borne almost entirely by the federal government sector. Specifically, of the total net fiscal consolidation, € 1.3 bn in 2027 and € 2.0 bn in 2028 relate to the federal government sector. The regional and local government sector benefits from the measures by € 1.0 bn in 2027 and € 0.3 bn in 2028, while social security sector benefits by € 1.0 bn in 2027 and € 0.2 bn in 2028.

Table 21: Impact of the measures on the ESA 2010 subsectors

€ million, impact on the balance	2027	2028	2029	2030	2031
Central government	**1,328.6**	**2,002.6**	**1,898.9**	**1,946.4**	**2,137.0**
Consolidation measures	1,878.6	4,161.4	4,067.7	4,145.2	4,335.8
Proactive policy measures	-550.0	-2,520.0	-2,530.0	-2,560.0	-2,560.0
Revenue-sharing effect of higher FEBF transfer		202.7	202.7	202.7	202.7
Incidence effect of FBEF contribution rate reduction (federal taxes & UI contributions)		158.5	158.5	158.5	158.5
States and municipalities	**116.3**	**312.4**	**390.5**	**378.9**	**295.8**
Effect on revenue-sharing transfers resulting from tax consolidation measures	116.3	448.6	526.7	515.1	432.0
Changes in revenue-sharing transfers resulting from the FBEF lump-sum transfer increase		-202.7	-202.7	-202.7	-202.7
Incidence effect of the FBEF reduction (tax revenue via revenue-sharing transfers)		66.5	66.5	66.5	66.5
Social security sector	**78.2**	**182.4**	**178.2**	**181.0**	**183.8**
Measures affecting exclusively the social security sector	78.2	107.4	103.2	106.0	108.8
Incidence effect of the FEBF contribution rate reduction (social security contributions)		75.0	75.0	75.0	75.0
Net consolidation	**1,523.1**	**2,497.4**	**2,467.6**	**2,506.3**	**2,616.6**

This simplified analysis is based on the following assumptions:

- For purely tax-related fiscal consolidation measures affecting shared federal taxes, the resulting revenue is allocated between the Federal Government, the states and the municipalities. In 2027, these tax measures amount to € 0.7 bn in total, of which € 0.5 bn accrues to the Federal Government and € 0.1 bn to the states and municipalities. In 2028, the fiscal consolidation effect of these measures increased to € 1.8 bn, of which € 1.4 bn remains with the Federal Government, while € 0.4 bn is transferred to the states and municipalities through the revenue-sharing system.
- The deficit-increasing impact of the proactive policy measures is attributed in full to the federal government sector. For some proactive measures, such as those relating to education policy, the Federal Government transfers funds to the states and municipalities, which then incur the expenditure. From the perspective of the individual sectors, these measures are therefore budget-neutral for the regional and local government sector but increase the deficit of the federal government sector.
- To partially offset the loss of FBEF revenue resulting from the reduction in non-wage labour costs, the fixed transfer from personal income tax revenue to the Family Burden Equalisation Fund (FBEF) will be increased. This reduces the revenue shares of the states and municipalities and correspondingly improves the fiscal balance of the Federal Government.
- In addition to the purely tax-related measures, several other measures also have indirect effects on revenue sharing. These include social security measures such as the abolition of reduced unemployment insurance contribution rates for low-income earners and the unusual increase in the maximum social security contribution base, both of which reduce personal income tax revenue. These indirect effects on revenue

sharing have not been reflected in the analysis. Accordingly, the full reduction in tax revenue is attributed to the Federal Government.

- The net fiscal consolidation effect attributed to the social security sector includes only those measures that benefit this sector exclusively. Measures that increase social security revenue at the general government level while simultaneously reducing federal transfers to the social security sector improve the balance of the federal government sector and are therefore attributed to that sector. Examples include the pension adjustments in 2027 and 2028, the reduction in expenditure on health services, and the effect of the unusual increase in the maximum social security contribution base on pension insurance contributions.
- For analytical purposes, the incidence effect of the reduction in FBEF contributions, amounting to € 300.0 mn, is assumed to be allocated two-thirds to tax revenue and one-third to unemployment insurance and social security contributions. The tax effect is subsequently apportioned between the Federal Government, the states and municipalities. The unemployment insurance contribution effect is attributed entirely to the federal government sector, while the social security contribution effect is attributed entirely to the social security sector.

Not explicitly reflected in the general government fiscal consolidation and, consequently, not included in this allocation is the fact that all levels of government also benefit, as employers, from the reduction on non-wage labour costs. This effect is incorporated on a lump-sum basis in the Maastricht reconciliation for the government sector under the item *Other general government improvements*.

