

# Investment Incentives in Austria

## Targeted incentives for a maximum impact

Austria offers foreign investors a broad spectrum of investment incentives, grants and subsidies, for example to assist small and medium-sized enterprises, support research and development, the launching of company start-ups, as well as investment and technological promotion measures. The type of funding ranges from cash grants and interest subsidies to loan guarantees. This extraordinarily extensive portfolio of incentives enables companies to take advantage of incentive programs tailored to their individual requirements.

### **EU priorities in investment promotion**

The fundamental ban in the European Union on direct government assistance to companies can be put into perspective by considering the special regulations that are in effect. Direct subsidies and grants are also permissible within the EU, provided the following pre-requisites are fulfilled:

- Support for research and development work
- Strengthening the competitiveness of SMEs
- Improving the regional economic structure
- Incentives for environmental protection
- Promoting education, continuing education and training
- Modernization and restructuring measures

There are four important focal points applying to investment projects of companies that have set up business operations in Austria:

- **Regional assistance**
- **Small and medium-sized enterprises**
- **Technology promotion**
- **Environmental protection**

In addition to fulfilling EU priorities, the individual subsidies or any combination of grants must adhere to **the maximum EU funding limits for subsidies**.

## Upper funding limits for subsidies – an overview

The investment promotion policies pursued by the EU have defined maximally permissible limits on incentives for specific projects, which depend on the size of the applicant company, the particular location of the investment and the type of investment project. The intensity of subsidies and assistance encompasses national subsidies, co-financing schemes as well as EU subsidies, including SME and regional grants.

<b>Funding priorities</b>	<b>Small enterprises</b>	<b>Medium-sized enterprises</b>	<b>Large companies</b>
<b>Investments</b>			
Outside regional development areas	max. 15%	max. 7,5%	
Burgenland	max. 50%	max. 40%	max. 30%
Other development areas (refer to enclosed list of towns, including the regional funding limits)	regional ceiling + 20%	regional ceiling + 10%	regional ceiling
<b>Fundamental research</b>	max. 100%	max. 100%	max. 100%
<b>Industrial research</b>	max. 70%	max. 60%	max. 50%
<b>Experimental development</b>	max. 45%	max. 35%	max. 25%
<b>Environmental investments exceeding legal requirements</b>			
Outside regional development areas	max. 40%	max. 40%	max. 30%
Within regional assistance areas	max. 40% or regional ceiling + 20%	max. 40% or regional ceiling + 20%	max. 30% or regional ceiling + 10%
<b>Environmental investments exceeding legal requirements</b>	max. 15%	max. 15%	
<b>General training</b>			
Outside regional development areas	max. 70%	max. 70%	max. 50%
Burgenland	max. 80%	max. 80%	max. 60%
Other development areas	max. 75%	max. 75%	max. 55%
<b>Spezialized training</b>			
Outside regional development areas	max. 35%	max. 35%	max. 25%
Burgenland	max. 45%	max. 45%	max. 35%
Other development areas	max. 40%	max. 40%	max. 30%

For the EU definition of SMEs, refer to page 6.

## Regional assistance

The EU has specified financing ceilings for regional assistance measures on behalf of Austria's incentive regions during the period 2007 – 2013. Companies can be granted public assistance in carrying out their investments up to the maximum limit as stipulated by the EU, depending on the particular business location. For large companies, the maximum funding ranges between 15% and 30%, depending on the location. For investment projects with eligible expenditure not exceeding EUR 50 million, this ceiling is increased by 10% for medium-sized companies and 20% for small companies.

The maximum funding limit for company subsidies in the federal province of Burgenland is 30% for large companies, 40% for medium-sized enterprises and 50% for small firms. In the border regions of the Waldviertel and Weinviertel districts of Lower Austria, the maximum level of subsidies is 20% for large enterprises, 30% for medium-sized companies and 40% for small firms. The maximum funding limit is generally 15% for large companies, 25% for medium-sized firms and 35% for small-scale enterprises in the designated regional promotion zones.

### **Funding instruments:**

- Low interest loans (ERP Fund, various provincial funding programs)
- Subsidies (Austria Wirtschaftsservice, EFRE)
- Guarantees (Austria Wirtschaftsservice, provincial guarantee schemes)

Provided that the investments correspond to the goals of the Structural Fund Program, additional assistance is not only possible from national funds, but from the European Union as well (European Regional Development Fund – ERDF co-financing).

