



Austria: Lower tax burden but higher deficit in 2016

March 2015

Summary

- In the middle of March 2015 the Austrian government presented an income tax reform and measures to offset the revenue shortfall with a view to lowering the tax burden for taxpayers by an amount of EUR 5.2 billion.
- The change, entailing a reduction of the lowest tax rate, will ease the tax burden for all taxpayers. In addition, small wage earners, who do not pay any wage tax or income tax on account of their low wages, will be credited social security contributions as a means of strengthening their purchasing power. While taking into account the savings ratio and outflows of funds, we expect the wage and income tax reform measures to boost economic growth by just over 1 per cent of GDP in gross terms in 2016.
- Measures to offset the revenue shortfall will be aimed at combating tax evasion and fraud committed with a view to obtaining social security benefits. They will also include structural measures related to tax law, a “solidarity package” and cuts in administration and government assistance schemes. Based on our calculations, all these measures will curb economic growth by about 0.6 percentage points, so that the net effect of measures overall (easing of the tax burden less the counter-financing measures) is limited to 0.4 per cent of GDP. Our calculations of this positive net effect are based on the premise that the counter-financing measures will not be fully implemented in 2016, so that the tax reform will not be entirely neutral in its effect on revenue.
- Our calculations are based on the assumption of an additional gap of over EUR 1 billion, which will impact the government budget in 2016 as a result of the tax reform. We now expect the budget deficit in 2016 to amount to 1.5 per cent of GDP.
- Contrary to the government’s previous plans, the structural budget balance will also slightly increase. We are looking for a deficit of 1.3 per cent of GDP in 2016. We believe the government cannot achieve its target of a zero structural budget deficit (i.e. maximum budget balance of minus 0.45 per cent of GDP) in 2016 without additional consolidation measures. Moreover, the legal requirement for a zero deficit as from 2017 under the “debt brake arrangement” can only be met with the implementation of further measures.
- In short, the adjustment of tax scales for wage and income tax will ease the tax burden on taxpayers by more than EUR 5 billion. We expect the positive impact on economic growth to amount to a little over 0.4 per cent of GDP in 2016. The counter-financing measures reveal weaknesses, especially the measures aimed at combating tax evasion and fraud committed with a view to obtaining social security benefits, which are to raise EUR 1.9 billion in revenue. We therefore do not believe that the tax reform will be neutral in its effect on revenue, at least not in 2016. A further consideration is that counter-financing largely focuses on raising taxes and on tax recovery measures, while all but ignoring the possibility to cut expenditure. The government will be unable to meet its target of a zero structural deficit in 2016 without additional consolidation measures. Following the recently-presented tax reform Austria now needs to see reforms! Reforms in the sense of spending cuts and structural measures which have not yet been addressed with a view to putting public finances on a sustainable path.

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And now the reforms!

The wage and tax reform

In the middle of March 2015 the Austrian government presented a wage and income tax reform which will for the most part take effect at the beginning of 2016. Austria's parliament is to discuss the tax reform at the beginning of July and thereby get it off the ground.

Tax reform takes effect on 1 January 2016

Overall, the measures presented by the government constitute a tax reform project with the largest volume ever seen in Austria. The changes in the tax scales of wage and income tax, and the refund of social security contributions, will amount to EUR 4.9 billion; this is about double the income tax reductions seen in 2009. Together with economic policy measures for entrepreneurs, the entire package will ease the tax burden for the Austrian population by EUR 5.2 billion. To put this into perspective, based on the draft budget, revenue from wage and income tax is expected to amount to EUR 30.8 billion in 2015. The easing of the tax burden thus equals about one-sixth of the tax revenue to date, or about 1.5 per cent of the GDP forecast for 2015.

Aside from the (relative) size of the package, the most important criterion for an evaluation is its quality. In this evaluation we have therefore examined the tax reform and the specific counter-financing measures, and their implications for economic growth and the consequences for the government budget.

Details of the tax reductions

The entire tax reductions of EUR 5.2 billion are mostly a result of an adjustment of tax scales of wage and income tax. This is complemented by changes in deductible amounts, a refund of social security contributions for small wage earners and by state assistance for families and businesses.