1.4. Other key measures affecting 2027 and 2028

Between the adoption of the 2025/2026 double budget in June 2025 and the agreement on the new 2027/2028 double budget at the end of April 2026, the Federal Government introduced a range of measures aimed at reducing inflation and strengthening Austria's attractiveness as a business location. Several of these measures also have budgetary implications for 2027 and subsequent years. During the preparation of the 2027/2028 Budget, funding for these measures was secured and accompanying financing measures were put in place.

Following the adoption of the 2025/2026 double budget, the 2026 pension adjustment was agreed at a rate below the statutory inflation benchmark, while the pay agreement for public sector employees was renegotiated to safeguard the expenditure path incorporated in the budget. The average pension adjustment for 2026 amounts to 2.25%, below the underlying inflation rate. The adjustment was progressive: all pensions up to 2,500 euro were increased by 2.7%, thereby fully compensating for inflation, while pension above 2,500 euro received a flat-rate increase of 67.50 euro (equivalent to 2.7% of 2,500 euro). From a budgetary perspective, this resulted in expenditure saving of € 350.0 mn in 2026, with lasting effects on subsequent years through the lower expenditure base.

Together with the Union of Public Service Employees, the Federal Government also renegotiated the 2026 public sector pay agreement. Rather than implementing the originally planned 3.3% salary increase from 1 January 2026, the increase will take effect only from 1 July 2026, followed by additional increases of 1% from 1 August 2027 and 1 September 2028. This more balanced approach reduces referral expenditure by around € 310 mn in 2026 and would have an even larger effect at general government level if adopted by other levels of government.

To curb inflation, the Federal Government has introduced a comprehensive package of measures designed to moderate price increases. Some measures, such as the reduction in the electricity levy and the fuel price cap (through lower mineral oil tax and limits on fuel retails margins), affect only the 2026 Budget. Regulatory measures, including the rent price cap (5Th Tenancy Law Inflation Relief Act) and amendments to competition law, have only negligible budgetary effects. Likewise, both the Social Electricity Tariff established under the Affordable Electricity Act and the Energy Price Crisis Mechanism for electricity consumers are budget neutral. Should the Energy Price Crisis Mechanism be activated, additional revenue from the Electricity Energy Crisis Contribution generated by higher excess profits will finance the support measures.

The reduction in VAT on selected food products, effective from 1 July 2026, has budgetary effects from 2027 onwards. This measure constitutes a key pillar of the Government's strategy to reduce inflation and has positive distributional effects. It is financed primarily through the introduction of a new parcel delivery tax, which enters into force at the beginning of the fourth quarter of 2026.

Further measures to combat fraud have also been adopted, reflecting another key priority of the Federal Government.

In addition, the Government has doubled the investment allowance, extended the Industrial Location Protection Act by three years until the end of 2029, and introduced an industrial electricity price to reduce energy costs for Austrian industry and strengthen competitiveness. These measures are financed by the electricity sector through a temporary reduction in the declining-balance depreciation rate for electricity companies and additional dividend payments.

The measures with budgetary effects in 2027 and 2028 are described below.

Reduction in VAT on selected food products

ch 16 Tax Revenue | € -400.0 mn 2027 | € -400.0 mn 2028

Food prices increased considerably over the previous year. In April 2026, the price level of the minimum consumption basket, which reflects weekly household purchases and includes food, services and fuel, was 5.8% higher than a year earlier. According to the 2024/2025 Household Budget Survey, expenditure in food and non-alcoholic beverages accounts for 11.6% of the average Austrian household's monthly spending, making it the third-largest expenditure category after housing and energy and transport. Rising prices and increasing living costs place significant pressure on household finances, particularly for lower-income households.

Against this backdrop, the Federal Government reduced the VAT rate on selected food products from 10% to 4.9% with effect from 1 July 2026. The reduced rate applies to milk (including lactose-free milks), yoghurt, butter, fresh eggs, fresh and frozen vegetables, fruit, rice, wheat flour and semolina, uncooked pasta, bread and table salt. The measures provide targeted relief to households facing higher food prices. Restaurant sales are excluded from its scope.

The measure is expected to reduce VAT revenue by € 400.0 mn annually from 2027 onwards.

Introduction of a parcel tax

ch 16 Tax Revenue | € 280.0 mn 2027 | € 280.0 mn 2028

Technological progress has fundamentally transformed retail through the rapid expansion of e-commerce. As a result, the number of parcels delivered within Austria has increased sharply. Although online retailers rely heavily on domestic infrastructure, they often contribute comparatively little to national value added or to covering the environmental and infrastructure costs associated with parcel delivery.

To address this, the Federal Government will introduce the Federal Parcel Delivery Tax Act, which will also serve partially finance the VAT reduction on selected food products.