### **Funding criteria:**

- Structural improvement measures to increase competitiveness and secure jobs
- Strengthening of regions with growth and employment potential
- Counteracting of regional economic differences between structurally stronger and weaker regions
- Reduction of intensity gaps between regional promotion areas and other areas within Austria, as well as in relation to Austria's border regions to the Czech Republic, Slovakia, Hungary and Slovenia

## Regional assistance areas in Austria 2007 – 2013

The national regional funding programs for investment promotion comprise the main basis for the EU's regional subsidy program, which defines upper limits for company subsidies by taking account of regional political aspects.

Federal province	Region	Political districts	Maximum limits for company subsidies		
			small	medium-sized	large
<b>Burgenland</b> <sup>1)</sup>	Central Burgenland	Oberpullendorf	50%	40%	30%
	North Burgenland	Eisenstadt (city and environs), Neusiedl a.S., Mattersburg, Rust (city)	50%	40%	30%
	South Burgenland	Güssing, Jennersdorf, Oberwart	50%	40%	30%
<b>Lower Austria</b>	Mostviertel-Eisenwurzen	Waidhofen a.d. Ybbs, Amstetten, Scheibbs	35%	25%	15%
	Lower Austria-South	Wr. Neustadt (city and environs), Baden, Lilienfeld, Neunkirchen	35%	25%	15%
	Waldviertel	Krems a.d.Donau (city), Horn, Gmünd, Krems (environs), Waidhofen a.d.Thaya, Zwettl	40%	30%	20%
	Weinviertel	Gänserndorf, Hollabrunn, Mistelbach	40%	30%	20%
	Vienna Environs North	Gänserndorf, Tulln	35%	25%	15%
	Vienna Environs South	Bruck a.d. Leitha	35%	25%	15%
<b>Carinthia</b>	Klagenfurt-Villach	Klagenfurt (environs), Villach (environs)	35%	25%	15%
	Upper Carinthia	Hermagor, Spittal a.d. Drau, Feldkirchen	35%	25%	15%
	Lower Carinthia	St. Veit a.d. Glan, Völkermarkt, Wolfsberg	35%	25%	15%

Federal province	Region	Political districts	Maximum limits for company subsidies		
			small	medium-sized	large
<b>Upper Austria</b>	Innviertel	Braunau am Inn, Ried im Innkreis, Schärding	35%	25%	15%
	Mühlviertel <sup>2)</sup>	Freistadt, Perg, Rohrbach, Urfahr-Umgebung	36% / 35%	26% / 25%	16% / 15%
<b>Salzburg</b>	Lungau	Tamsweg	35%	25%	15%
<b>Styria</b>	Liezen	Liezen	35%	25%	15%
	Eastern Upper Styria	Bruck a.d. Mur, Leoben, Mürzzuschlag	35%	25%	15%
	East Styria	Feldbach, Fürstenfeld, Hartberg, Radkersburg, Weiz	35%	25%	15%
	West and South Styria	Deutschlandsberg, Leibnitz, Voitsberg	35%	25%	15%
	Western Upper Styria	Judenburg, Knittelfeld, Murau	35%	25%	15%
<b>Tyrol</b>	East Tyrol	Lienz	35%	25%	15%

Notes:

<sup>1)</sup> For the time being, the percentages for Burgenland only apply until the end of 2010.

<sup>2)</sup> Mühlviertel / Upper Austria:

Jan. 1, 2007 – Dec. 31, 2010: 16% for large, 26% for medium-sized and 36% for small companies

Jan. 1, 2011 – Dec. 31, 2013: 15% for large, 25% for medium-sized and 35% for small companies

## Small and medium-sized enterprises

Small and medium-sized enterprises are generally considered by the EU to be a particularly eligible target group for investment promotion. The following financing ceilings apply to investments implemented by SMEs throughout Austria (i.e. also in cities and regions which have not been designated as incentive regions):

### Eligible investments – nationwide ceilings for Austria:

- **Small enterprises** (EU definition): **15%**
- **Medium-sized enterprises** (EU definition): **7.5%**

The EU has stipulated the following upper limits for grants, subsidies and guarantees for small and medium-sized enterprises:

In line with EU competition law, a **small enterprise** is defined as a company which employs 50 or fewer people, and has annual revenues of less than EUR 10 million or total assets which do not exceed EUR 10 million.

In line with EU competition law, a **medium-sized enterprise** is defined as a company which employs 250 or fewer people, and has annual revenues of less than EUR 50 million or total assets which do not surpass EUR 43 million.

In determining key figures applying to the company, associated companies (majority shareholding) are to be fully consolidated, whereas partner companies (25% - 50% shareholding) are consolidated on a pro rata basis.