Tax burden reduced by EUR 5.2 billion

Wage and income tax: The reform consists of an adjustment of tax limits and marginal tax rates, and of an increase in the number of tax brackets. The bottom income tax limit remains unchanged at EUR 11,000 per annum. However, the lowest tax rate of 36.5 per cent has been reduced to 25 per cent. As from 2016, the lowest tax bracket will apply to incomes up to EUR 18,000 (previously EUR 25,000). The next tax bracket will apply to incomes of up to EUR 31,000, with a marginal tax rate of 35 per cent. Incomes of up to EUR 60,000 per year will be taxed at a rate of 42 per cent, and incomes of up to EUR 90,000 at a rate of 48 per cent. The previous highest tax rate of 50 per cent will now apply to incomes of EUR 90,000 or more (previously EUR 60,000). In addition, a new tax rate of 55 per cent was introduced for income portions in excess of EUR 1 million per annum for a limited period of time.

LOWER BOTTOM TAX RATE AND MORE TAX BRACKETS RESULT IN A FLATTER PROGRESSIVE INCREASE IN TAXATION

Wage and income tax: OLD and NEW

Income brackets	Marginal tax rate NEW	Marginal tax rate OLD
up to EUR 11,000 (unchanged)	0	0
from EUR 11,000	25.0	36.5
from EUR 18,000 (previously EUR 25,000)	35.0	43.2
from EUR 31,000 (new)	42.0	-
from EUR 60,000	48.0	50.0
from EUR 90,000 (new)	50.0	-
from EUR 1,000,000 Euro (new)	55.0	-

Source: Austrian Finance Ministry (address to the Council of Ministers), Bank Austria Economics & Market Analysis Austria

Significant reduction of the lowest tax rate to 25 per cent

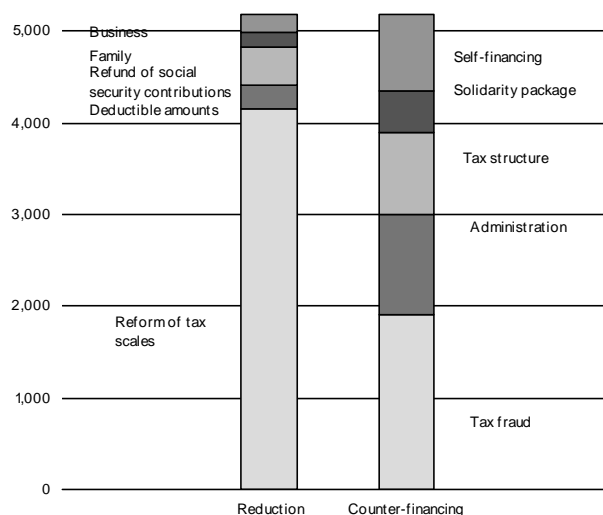
The reduction of the lowest tax bracket from 36.5 to 25 per cent results in lower taxes for all taxpayers. The increase in the number of tax scales from three (36.5 per cent, 43.2 per cent and 50 per cent) to six tax scales (+ one temporary maximum tax rate of 55 per cent) results in a flatter progressive increase in taxation. Overall, people with incomes in the lower and middle income brackets will benefit the most from these changes. For example, the tax on gross monthly income of EUR 1,500 will be cut by over 40 per cent. The annual income tax for people with the gross Austrian average income of EUR 2,100 (according to the statistics on wages for 2013) is cut by over EUR 900, or one-quarter. Full-time workers or employees with an average gross income of close to EUR 3,300 in Austria will pay almost EUR 1,500 less tax each year, a reduction of 18 per cent.