The tax amounts to € 2 per delivered or per order, irrespective of the value of the goods. To avoid hardship cases and allow businesses sufficient time to adapt their systems, the new rules will apply only to deliveries giving rise to tax liability after 30 September 2026.

The tax does not apply to click-and-collect purchases where customers collect goods directly from the retailer’s premises, nor to purchases concluded in-store, even where the retailer subsequently delivers the goods. The taxpayer is the business carrying out distance sales whose domestic turnover from such sales exceeded € 100 mn in the preceding financial year. Distance sales conducted through online platforms are attributed to the platform operator.

The parcel delivery tax is expected to generate annual revenue of € 280.0 mn from 2027 onwards.

Temporary increase in the investment allowance
ch 16 Tax Revenue | € -185.0 mn 2027
The investment allowance enabled businesses to claim an additional tax deduction for eligible investments alongside depreciation.

In October 2025, the Parliament approved a temporary increase in the allowance for the period from November 2025 to December 2026. The general investment allowance was doubled to 20%, while the green investment allowance increased from 15% to 22%. This tax incentive is intended to stimulate business investment and support Austria’s small and medium-sized enterprises.

The higher allowance affects the budget through lower corporation tax and assessed personal income tax revenue in subsequent years. Total revenue losses are estimated at € 215.0 mn, comprising € 30.0 mn in 2026 and € 185.0 mn in 2027.

Tightening of rules on exit taxation
ch 16 Tax Revenue | € 20.0 mn 2027 | € 25.0 mn 2028
Under the current exit tax regime, individuals transferring their tax residence to another EU or EEA Member State – or making certain gratuitous transfers of assets, derivatives of crypto-assets to individuals resident in such states – may, upon application, defer the

assessment of the tax liability. Tax becomes payable only when the relevant assets are actually disposed of.

The revised exit tax regime will introduce additional documentation requirements for taxpayers making use of this deferral mechanism. Based on previous applications, these changes are expected to generate additional tax revenue of € 20.0 mn in 2027, increasing to € 25.0 mn annually thereafter.

Expansion of information provided under the Account Registry and Account Inspection Act

ch 16 Tax Revenue | € 13.0 mn 2027 | € 13.0 mn 2028

The Account Register and Account Inspection Act currently permit access to account information for various tax purposes. To improve the early detection of shell companies and facilitate the investigation of illicit financial flows, the Anti-Fraud Office will be granted access to the account register and account inspection procedures during investigations into suspected shell companies under the Social Fraud Prevention Act.

Judicial oversight will be provided by the Federal Finance Court, while access will be restricted to cases where a formal suspicion has already been communicated to the business concerned and requests for banking information have not been complied with. The measure is expected to generate approximately € 13.0 mn in additional annual tax revenue.

Combating social benefit fraud – compensatory allowance

ch 22 Pension Insurance & social security sector | Part of the anti-fraud package under the 2025/2026 double budget

Entitlement to the compensatory allowance is generally conditional upon the beneficiary having their habitual residence in Austria (Section 292(1) of the General Social Insurance Act (ASVG)).

To verify compliance with this eligibility criterion and further reduce social benefit fraud, pension insurance institutions will carry out additional verification procedures in future.

To prevent the fraudulent receipt of the compensatory allowance, health insurance institutions will also be required to provide pension insurance institutions with specific information relevant to establishing and monitoring a beneficiary’s habitual residence in Austria.

The resulting data matching is expected to identify approximately 800 cases of unlawful receipt of the compensatory allowance. This is projected to reduce expenditure in the social security sector by € 5.2 mn in 2027 and € 5.3 mn in 2028. In the federal budget, these savings are reflected in a corresponding reduction in federal guaranteed payments under ch 22 Pension Insurance. In addition, lower compensatory allowance payments will marginally reduce health insurance contributions received by the social security institutions, thereby also lowering federal expenditure through the applicable financing arrangements. Overall, the measure is expected to generate a general government fiscal consolidation effect of € 4.9 mn in 2027 and € 5.0 mn in 2028.

Additional measures to combat social benefit fraud

Social security sector | Part of the anti-fraud package under the 2025/2026 double budget

By Cabinet decision of 20 November 2025, the social insurance institutions and the Public Employment Service (AMS) were requested to develop proposals aimed at preventing social benefit fraud while enhancing fairness and generating savings within their respective systems.

Based on these proposals, measures requiring legislative amendments and demonstrating significant savings and fraud prevention potential will be implemented through the accompanying budget legislation.

In addition, the social insurance institutions will continue to apply and further develop the existing statutory instruments for risk assessment and anomaly detection relating to employers, employees and contracted service providers. The investigative service of the Public Employment Service (AMS) already plays an important role in preventing and detecting social benefit fraud, and these activities will be further intensified within the existing legal framework.

