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Republic of Austria
Finance

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Vienna, 13 January 2025

Ref: Submission of corrective measures for 2025 to avoid opening an excessive deficit procedure against Austria

Dear Commissioner Dombrovskis, *Dear Valdis,*

I would like to thank the European Commission for the good cooperation so far in the Austrian case, in order to provide the potential incoming Austrian government with the opportunity for maximum national ownership in these challenging times. In particular, I would like to thank the Commission for submitting an updated reference path on 18th of December 2024 and also for agreeing to extend the deadline for the submission of the first Austrian medium-term fiscal-structural plan until 30th of April 2025. This gives the potentially incoming Austrian government the opportunity to present a credible plan based on a firm political commitment.

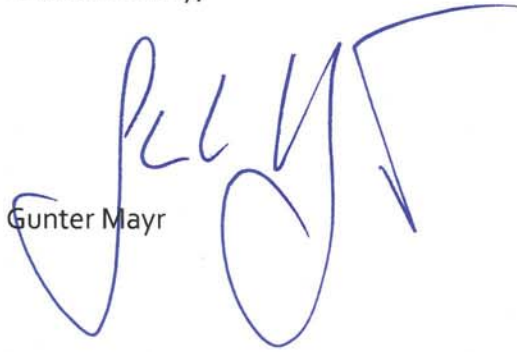
Federal President Alexander Van der Bellen officially appointed Herbert Kickl of the FPÖ/Austrian Freedom Party to form a government on the 6th of January 2025. On the 10th of January, official negotiations started between the FPÖ and ÖVP/Austrian People's Party. On behalf of the political parties, I am pleased to inform you that both parties are firmly committed to avoiding an excessive deficit procedure and to ambitiously steering Austria's budgetary situation in a fiscally sustainable and growth-promoting direction.

Against this background, please find attached a signed comprehensive and credible package of measures for the year of 2025 that will reduce the budget deficit to below 3% of GDP in 2025 on a lasting basis. Information on those measures will be published on the website


www.budget.gv.at. After this first big step, negotiations will continue to submit the Austrian medium-term fiscal-structural plan by the end of April 2025 and to subsequently adopt the necessary measures to comply with the Austrian net expenditure path.

I am always available for further discussion and clarification and like to once again thank you dearly for our excellent cooperation

Yours sincerely,



Gunter Mayr



An das
Bundesministerium für Finanzen
BM Univ.-Prof. DDr. Gunter Mayr
Johannesgasse 5
1010 Wien

Wien, 13. Jänner 2025

Sehr geehrter Herr Finanzminister Univ.-Prof. DDr. Mayr!

In einem am 26. November 2024 veröffentlichten Bericht gem. Art. 126 Abs. 3 AEUV hat die Europäische Kommission festgestellt, dass das aus den neuen Fiskalregeln resultierende Defizitkriterium in Österreich derzeit nicht eingehalten werden kann.

Basierend auf dieser Einschätzung, die auch seitens des Rats geteilt wird, steht ein Verfahren wegen übermäßigem Defizit gegen Österreich im Raum.

Nachdem Bundespräsident Dr. Alexander Van der Bellen am 6. Jänner 2025 den Auftrag zur Regierungsbildung an Herbert Kickl, Obmann der Freiheitlichen Partei Österreichs, erteilt hatte, wurden bereits in den Folgetagen Gespräche mit der Österreichischen Volkspartei aufgenommen.

Beide Parteien bekennen sich klar dazu, dass das gesamtstaatliche Defizit für das Jahr 2025 unter 3% des BIP reduziert werden soll. Damit soll fiskalpolitische Verantwortung übernommen und Österreich langfristig finanziell stabilisiert werden.

Daher bekennen sich die beiden unterzeichnenden Parteien zu einem Maßnahmenpaket, welches das gesamtstaatliche Defizit für 2025 um rund 6,39 Mrd. Euro reduzieren soll. Eine detaillierte Übersicht der Maßnahmen wird beigelegt.

Sollten im Zuge der laufenden Koalitionsgespräche einzelne Maßnahmen evaluiert oder nachverhandelt werden, bekennen sich beide Parteien ausdrücklich dazu, diese gegebenenfalls durch volumsmäßig gleichwertige Maßnahmen zu ersetzen.

Wir dürfen hiermit den Bundesminister für Finanzen höflich ersuchen, die Europäische Kommission über diese politische Absichtserklärung in Kenntnis zu setzen, und möchten bei dieser Gelegenheit dem Bundesminister für Finanzen für seine umfassende Unterstützung im Zuge dieser Anstrengungen sehr herzlich danken.