ALL WILL BENEFIT FROM THE TAX REFORM: TAX BURDEN FALLS BY EUR 5.2 BILLION

Tax savings through the tax reform

Monthly gross salary in EUR	Reduction of annual tax	
	burden in EUR	Tax savings in %
1,000	290	14
1,500	485	43
2,000	882	30
2,500	956	20
3,000	1,318	19
4,000	1,557	14
5,000	1,527	10
6,000	1,700	8
7,000	1,940	7
8,000	2,180	6
9,000	2,269	6
10,000	2,269	5

Reduction and counter-financing (in approximate terms)



Source: Austrian Ministry of Finance, Bank Austria Economics & Market Analysis Austria

Implications for the economy: The measures will support economic growth. An economic impetus will primarily come from people in the lower and middle income brackets, who benefit to a disproportionately large extent from the reduction of the bottom tax rate and from the flatter progressive increase in taxation due to a larger number of tax scales. The economic benefits resulting from the measures in the upper income segments will be negligible in view of the high savings ratio in this group. While the introduction of a (temporary) marginal tax rate of 55 per cent for incomes in excess of EUR 1 million will have virtually no negative economic impact, it represents a burden for Austria as a business location. In this case, the additional revenue will be assigned to an „Austria fund“, set up primarily for research and education measures. Taking into account the income growth portions resulting from the tax reform that will benefit the general savings ratio, the Austrian economy will receive an impetus of close to 0.9 per cent of GDP.

Budgetary effect: In our view, the wage and income tax reform is a substantial measure. The tax burden is eased for all taxpayers and extensive changes have been made to the distribution of revenue. According to our calculations, compared with budgeted revenue of EUR 27.3 billion from wage tax and EUR 3.5 billion from income tax for 2015, budget revenue based on the reform of tax scales will be about EUR 4.2 billion lower than under an unchanged scenario. This corresponds to about 5 per cent of gross taxes and levies of EUR 81.8 billion budgeted for 2015.

Tax reduction will total about EUR 4.8 billion in 2016

- **Changes to deductible amounts:** The general amount of a current EUR 54 that is tax deductible for every employee, and the amount of EUR 291 that is tax deductible for transport purposes, are to be combined as part of a plan to simplify the tax system. This “new tax-deductible amount for transport purposes” of a combined amount of EUR 345 will be increased to EUR 400. The deductible amounts will be deducted from the tax amount, and on this basis they will reduce the tax due from each taxpayer in 2016 by a further EUR 55.

Economic benefits: The measure will make a small contribution to economic growth. We expect to see a positive effect of 0.05 per cent of GDP.

Budgetary effect: This measure will reduce revenue from wage and income tax by over EUR 200 million in 2016.

- **Refund of social security contributions:** For small wage earners, who cannot benefit from the changes in tax scales under the tax reform measures because their income is too low, the burden will be reduced by an overall amount of EUR 430 million through the refund of social security contributions. This will involve various measures covering workers/employees as well as self-employed persons, farmers and pensioners.

Economic benefits: Overall, about 2.5 million persons have an income that is below the lowest tax bracket. In addition to many pensioners it is primarily part-time workers, people in marginal employment and many one-person businesses that come within this category. The refund of social security contributions constitutes a kind of negative tax for the lowest income group and therefore also the group with the highest consumption propensity, which has a particularly strong impact on economic growth. However, due to the time lag, the impetus provided by these measures will probably only feed through to the economy after 2016.

Budgetary effect: These measures will burden public finances with an amount of EUR 430 million, although the impact will be felt only after a time lag (refunds in the following year after submitting a tax assessment or a tax adjustment request). The cost burden from this item in 2016 will therefore be insignificant.

- **Family assistance:** The children’s allowance of EUR 220 per child per annum which was introduced with the 2009 tax reform, which lowered the amount of taxable income, is to be doubled to EUR 440 per child per annum. The paper of the Austrian Finance Ministry moreover also refers to the already approved increase in family assistance, which will ease the burden on families by EUR 830 million, although this is a cumulated amount for the period 2014 to 2018. Family assistance is to be increased by 1.9 per cent in 2016.

Economic benefits: The measures will provide a moderate economic impetus. We expect this to be 0.03 per cent of GDP.