Taken together, these measures are expected to generate approximately € 10.0 mn in savings per year (excluding the measures already implemented by the pension insurance institutions relating to the revised treatment of tourist contributions and the adjustment of co-payments arrangements).

Tax exemption for holiday pay

ch 16 Tax Revenue| € -40.0 mn 2027 | € -40.0 mn 2028

In the past, differing interpretations existed regarding the tax treatment of remuneration paid for work performed on public holidays. A ruling by the Federal Finance Court resulted in such holiday pay being treated uniformly as taxable income from 1 January 2025 onwards, leading to a reduction in net pay for employees whose employers had previously treated these payments as tax-exempt.

The Federal Government has therefore clarified the legal framework by explicitly providing that holiday pay is exempt from tax within the existing allowance for hardship, hazard and dirty work (up to 400 euro). The measure applied retroactively from 1 January 2026 and is expected to reduce tax revenue by € 40.0 mn annually.

Act on Securing Business Location 2027-2029

ch 40 Economy | € 75.0 mn 2028 | € 75.0 mn 2029

The Act on Securing Business Location supports businesses that are particularly affected by the substantial increase in electricity prices resulting from the inclusion of greenhouse gas emission costs under the European Emission Trading System (so-called indirect CO_2 costs). Its objective is to reduce the risk of energy-intensive industries relocating production – and consequently carbon emissions – to countries with less stringent climate policies ("carbon leakage").

The Act on Securing Business Location has proven to be an effective instrument for supporting highly energy-intensive industries, safeguarding their international competitiveness and preserving industrial value creation in Austria. Similar compensation schemes for indirect CO_2 costs have been introduced in most EU Member States, including Germany, France and Italy, with the approval of the European Commission, in some cases on a long-term basis. Against this background, the Austrian Federal Government has decided to extend the eligibility period of the Act on Securing Business Location by a further three years.

Industrial Electricity Price Act 2027-2029

ch 40 Economy | € 175.0 mn 2028 | € 175.0 mn 2029

Since the economic recovery following the easing of the COVID-19 restriction – and particularly as a consequence of Russia's war of aggression against Ukraine – electricity prices across Europe have increased substantially. Although wholesale electricity prices have fallen from their peak, end-user electricity prices remain significantly above pre-2020 levels. International comparisons are particularly concerning, as electricity prices in the United States and China are now considerably lower. Even within Europe, electricity prices in Austria remain higher than in countries such as Germany.

These comparatively high energy costs represent a significant competitive disadvantage for Austrian industry, threatening the country's industrial base, domestic value creation and high-quality employment. A predictable and internationally competitive electricity price is therefore essential.

An industrial electricity price is regarded as an effective instrument to achieve this objective. Germany introduced such a scheme at the beginning of 2026. During its government retreat in January 2026, the Austrian Federal Government likewise announced the introduction of an industrial electricity price for the period 2027-2029.

From 1 January 2027, an industrial electricity price will be introduced for selected sectors, based on the EU's Clean Industrial Deal State Aid Framework (CISAF). The support will be granted annually on a retrospective basis for the period 2027-2029.

The extension of the Act on Securing Business Location and the industrial electricity price will be financed primarily through a temporary reduction in the declining-balance depreciation rate for electricity companies and additional dividend payments from ÖBAG and Verbund AG.

Temporary reduction in the declining-balance depreciation rate for electric utility companies

ch 16 Tax Revenue | € 210.0 mn 2028

The industrial electricity price will be financed through an additional fiscal contribution from the electricity sector. For this purpose, the maximum rate permitted under declining balance depreciation regime will be temporarily reduced to 10% for the years 2027 to 2029.

The measures applied to all acquisition and capital investments made by electricity companies from the introduction of declining-balance depreciation up to 31 December 2025. From 2030 onwards, the maximum depreciation rate will revert to the standard rate of 30%. Investments made during 2026 will not be affected by the temporary restriction and may continue to be depreciated using the declining-balance method in accordance with company law. The measure is expected to generate additional tax revenue of € 210.0 mn in 2028.

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BFG	Federal Finance Act (*German: Bundesfinanzgesetz*)
BFRG	Federal Medium-Term Expenditure Framework Act (*German: Bundesfinanzrahmengesetz*)
BHAG	Federal Accounting Agency (*German: Buchhaltungsagentur des Bundes*)
BHG	Federal Budget Act (*German: Bundeshaushaltsgesetz*)
ch	Budget Chapter
CPI	Consumer Price Index
ESA	European System of Accounts
FBEF	Family Burden Equalisation Fund
GDP	Gross Domestic Product
IPCEI	Important Projects of Common European Interest
MoF	Federal Ministry of Finance
OeBFA	Austrian Federal Financing Agency (Austrian Treasury; *German: Österreichische Bundesfinanzierungsagentur*)

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