### Funding instruments:

- Low interest loans (ERP Fund, various provincial funding programs)
- Subsidies (Austria Wirtschaftsservice, ERDF)
- Guarantees (Austria Wirtschaftsservice, provincial guarantee schemes)

### Funding criteria:

- Quality improvement measures
- Launch of innovative technologies

## Technology promotion

In accordance with EU regulations, expenditures for research and development are generally considered as eligible to receive public funding, regardless of the particular business location and size of the company.

R&D projects principally distinguish between the more scientifically oriented fundamental research, and the more commercially exploitable applied research and development.

### **Eligible investments – nationwide ceilings for Austria:**

- Industrial research and development: **50%**
- Experimental development (pre-market research): **25%**

Supplementary funding can be granted for SMEs and specific cooperation projects.

### **Funding instruments:**

- Low interest loans (Austrian Research Promotion Agency, ERP Fund)
- Subsidies (Austrian Research Promotion Agency, various provincial assistance agencies)
- Guarantees (Austrian Research Promotion Agency)

### **Funding criteria:**

Marketable technological innovations with corresponding risks in implementation.

## Environmental protection

Expenditures on environmental protection are also generally considered as eligible to receive assistance.

### **Eligible investments: nationwide ceilings for Austria:**

- Environmental protection measures fulfilling new, binding environmental regulations (only for SMEs): **15%**
- Environmental protection measures exceeding legal requirements: **30%**
- Investments in renewable energies and energy-saving measures: **40%**

Supplementary funding can be granted for SMEs as well as for investments in regional assistance areas.

### **Funding instruments:**

Federal subsidies granted by the Republic of Austria

### **Funding criteria:**

- Clean air
- Wastewater
- Renewable energy sources
- Energy efficiency
- Waste utilization

## "De minimis" rule

Any company can receive up to EUR 200,000 in subsidies within a period of 3 years (so-called "de minimis" support). If the same project costs are covered by other types of aid, the "de minimis" grants must be considered in order to ensure that the legally stipulated ceiling is not exceeded.

## Key incentives in Austria (an overview)

In Austria a large number of different funding programs exist. Obtaining appropriate incentives is only possible in close cooperation with federal, provincial and local authorities. The scope of assistance is significantly influenced by the size of the company and the location of the project.

All national and regional incentives are principally subject to EU incentive guidelines. For this reason, it is not permissible to exceed the maximum incentive limits as stipulated in the chart, "EU Incentive Criteria".

## Regional incentives

Incentives are generally available to all companies which maintain an investment location in a regional assistance area, with the exception of firms operating in the tourism and recreation sectors. The application for subsidies from EU funds takes place automatically alongside the application for federal funding. It is not required to submit a separate application for EU incentives.

### ➤ **ERP Regional Program**

#### **Aims:**

Promotion of innovative investments in disadvantaged regions, as well as the creation and safeguarding of jobs.

#### **Eligible projects:**

- Start-ups and business relocations with a significant regional economic impact
- Product and process innovations as well as innovative services based on the implementation of research findings or the purchase and adaptation of new technologies
- Modernization and expansion investments

Regional projects are only eligible, if the project work is first carried out:

- after the application for incentives has been submitted and
- after the company has received official notification of the project's basic eligibility.

**Eligible expenditures:**

New investments and capitalized services, building investments including planning, land acquisition in the case of a start-up or locating company operations, costs for intangible investments (e.g. patents, licenses), and consulting costs.

**Type of incentive:** Low interest ERP loan and ERDF grant

**Financing volume:** EUR 0.1 million to EUR 7.5 million per project and year

**Duration/repayment:** Up to 6 years, up to 3 repayment-free grace years

**Conditions:** <http://www.awsg.at/portal/media/2102.pdf>

- Repayment-free grace period: 1% p.a. fixed interest rate
- Loan redemption period: 1.5% p.a. fixed interest rate
- Longer terms of maturity (> 6 years): 2.75% p.a. step costs

## SME investment promotion

Incentives are generally available to all small and medium-sized enterprises, regardless of the investment location, with the exception of firms operating in the tourism and recreation sectors. Applications for public funding are made in cooperation with the company's main bank providing the financing for the project.

Small and medium-sized industrial and service enterprises, in particular firms manufacturing physical goods and production-related service companies, as well as commercial firms represent the growth drivers of the Austrian economy.

A broad range of incentives are offered to support SMEs:

- **Subsidies** provide incentives for innovative investments and measures which create or secure jobs.
- **Low interest ERP loans** facilitate the implementation of modernization and expansion investments, as well as launching new products and processes in growth enterprises
- **Guarantees for bank loans** (or ERP loans) extend the financial scope and reduce the economic risk. As a result, you have a positive impact on the rating and conditions of the loan.