Budgetary effect: The increase in the children’s allowance will reduce revenue from wage and income tax by some EUR 100 million in 2016. The increase in family assistance that will take effect at the beginning of 2016 will result in additional costs of around EUR 60 million. Overall, the family assistance package will burden public finances with an additional amount of about EUR 150 million in 2016.

- **Economic support measures:** The tax reform is to include measures to strengthen the economy. These will be in the form of an increase in the research premium from 10 to 12 per cent, an SME finance package, creating the possibility for crowdfunding, an increase in tax-exempt employee capital participation to EUR 3,000 per annum, and relocation benefits for scientists and researchers.

Economic benefits: The measures are currently still very vague so that their effect on the economy can only be evaluated in very general terms. Even if the government should succeed in making the funds available in 2016 and in implementing the measures in that year, the economic benefits are expected to be less than 0.1 per cent of GDP.

Budgetary effect: In the address to the Council of Ministers, the government costs for the measures to spur economic growth were put at EUR 200 million.

According to our estimates, counter-financing measures will generate additional revenue of only EUR 3.7 billion in 2016

Details of counter-financing measures

According to the Austrian government, the tax relief measures totalling EUR 5.2 billion will be fully offset by measures to combat tax evasion and fraud committed with a view to obtaining social security benefits, structural measures related to tax law, a “solidarity package”, spending cuts in the administrative sector and in the area of financial assistance schemes, and through self-financing (additional revenue through an economic impetus).

■ **Combating tax evasion and fraud committed with a view to obtaining social security**

benefits: Additional revenue from such measures is budgeted at EUR 1.9 billion. Tax recovery procedures are to be enhanced with the requirement for all businesses to maintain a cash register for all cash-based transactions, applicable for all firms with an annual net turnover of EUR 15,000 or more. This measure is expected to generate additional turnover tax-related revenue of EUR 900 million. A further EUR 700 million is to be sourced through the possibility for the tax authorities to inspect bank accounts when they perform a tax audit. This signifies a removal of the applicable bank secrecy rules for businesses, according to which banks may only disclose information on the basis of a court order if criminal proceedings are pending, or if penal proceedings have been instituted by the administrative authorities for fiscal offences committed wilfully and knowingly, or in the event of a person’s decease, when information may be disclosed to the Probate Court. Implementation is to be facilitated by a new central register of accounts. In addition, banks will be required to report higher capital outflows with retroactive effect to 15 March 2015 with a view to counteracting efforts to transfer funds “on the sly”. Measures to combat fraud committed with a view to obtaining social security benefits, in the health sector for example, are to generate about EUR 200 million. It is hoped that a number of additional measures to combat tax evasion will provide a further EUR 100 million in revenue, especially in the form of turnover tax.

Economic benefits: The measures to combat tax evasion and fraud committed with a view to obtaining social security benefits are intended to increase tax payments and reduce amounts received from funds earmarked for social welfare purposes. For this reason this measure is likely to have a negative impact on the economy. However, the dampening effect resulting from a possible disproportionately high savings ratio in the case of these funds, and a pro rata relatively high outflow of funds from Austria will be insignificant. We expect an adverse economic impact of about 0.2 per cent of GDP from these measures in 2016.

Budgetary effect: It is unlikely that this item will generate additional revenue of EUR 1.9 billion, at least in 2016. We believe that revenue expectations resulting from the requirement for businesses to maintain a cash register and from the disclosure of information by banks as presented in the address to the Council of Ministers are too high, and that in 2016 the former will generate about 1/3 of the budgeted amount and the latter about 50 per cent. This means that this item will probably only generate additional revenue of just under EUR 1 billion in 2016. This will result in a shortfall of about EUR 900 million for the government budget in 2016.

- **Structural measures relating to tax law:** These involve a number of tax measures which will impose an additional burden on taxpayers in the order of EUR 900 million. The measures include an increase in turnover tax in some segments such as cultural services, air transport or hotels and lodgings, from 10 or 12 per cent to 13 per cent. This is intended to raise an additional EUR 250 million in revenue from turnover tax. Further measures relate to changes in the deductibility of special expenses, to benefits in kind from company cars, and the introduction of a standard depreciation rate of 2.5 per cent for buildings.

