Info about Initial employment

An employee's work should support your company and its development.

The first steps

The basic conditions and the employee's obligations are usually agreed upon in the form of an employment contract or labour agreement. It should include basic contact information of the employee and the employer, the work place, job description, starting date, working hours, holiday entitlement, value and composition of the salary, payment date and termination period.

This contract must conform to legal standards, collective and company agreements.

Employees can be classified into one of the three main groups:

	Employees	Peripheral workers	Freelancers
Salary	According to collective agreement	> 1 month: €551,10/month	According to agreement
Social insurance	Full coverage according to ASVG*	Accident insurance at the ÖGK**	Full coverage according to ASVG* (except for: peripheral freelancers)
Taxes	Income tax (deducted and paid by the employer to the authorities)	No income tax deducted	Income tax (paid by the freelancer)
Duties	As instructed		Not bound by instructions
Rights	Holidays, sick leave, extra payments (e.g.13th & 14th salary) Number of working hours		

*Allgemeines Sozialversicherungsgesetz (statutory social security law)   **Österreichische Gesundheitskasse (compulsory health insurance)
Trainees, apprentices, volunteers are regulated differently.

Registration

Prior to the first day of work, the employee has to be registered at the social security. Additionally, the employer has to apply for an employer account number before employing his first employee.
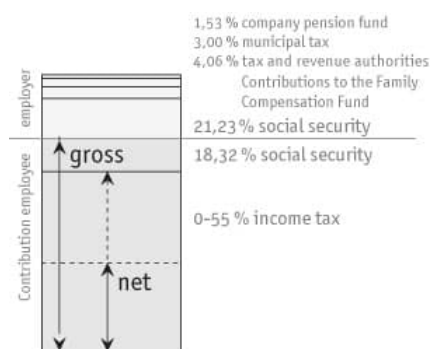
With first day of employment holiday, health, retirement and unemployment coverage have to be considered.

Also, the employer has to be registered and the tax authorities with a tax number.

Additionally, the employer needs to have a municipal tax number from the relevant district.

Starting the second month of employment, the employer has to pay severance fund contributions.

Within the first 6 months, the employer has to choose a company pension fund.

1,53 % company pension fund
3,00 % municipal tax
4,06 % tax and revenue authorities Contributions to the Family Compensation Fund
21,23 % social security
18,32 % social security
0-55 % income tax

Example: cost employer
2.700,00 €	gross / month	
+ 41,31 €	(company pension fund)	
+ 81,00 €	(municipal tax)	
+ 109,62 €	(tax and revenue authorities)	
+ 573,21 €	(social security)	
3.505,14 €	net cost / month	

Example: cost employee
2.700,00 €	gross / month
- 494,64 €	(social security)
2.205,36 €	
- 208,06 €	(income tax)
1.997,30 €	net revenue / month