➤ **ERP-SME program**

**Aims:**

Support for technologically ambitious investment projects from growth-oriented small and medium-sized enterprises. Another strong focus of the program is the field of environmental and energy technologies, along with e-business and innovative services.

**Eligible companies:**

Small and medium-sized manufacturing industrial enterprises or production-related service firms with a business location in Austria can take advantage of this funding. The EU definition of SMEs applies.

**Eligible projects:**

The following projects can be supported within the framework of the ERP SME program:

- Start-ups and business relocations
- Product and process innovations as well as innovative services based on the implementation of research findings or the purchase and adaptation of new technologies
- Modernization and expansion investments

**Eligible expenditures:**

New investments and capitalized services, building investments including planning, land acquisition in the case of a start-up or locating company operations, costs for intangible investments (e.g. patents, licenses), and consulting costs.

**Type of incentive:** ERP loan

**Financing volume:** EUR 0.1 million to EUR 7.5 million per project and year

**Duration/repayment:** 6 to 10 years, 2 repayment-free grace year

**Conditions:** <http://www.awsg.at/portal/media/2102.pdf>

- Repayment-free grace period: 1% p.a. fixed interest rate
- Loan redemption period: 1.5% p.a. fixed interest rate
- Longer terms of maturity (> 6 years): 2.75% p.a. step costs

## Investment promotion through loan guarantees

### ➤ **SME “Business Dynamics” Incentive Program**

#### **Aims:**

Strengthening the growth and innovative potential of existing and newly-launched economically independent small and medium-sized enterprises in all sectors, with the exception of firms operating in the tourism and recreation industries.

The premium funding is designed to provide financial support to innovative projects in the start-up phase. Assuming the liability for external financing in the form of a loan guarantee is designed to enable or facilitate innovation financing.

#### **Eligible companies:**

Only SMEs are eligible for funding, i.e. companies with fewer than 250 employees and either maximum annual revenues of EUR 50 million or total assets below EUR 43m. Merged companies are to be treated as a single unit. The company must have a company domicile or plant in Austria.

#### **Eligible projects:**

Innovative projects carried out by SMEs are funded in the following areas:

- Creation or supply of new, innovative or top quality products and services
- Application of new technologies
- Building up of partnerships, clusters and networks
- Maintenance or strengthening of the local supply of key goods by taking account of the regional economic structure of rural areas

#### **Eligible expenditures:**

Investments in tangible as well as intangible assets (e.g. technology transfer, product design and marketing), as well as related working capital financing.

Externally financed projects (e.g. bank loan, financial leasing) are eligible for funding as well as self-financed projects.

Investments of less than EUR 25,000 or which exceed EUR 2.5 million are not eligible for assistance.

**Type of incentive / financing volume:**

Incentives take the form of grants (premiums) and loan guarantees.

- Premiums:
  - Basic premium:  
A basic premium (one-off grant) of 5% is provided for investments.
  - Bonus premium:  
A bonus premium (one-off grant) of up to 10% of the project costs is provided for projects with an extraordinarily high innovation or growth potential. Federal funding accounts for half of the bonus premium, whereas the other half is financed by the particular province.

The maximum upper limit for investments which can be subsidized is EUR 750,000 per company and year.

- Guarantees:  
AWS (Austria Wirtschaftsservice) assumes the liability and thus guarantees the following:
  - Investment loans up to EUR 2.5 million, with a liability limit of up to 80% of the total loan, and a term to maturity of the loan of up to 10 years (up to 20 years in special cases).
  - Working (operating) capital loans directly related to an investment project up to a maximum of EUR 1 million, with a liability limit of up to 80% of the total loan, and a maximum duration of 5 years.

For projects up to EUR 75,000, AWS does not require any furnishing of security or collateral, with the exception of the personal assumption of liability on the part of the entrepreneur or the major shareholders.

Fees for loan guarantees:

- Investment loans: from 0.6% p.a. to 3% p.a.
- Working capital loan: from 2% p.a. to 4% p.a.

➤ **SME guarantees**

The SME liability coverage (loan guarantee) program was initiated by AWS to complement its "Business Dynamics" incentive program to promote innovation, which targets SMEs implementing innovative projects.

This program assumes the guarantee for loans designed to finance growth investments, corporate acquisitions and company successions, as well as for working capital loans.

**Aims:**

Improvement of the financial position of existing and newly launched, economically independent small and medium-sized enterprises in all sectors by facilitating the provision of external financing, with the exception of firms operating in the tourism and recreation industries.