Economic benefits: We believe that the increase in revenue through higher taxes will have an adverse impact on the Austrian economy; this will probably be close to 0.2 per cent of GDP.

Budgetary effect: We expect that these measures will by and large generate the budgeted EUR 900 million for the country’s public finances in 2016.

- **Solidarity package:** The solidarity package is a number of fiscal measures which are designed to collect additional revenue for the government budget primarily from high earners and wealthy individuals. This additional revenue is to serve as a solidarity contribution to ease the situation of persons in other groups. The package includes measures such as changes in land transfer tax (budgeted additional revenue: EUR 35 million), increase in the tax rate for the transfer of real estate from 25 to 30 per cent (EUR 115 million), an increase of the capital yields tax to 27.5 per cent, which will not apply to interest income from savings accounts and current accounts (EUR 150 million), an increase of the assessment basis for the calculation of social security contributions under the Austrian General Social Insurance Act (ASVG; EUR 90 million), and an increase of the highest tax rate to 55 per cent for income portions in excess of EUR 1 million (EUR 50 million).

Economic benefits: While the solidarity package will have a negative impact on the economy, this will be moderate at just under 0.1 per cent of GDP.

Budgetary effect: We believe that in some areas it is uncertain whether the government will meet its revenue targets. By and large, the solidarity package is likely to raise additional revenue of at least EUR 400 million for the government budget in 2016.

- **Cuts in administrative spending and in assistance schemes:** Cuts in administrative spending and in assistance schemes are to result in savings of EUR 1.1 billion and contribute towards financing the tax reform. The government's paper does not call for any far-reaching structural changes to achieve this objective. It talks of "freezing" assistance schemes and of the intention to keep cost growth in the administrative sector at a low level, suggesting a moderate increase in pensions and salaries of civil servants while calling on all government departments to generally exert stricter cost discipline. Details will probably be provided in the new medium-term budget for the period 2016-2019, which will be published in May 2015. A one percentage point reduction in cost growth is under discussion; based on a total volume of over EUR 80 billion this would correspond to savings of about EUR 800 million.

Economic benefits: Spending cuts in the administrative sector and in financial assistance schemes will invariably have a moderate negative impact on the economy. However, as the measures will be implemented step by step we expect the dampening economic effect to be limited 0.15 per cent of GDP in 2016.

Budgetary effect: We believe that it will be possible to realise most of the agreed savings through a disciplined spending policy. According to our estimates, the 2016 budget deficit will benefit from the realisation of at least two-thirds of savings of the target figure of EUR 1.1 billion.

2016 FINANCE GAP OF OVER EUR 1 BILLION THROUGH THE TAX REFORM, BUT POSITIVE GROWTH EFFECT

Implications of the tax reform for 2016

Activities	Tax relief as planned in EUR million	Counter-financing as planned in EUR million	Effect on budget balance (own estimate)* in EUR million	Impact on the economy in % of GDP
Income tax reform	4.150		4.150	0,87
Commuter allowance	20		20	0,00
Tax deductible amount for transport purposes	230		230	0,05
Refund of social security contributions	430		43	0,01
Children's allowance	100		100	0,02
Family assistance	60		60	0,01
Economic support for businesses	200		200	0,07
Requirement to maintain a cash register		-900	-300	-0,06
Bank account disclosures		-700	-350	-0,07
Fraud committed with intent to obtain social security benefit		-200	-100	-0,02
Tax fraud		-100	-100	-0,02
Administration/financial assistance schemes		-1.100	-733	-0,15
Turnover tax		-250	-250	-0,05
Special expenditure		-80	-80	-0,02
Depreciation of real estate		-400	-400	-0,08
Benefits in kind from company cars		-50	-50	-0,01
Other measures		-120	-120	-0,03
Land transfer tax		-35	-35	-0,01
Tax on income from real estate		-115	-115	-0,02
Highest earners		-50	-50	-0,01
Capital yields tax		-150	-150	-0,03
Assessment basis for calculation of social security contributions		-90	-90	-0,02
Self-financing		-850	-765	
Total	5.190	-5.190	1.116	0,43

