



Provision for the self-employed

From 2008, every Austrian business person can assign 1.53 % of his or her annual contribution base (which is limited by the contributions ceiling of EUR 69,720 for 2017) for private provision for the future. The contributions are passed on via the social insurance institutions to a corporate provision fund for investment and administration.

According to occupational groups, the self-employed person is either obliged to join the scheme or can choose to opt in or not.

Business persons with a business licence and the 'new self-employed'

Self-employed persons with a business licence (*Gewerbetreibende*) and those who offer freelance services without a licence (*neue Selbständige*), both of whom are subject to compulsory health insurance in accordance with the law on social insurance for business people, are obliged to take part in the scheme.

Professional groups, farmers and foresters

For those newly joining these professions, the option is open to them within 12 months after beginning continuous self-employed work in their field.

Once a member of these professional groups has decided to participate or not to participate, the decision cannot be revoked.

Whether voluntary or compulsory – in either case, this is a tax-saving way for self-employed people to provide for the future:

- the contributions are deductible business expenses
- they are invested tax-free by the corporate provision fund
- you receive a tax-free pension upon retirement or
- a one-off payment subject to only 6 % tax

Calculation example

Contribution base p.a.	€ 35,000.00	€ 70,000*
1.53 % provision for the self-employed (=business expense)	€ 535.50	€ 1,066.72
Tax saving p.a. (social insurance and income tax)	€ 310.30	€ 533.36
Return on capital (assuming 25 years investment, 2 % valorisation, annual return of 3 %, costs and Tax of 6 %)	€ 23,001.30	€ 45,818.60

* ceiling on insurable earnings 2017

Important points

- The contribution will be set and collected together with the health and pension insurance by the respective social insurance institution (SVA, SVB or NV).
- Lawyers are not included in the SVA. BONUS offers a direct payment solution here. The contributions can, by way of exception, be paid directly to BONUS. You can find details about this in our special contract documents for lawyers, which can be ordered via our e-mail address: kundenservice@bonusvorsorge.
- Once a year in the first quarter, the self-employed person receives his/her own personal account information with the current balance of his/her provision for the self-employed.

What to do with your payout

Self-employed persons (business people and certain professional groups) have free access to their capital when they have contributed for at least 36 months

and

- have either not pursued their self-employed activity for at least 2 years or ceased to pursue it at least 2 years ago

or generally

- if no more contributions have had to be paid for 5 years
- when the person retires or gives up self-employed work

(Generally speaking, access to capital from new severance pay for employees and from provision for the self-employed should be viewed separately, except with regard to retirement and in the case of death. Contribution months from employee severance pay and provision for the self-employed cannot be added together.)

The self-employed person then has the possibility:

- to have the capital paid out after 6 % tax has been deducted
- to continue to invest the capital with BONUS until retirement
- to have the capital transferred to a new staff provision fund after resuming business activities
- to have the capital transferred to an insurance company as a one-off premium for an additional pension
- to have the capital transferred to a pension fund in which the self-employed person already has an entitlement.

In the case of the death of the self-employed person, the capital will be paid out to the spouse or the children for whom family allowance is paid. If there are no entitled persons, the capital shall become part of the deceased's estate.

Further information: A maximum of 1.53 % on the basis of the ceiling on insurable earnings can be credited towards provision for the self-employed. If employee severance pay provision already exceeds this amount, no further provision for the self-employed can be added.