Mit besten Grüßen



Herbert Kickl
FPÖ Bundesparteiobmann



Dr. Christian Stocker
ÖVP Bundesparteiobmann

Übersicht der Kernmaßnahmen

Maßnahme	Volumen für 2025 in Mrd. Euro
Stabilitätsbeitrag der Bundesministerien	1,10
Ausgabeneffizienz durch Reformen	0,24
Reduktion der Förderquote	3,18
Anpassungen im Steuersystem	0,92
Weitere Maßnahmen	0,95
Summe	6,39

	Name of the measure	Description	2024	2025	Comment
			in bn €		
Expenditure side, bn. € (EC-Autumn Forecast)			266,353	275,352	
				Impact	
	Abolition 'Klimabonus'	Abolition of Klimabonus		-1,97	Pay-out starting in September each year: Benefit of 145 € up to 290 €/person; persons below 18 get 50 %. Taxed according to PIT for incomes above 66,612 €/year; the 'bonus' is not part of RRF-CID
	Cut of transfers	Handwerkerbonus; support of sports and NPOs; broadband support; "Waldfonds"; support for cultural activity; support e-mobility		-0,40	i.a. energy-cost support for NPOs; early adjustment of Handwerkerbonus (58 mill. €); cut of extra-support for rural development and forestry; cut of support for sports-associations; e-mobility; reform of broadband support scheme (one-off cut in 2025 of 150 mill. €); adjustment investment premium; adjustment in development aid; adjustment in programs for arts and digitalisation
	Abolition of 'Bildungskarenz'	Possibility for an educational leave of up to 12 months (every 4 years) with entitlement for unemployment benefit		-0,35	Total budget was 650 mill. €. Inter alia used after parental leave.
	Cut of climate related support measures	several measures across different schemes		-0,50	several measures; cut by less than 15 % of total budget in 2025
	Cut of public consumption	horizontal cut of spending of all ministries		-1,10	Key is 15 % of spending for materials ("Sachaufwand") in 2025; helped by already stricter implementation of the budget during time of provisional budget
	Transport	Railways and transport companies		-0,44	Abolition of free Klimaticket for the age 18; cut of support for certain services (EDP relevant)
	Unemployment measures	Adjustment of work entitlements;		-0,08	tightening of possibility for "geringfügige Beschäftigung" in addition to getting unemployment benefit
	Pensions	Effective retirement age		-0,15	A concrete combination of different measures will increase the effective pension age.
	Education	Pilotprojekt "Administratoren APS"		-0,05	Pilotproject: Training/hiring of administrative support staff in education
	Sum of the measures			-5,04	
Total expenditure after measures in bn. €				270,32	
Revenues bn. € (EC-Autumn Forecast)			248,683	256,573	
				Impact	
	Dividends	Energy sector and other sectors		0,43	Latest update of ÖBAG shows that i.a. electricity/energy producers made higher profits than in medium-term plan
	Health insurance	Closing of gaps in the coverage of the health insurance system		0,05	
	VAT	Early abolition of VAT-exemption of solar panels		0,17	As from January 2024, a VAT-rate of 0% was put in place for the private acquisition of photovoltaic units. The zero tax-rate applies temporary and would expire by the end of 2025; instead, the zero tax-rate should be abolished as soon as April 2025.
	Excise taxes	Increase of and broadening tax base of tobacco tax (half-year effect)		0,05	The current Austrian tobacco tax entails annual increases of the specific component (depending on quantity) as well as the ad-valorem component (value-dependent), each from April 2025 and 2026. A "freezing" of the annual increase of the specific component is intended. At present, "alternative products" of the tobacco industry, such as "nicotine-pouches" or "liquids" for e-cigarettes, are not covered by the scope of tobacco taxation. Therefore, tobacco tax shall include such products. "Tobacco for heating" (small sticks for usage in electronic heating devices) is not approximately taxed as high as, in particular, cigarettes (due to quantity-related taxation of tobacco products). A revision of tax structure and alignment of tax levels should redress the balance. Start as of 1 July 2025.
	Motor vehicle insurance tax	Inclusion of e-vehicles		0,07	E-vehicles are currently not subject to motor-related insurance tax. However, their share of new registrations is increasing and it seems objectively justified to tax large and heavy e-vehicles in particular in this area as well.
	Adjustment of federal fees	Adjustment to inflation		0,07	The Federal Minister of Finance to annually valorise certain federal fees, that are particularly due for the issuance of official documents. Since 2011, acting ministers have refrained to do so, but as from 1st of July 2025, a valorisation catching-up with the inflation since then is planned.
	Digital tax	Extension		0,05	Online advertising services are subject to digital tax if they are provided by online advertising providers in Austria in return for payment. The tax rate is to be increased in order to generate additional revenue, whereas the scope should remain the same.
	Health insurance	Adjustment of the health insurance contribution		0,27	
	Personal income tax	Closing of loophole for share deals		0,05	If shares in properties are transferred as part of share deals, lower tax-related values than usual are applied in the assessment basis for land transfer tax. The aim is to close these kind of "tax loopholes".
	Gambling tax	Increase		0,03	Increase by 10 %
	Other	Tax compliance; Tax benefits		0,11	package of enforcement measures with bigger effect in following years; lowering of "amtliches Kilometergeld for bikes"
	Sum of the measures			1,35	
Total revenue after measures in bn. €				257,92	
Total sum of all measures in bn. €				6,39	