* minus means that the deficit decreases, a positive number indicates an increase of the budget deficit

Source: Austrian Finance Ministry (address to the Council of Ministers), Bank Austria Economics & Market Analysis Austria

Self-financing potential is optimistic but not unrealistic

Positive economic effect of 0.4 per cent of GDP expected for 2016

The tax relief measures totalling over EUR 5 billion may well provide an impetus to the Austrian economy and employment. Apart from the measures which will take effect with a time lag, e.g. refund of social security contributions, and taking into account the differing consumption and savings propensity among the specific income groups and a potential outflow of demand from Austria, our calculations suggest that the positive impact on the economy will be just over a gross 1 per cent of GDP in 2016.

However, this gross figure has to be adjusted to take account of the counter-financing measures in order to determine the actual net effect of the tax reform for the Austrian economy in 2016. Even if the amount generated through counter-financing measures is stated at EUR 5.2 billion, an amount equal to the tax relief measures, this does not automatically mean that the positive economic impact of the tax relief measures will be fully offset by the counter-financing measures. First, our expectations are based on the assumption that the tax reform makes provision for a redistribution of purchasing power from persons with higher incomes and higher a higher savings ratio to persons with low and medium incomes and a higher consumption propensity. Second, while the effect of the counter-financing measures is probably fully assured over a number of years, we do not believe this will be the case in 2016 alone. For this reason we expect the various counter-financing measures to result in a dampening economic effect of only about 0.6 per cent of GDP in 2016.

If one were to compare the positive economic effect of almost 1 per cent of GDP resulting from the tax relief measures with the dampening effect of the counter-financing measures, we see a positive net effect of 0.43 per cent of GDP. This is close to the 0.5 per cent of GDP stated in the address to the Council of Ministers at the Finance Ministry. The self-financing amount of EUR 850 million mentioned in the address, resulting from the tax relief measures through

anticipated additional revenue due to higher consumption, therefore appears to be somewhat optimistic but not unrealistic.

No structural zero deficit in 2016

The wage and income tax reform will result in tax relief in the order of EUR 5.2 billion. In the address to the Council of Ministers, this amount is fully offset by the counter-financing measures. The tax reform is therefore presented as being entirely neutral in its effect on revenue. A closer look shows that this is not the case; there will be a financing gap, at least in 2016.

The financing gap will occur although we believe that the EUR 5.2 billion in tax relief measures will not become fully effective in budgetary terms already in 2016. For example, the refund of social security contributions for small wage earners, involving an amount of EUR 430 million, can only be claimed via a tax assessment or a tax adjustment request which is normally submitted after the end of a calendar year.

Although the amount to be financed will therefore be less than the specified EUR 5.2 billion, we believe that the counter-financing measures will not fully cover the tax relief measures, at least not in the 2016 budget year. In the area of tax evasion and fraud committed with a view to obtaining social security benefits we expect that only about 50 per cent of the budgeted EUR 1.9 billion stated in the counter-financing programme will actually become effective in the 2016 budget. The introduction of the requirement to maintain a cash register will probably be delayed, and the additional revenue from the inspection of bank accounts also appears to be optimistic. In addition, we do not expect that the savings from cuts in financial assistance schemes and in the administrative sector, which are budgeted at EUR 1.1 billion, can be fully implemented in the first year (2016) as the government in this context only stated that it would reduce cost growth; it did not say that it would take swift measures to cut costs. As already indicated earlier, we believe the self-financing amount of EUR 850 million to be a realistic figure. Based on our calculations, this suggests that counter-financing measures in 2016 will reach a total amount of about EUR 3.5 billion.

The government's medium-term budget for the period 2015-2018 calls for a reduction of the budget deficit to 1.4 per cent of GDP and to 0.7 per cent of GDP in 2015 and 2016, respectively. Given the more unfavourable economic outlook Finance Minister Hans Jörg Schelling in autumn 2014 announced that the budget deficit for 2015 would probably be in the order of 1.9 per cent of GDP. Our previous forecast for the budget deficit was 2.4 per cent of GDP as our calculations included a financing gap from the tax reform. As the tax reform will not come into force until the beginning of 2016 we have lowered our estimate for the budget deficit for 2015 to 1.7 per cent of GDP.