The assumption of the liability for loans (loan guarantees) is designed to promote projects, which would not receive commercial financing due to the lack of bank collateral or the inability to provide sufficient security, or else loans would be granted at unfavorable terms and conditions.

**Eligible companies:**

Only SMEs are eligible for funding, i.e. companies with fewer than 250 employees and either maximum annual revenues of EUR 50 million or total assets below EUR 43 million. Merged companies are to be treated as a single unit. The company must have a company domicile or a plant in Austria.

**Eligible projects and expenditures:**

Support is provided to enable the external financing of projects which demonstrate a positive impact on the competitiveness of the business location, as well as to improve and stabilize the employment situation.

- Tangible and intangible investments
- Corporate acquisitions / company successions (including MBO/MBI)
- Working capital

Projects with eligible project costs of up to EUR 25,000 can be funded through the "Microcredit" incentive program at particularly favorable terms.

Projects assisted within the framework of the SME "Business Dynamics" incentive program are not eligible for funding.

**Type and scope of funding:**

AWS assists companies by assuming liability (providing a loan guarantee) for:

- Investment loans and loans to finance corporate acquisition (maximum EUR 2.5 million), with a liability limit of up to 80% of the total loan, and a normal term to maturity of up to 10 years (20 years in special cases).
- Working (operating) capital loans up to a maximum of EUR 1m, with a liability limit of up to 80% of the total loan, and a maximum duration of 5 years.

➤ **SME Stabilization**

**Aims:**

Long-term safeguarding of the chances for success of small and medium-sized enterprises, as well as the preservation and securing of jobs.

**Eligible companies:**

Only SMEs in all sectors, with the exception of the tourism and recreation industries, which have a company domicile or a plant in Austria.

**Incentive-eligible projects / expenditures:**

Support is provided to enable the external financing of projects which serve to stabilize the business operations of the company, including the development of strategic concepts.

- Tangible and intangible investments
- Working capital

Projects with a minimum value of EUR 100,000 are eligible for assistance.

Projects which do not demonstrate any reasonable chances of success or for which a positive business development is unlikely on a long-term basis are not eligible for assistance.

**Type and scope of funding:**

AWS supports stabilization projects by providing loan guarantees for up to 80% of the total financing volume. The liability of AWS is usually limited to EUR 1 million per project. The term to maturity of the guarantee is normally 10 years (20 years in special cases).

➤ **AWS Double Equity Guarantee Fund**

**Aims:**

Financing of the start-up and early development phases of small and medium-sized enterprises by the doubling of private risk capital.

**Eligible companies:**

Small and medium-sized industrial enterprises in the start-up and early development phases are eligible for assistance, with the exception of firms operating in the tourism and recreation branches. The company must have a domicile in Austria.

**Eligible expenditures:**

Investments and tangible and intangible assets (such as technology transfer, product design and marketing), as well as working capital, but not for restructuring programs.

**Requirements:**

- The level of equity capital contributed by the entrepreneur or private investors matches funding by AWS
- Verification that the required equity capital has been raised
- The company has been in existence for no more than 5 years (or was acquired no more than 5 years earlier)
- SME as defined by the European Union

**Type and scope of funding:**

AWS will assume liability in the form of a loan guarantee for up to 80% of the financing amounting to a maximum of EUR 1.875 million per SME. The total loan volume is limited to the equity capital contributed to the project.

**Term of maturity/repayment:** maximum of 10 years, many repayment-free grace years possible.

## Promoting Research and Development

**R&D in Austria**

Research, development and innovation are decisive factors today impacting the productivity of companies and economic prosperity. In recent years, Austrian companies have considerably increased their R&D activities, and rank among the top European nations in terms of its innovative strength.

The proportion of research expenditures to the gross domestic product (research quota) is 2.54% in 2007. This represents an 8.1% rise compared to 2006.

All in all, total Austrian R&D expenditures in 2007 are expected to amount to EUR 6.83 billion. As a consequence, Austria is one of the very few EU countries with a realistic chance of fulfilling the three per cent research quota target for the year 2010 ("Barcelona target").

In addition to direct project subsidies, companies carrying out research and development in Austria can take advantage of a 25% to 35% R&D tax allowance or an R&D tax bonus calculated at 8% of research expenditures.

➤ **ERP Technology Program**

Research, development and innovation projects are supported within the framework of the ERP Technology Program, focusing on development projects in specific future-oriented sectors, such as biotechnology, environmental and energy technologies, and the aeronautics component supplier industry.

**Aims:**

Promotion of company research and technological development, improvement of the innovative strength of domestic companies, expanding the commercial exploitation of research findings.

**Eligible companies:**

Enterprises with business operations or research facilities in Austria aiming to implement projects in the field of industrial research and experimental development.

**Eligible projects:**

- Research and development projects aiming to launch new or significantly improved products, production processes or services
- Projects to develop prototypes, pilot or demonstration facilities as well as experimental equipment

**Eligible expenditures:**

In principle, staff costs, laboratory facilities, consulting and service costs as well as material costs for pilot and demonstration facilities are eligible for assistance.

Only expenditures which are directly caused by the research activities of the project are eligible for assistance.

**Type and scope of funding:**

Low-interest ERP loan ranging from EUR 0.1 million to EUR 7.5 million.

**Term of maturity/repayment:**

The entire term of maturity is normally 6 years, 3 years of which are repayment-free grace years, whereas this period is extended to 12 years for future-oriented branches (5 repayment-free grace years).

➤ **AWS Seed Financing**

The Seed Financing Program of Austria Wirtschaftsservice (AWS) supports young high-tech companies in the start-up and early development and expansion phases. The program provides start-up capital (for market entry and launch) as well as consulting and support services.

**Incentive-eligible costs:**

AWS provides assistance for all costs which arise in the course of starting up or expanding a high-tech company. In particular, support is given for market entry, staff, study and concept costs as well as fees for external consultants.

Expenditures involved in purchasing commercial real estate or building premises are not eligible for assistance.

**Criteria:**

- High growth potential of the company
- Technology-intensity and innovation
- Willingness of the entrepreneur to assume risk
- Quality of the management
- Environmental compatibility

**Type and scope of funding:**

- Provision of start-up capital to establish a company
- Advisory and support services free of charge; fees will be charged if no financing package is concluded.

The financing takes the form of profit participation rights or participation certificates. The maximum amount of financing is EUR 1 million.

The Seed Financing Program offers flexible support in the conception and implementation phases, enabling many early-stage companies to get off to a successful start.

➤ **AWS Pre-Seed Financing**

Financing of the pre-start phase of high-tech companies by means of a subsidy to support the founding of innovative high-tech enterprises.

**Incentive-eligible projects/expenditures:**

Costs connected to the economic implementation as well as the evaluation and preparation of the project's commercialization in the course of the pre-start phase are eligible for assistance. In particular, this involves study and concept costs, staff costs and expenses for consumable supplies.

The focus is on the life sciences, ICT and physical sciences sectors.

Costs which are not directly related to the pre-seed project as well as costs for the purchase of commercial real estate or property, plant and equipment are not eligible for assistance.

**Criteria:**

- High technological intensity and innovation
- Favorable prospects for commercialization
- High level of commitment and willingness to assume risk on the part of the future founders of the company
- Considerable market potential
- Pre-start up stage

**Type and scope of funding:**

Assistance takes the form of a lost subsidy. The sum of EUR 100,000 can be provided for a period of one year as a de-minimis grant.

In addition, assistance is provided for consulting and support services, particularly pertaining to strategic and financing issues in connection with launching the company.

➤ **Incentive programs of the Austrian Research Promotion Agency (FFG)**

FFG is the support institution for application-oriented research and development, and thus the promotion agency for innovations in Austria. In this role, it carries out a broad spectrum of tasks in Austria's innovation promotion landscape, offering a comprehensive portfolio of incentive programs.

> **FFG basic incentive program:**

The basic research incentives provided by FFG provide assistance to economically commensurable research projects of companies, research institutions and inventors. These incentives are granted on the basis of the applications submitted, and are thus not oriented to specified research topics or dependent on tender deadlines.

The aim is to seize upon innovative ideas and research initiatives, and exploit them commercially in the form of specific, successful projects.

**Eligible companies:**

Industrial companies or organizations, joint research institutes, other scientific institutes or their legal entities, individual researchers and working groups based in Austria are eligible for assistance.

Companies in the start-up phase are also assisted within the framework of the start-up incentive action program.

**Type and scope of funding:**

50% of the project costs are generally financed through a mix of subsidies and loans (also loan guarantees for large-scale projects). In most provinces, additional funding is provided in the form of provincial subsidies. Assistance is provided for staff costs, investments in research facilities and other costs (third-party services, costs for materials, travel and patent applications).

**Criteria:**

- Technical innovation and value
- Positive environmental impact
- High technical development risk
- Catalyst effect on research
- Technological innovation ("technological leap forward" for the applicant)
- Manufacturing opportunities for the applicant or business partners
- Market opportunities and commercial applications
- Positive effects on economic growth and social development

> **Headquarters promotion:**

Within the context of the "Research Headquarters Program", R&D projects are provided with assistance if they establish and further develop new research and development competencies in Austria, or sustainably and substantially expand existing R&D work.