With the inclusion of the financing gap created by the tax reform, which we estimate at EUR 1.1 billion, and the budgeted revenue of EUR 500 million from a financial transaction tax, which will probably not be realised, we now look for a budget deficit of 1.5 per cent of GDP for 2016.

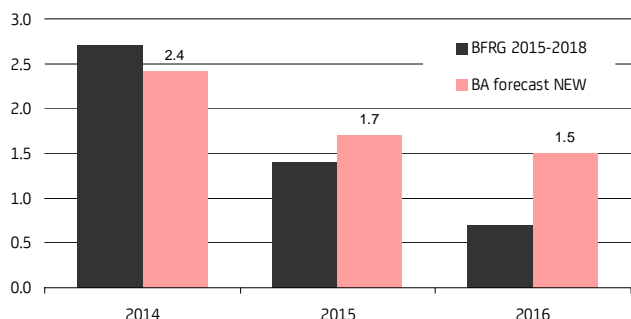
In our opinion the structural budget deficit will narrow slightly to 1 per cent of GDP in 2015 (2014: 1.1 per cent) before being slightly pushed to 1.3 per cent of GDP in 2016 by the effects of the tax reform. On this basis we believe that the planned structural zero deficit, which was again cited as one of the government's targets in the address to the Council of Ministers at the Finance Ministry, can only be achieved through additional (savings) measures.

As a result of the revised budget forecasts public debt will rise to 84.8 per cent of GDP in 2015 (2014: 84.5 per cent) before showing signs of a moderate downward trend in 2016; we expect it to decline to 83.8 per cent of GDP..

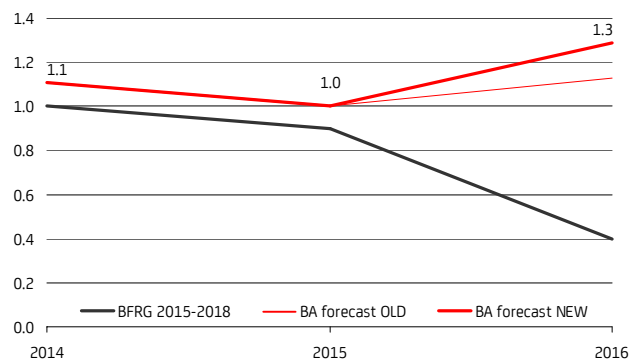
Instead of a zero deficit we expect the structural budget deficit to widen to 1.3 per cent of GDP in 2016

THE BUDGET DEFICIT IN 2016 WILL BE HIGHER THAN PREVIOUSLY EXPECTED

Budget deficit (general gov., in % of GDP)



Structural budget deficit (general gov., in % of GDP)



Source: Ministry of Finance, Bank Austria Economics & Market Analysis Austria

Résumé

The tax reform will result in significant tax reductions in the order of EUR 5.2 billion and contains some very pertinent measures for the distribution of tax relief and burdens. The reduction of the lowest tax rate to 25 per cent provides tax relief to all taxpayers. On this basis the flatter progressive increase in taxation provides more tax relief in relative terms to the lower and middle income groups. In addition, the reform will in particular benefit small wage earners with a high consumption rate through the refund of social security contributions. We believe that while the tax reform will be largely neutral in its effect on revenue from a multi-year perspective, revenue losses resulting from the counter-financing measures will not be offset within the first year. 2016 will therefore see a widening of the structural budget deficit to 1.3 per cent of GDP compared with the previous year. The officially planned structural zero deficit is no longer within reach unless the government introduces new structural measures with a tangible and rapid budgetary effect within the next few months. But we do not believe this will be the case. Stronger efforts must be made no later than 2017 to achieve a zero deficit which will then be a mandatory requirement. Based on our calculations, savings of around EUR 2 billion will have to be achieved in that year.

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