**Eligible companies:**

Internationally operating companies operating in Austria (small, medium-sized or large) if they

- establish or significantly expand their R&D headquarters in Austria, provided that a research program is defined encompassing specific research projects. The assistance is only granted to these research projects.
- focus on new areas of research within the context of their R&D activities, and expand their research competencies and level of research work to achieve a major innovative or technological leap forward.
- substantially and sustainably strengthen their existing R&D activities to include a future-oriented research focus, and subsequently expand their research competence and level of research work to achieve a major innovative or technological leap forward.

**Goals:**

- Development of research and development competencies in Austria
- Strengthening of the innovative strength of Austria as a business location
- Creation of highly-qualified jobs

**Criteria:**

- Creation of new or significant expansion of existing research and development activities coordinated in Austria
- Integration in national research efforts and research cooperation networks
- Ensuring the long-term feasibility of these measures

**Financing volume:**

Assistance if provided as a subsidy comprising up to 50% of the total costs, in accordance with the guidelines for the basic incentive program.

## Export promotion

Companies based in Austria can benefit from a highly-developed export promotion system, in particular the attractive financing opportunities available to export businesses from Austria's export credit agency, Österreichische Kontrollbank Aktiengesellschaft (OeKB) and the Export Fund. The needs of export businesses located in Austria can be met through federal guarantees as well as private loan insurers.

### ➤ **OeKB Export Financing Scheme**

Since 1960, Österreichische Kontrollbank (OeKB) has been financing the export of goods and services, primarily with medium-term and long-term payment periods, giving special consideration to exports of Austrian capital goods.

The export financing scheme of Österreichischen Kontrollbank offers all companies the possibility to finance exports and the acquisition of shareholdings abroad.

The decisive factor is a sufficient credit rating according to criteria defined by OeKB. Moreover, the transactions to be financed are required to comply with legal requirements and be carried out within the framework of OeKB's standard procedures for handling transactions, particularly with regard to the securing of loans.

The basis for the financing is

- an assumption of liability on the part of OeKB in accordance with Austrian export promotion laws or
- an assumption of liability by a private financial institution, or
- a guarantee provided by Austria Wirtschaftsservice Gesellschaft mbH ("AWS") or
- a guarantee provided by an international organization

Those exports which are particularly worthy of promotion (e.g. especially benefiting the Austrian economy, projects which are not commercially sustainable, foreign aid projects etc.) can be financed on very favorable terms and conditions.

➤ **Export credits – Austrian Export Fund Ltd.**

**Corporate goal:**

The Export Fund supports companies based in Austria that meet the definition of SME or export goods, the value of which is primarily created in Austria.

**Owners:**

70% Oesterreichische Kontrollbank AG  
30% Austrian Federal Chamber of Commerce

**Eligible companies:**

Export companies contracting with foreign partners to deliver domestic goods (goods manufactured or significantly altered in Austria) or to provide services are eligible for loans. Foreign origin of up to 50% is generally accepted. Raw materials and semi-finished goods not obtainable domestically are not considered to be of foreign origin.

**Lines of credit:**

Lines of credit (currently accounting for 100% of loan volume) are made available on the basis of ongoing export activities. These lines of credit can be withdrawn upon cessation of export activities. The credit used must be set off against export orders or receivables.

**Financing volume:**

Loan amounts are based on financing requirements and the level of export activity. The loan ceiling is set at 30% of the previous year's export revenues or the anticipated export revenues for the current business year.

**Interest rate:** Since April 2007, the interest rate has been set at 4.50%.

## Important investment promotion institutions

Austria offers foreign investors a broad spectrum of incentives, e.g. to assist small and medium-sized enterprises, support start-ups or promote investment and technological development. The type of funding ranges from cash grants and interest subsidies to loan guarantees.

Austrian membership in the European Union further expanded the nation's already exceptionally high level of investment promotion programs.

This extraordinarily extensive portfolio of incentives enables companies to take advantage of incentive programs tailored to their individual requirements.

ABA-Invest in Austria works hand-in-hand with the assistance agencies and is delighted to help design an optimal package of investment incentives for investment projects.

### **Incentives search tips:**

#### **The “incentives compass” (Förderkompass) of the Federal Ministry of Transport, Innovation and Technology:**

This “incentives compass” lists all incentives on its Web site, and provides an overview of suitable assistance programs.

[www.foerderkompass.at](http://www.foerderkompass.at)

### **Incentive platform:**

This interactive incentive advisory service is a reference guide to selected incentives as well as competent incentive consultants working for the particular assistance agencies.

[www.foerderportal.at](http://www.foerderportal.at)

**Federal assistance agencies:****Austria Wirtschaftsservice GmbH**

Ungargasse 37  
A-1030 Vienna  
Tel.: +43-1-50175-0  
Fax: +43-1-50175-900  
Internet: [www.awsg.at](http://www.awsg.at)  
E-Mail: [office@awsg.at](mailto:office@awsg.at)

**ERP-Fonds**

Ungargasse 37  
A-1030 Vienna  
Tel.: +43-1-50175-400  
Fax: +43-1-50175-492  
Internet: [www.erp-fonds.at](http://www.erp-fonds.at)  
E-Mail: [office@erp-fonds.at](mailto:office@erp-fonds.at)

**FFG Österreichische  
Forschungsförderungsgesellschaft mbH**

Sensengasse 1  
1090 Vienna  
Tel.: +43 (0)57755-0  
Fax: +43 (0)57755-97011  
Internet: [www.ffg.at](http://www.ffg.at)  
E-Mail: [office@ffg.at](mailto:office@ffg.at)

**Oesterreichische Kontrollbank AG**

Am Hof 4, Strauchgasse 1-3  
1010 Vienna  
Tel.: +43-1-53127-0  
Fax: +43-1-53127-5698  
Internet: [www.oekb.at](http://www.oekb.at)  
E-Mail: [oeffentlichkeitsarbeit@oekb.at](mailto:oeffentlichkeitsarbeit@oekb.at)

**Provincial assistance agencies:**

On a regional level, companies can take advantage of specific incentive programs, which vary from one federal province to the next. They often serve as an attractive complement to existing federal incentives.

**Vienna:**

Wiener Wirtschaftsförderungsfonds (WWFF): [www.wwff.gv.at](http://www.wwff.gv.at)

Stadt Wien: [www.wien.gv.at/index/wirtschaftsfoerderungen.htm](http://www.wien.gv.at/index/wirtschaftsfoerderungen.htm)

**Lower Austria:**

ECO-Plus: [www.ecoplus.at/ecoplus/](http://www.ecoplus.at/ecoplus/)

NÖ Wirtschaftsförderungs- und Strukturverbesserungsfonds:  
[www.noegv.at/service/WST/WST2/index.htm](http://www.noegv.at/service/WST/WST2/index.htm)

NÖ Kreditbürgschaftsgesellschaft mbH  
NÖ Kapitalbeteiligungsgesellschaft mbH: [www.noebeg-noekbg.at](http://www.noebeg-noekbg.at)

**Burgenland:**

Wirtschaftsservice Burgenland (WiBAG): [www.wibag.at](http://www.wibag.at)

Land Burgenland: [www.burgenland.at](http://www.burgenland.at)

**Styria:**

Steirische Wirtschaftsförderung (SFG): [www.sfg.co.at](http://www.sfg.co.at)

Zentraler Förderungsservice der Wirtschaftskammer Steiermark: [www.wkstmk.at/zfs](http://www.wkstmk.at/zfs)

Land Steiermark: [www.wirtschaft.steiermark.at](http://www.wirtschaft.steiermark.at)

**Carinthia:**

Entwicklungsagentur Kärnten GmbH: [www.entwicklungsagentur.at](http://www.entwicklungsagentur.at)

Kärntner Wirtschaftsförderungs Fonds (KWF): [www.kwf.at](http://www.kwf.at)

**Salzburg:**

Salzburg Agentur: [www.salzburgagentur.at](http://www.salzburgagentur.at)

Land Salzburg: [www.salzburg.gv.at/foerderungen.htm](http://www.salzburg.gv.at/foerderungen.htm)

Innovationservice: [www.innovationservice.at](http://www.innovationservice.at)

**Upper Austria:**

Oberösterreichische Technologie- und Marketingges.m.H. (TMG): [www.tmg.at](http://www.tmg.at)

Land Oberösterreich: [www.ooe.gv.at/foerderung/Index.htm](http://www.ooe.gv.at/foerderung/Index.htm)

**Tyrol:**

Tiroler Zukunftsstiftung: [www.zukunftsstiftung.at](http://www.zukunftsstiftung.at)

Land Tirol: [www.tirol.gv.at/foerderungen](http://www.tirol.gv.at/foerderungen)

**Vorarlberg:**

Wirtschafts-Standort Vorarlberg: [www.wisto.at](http://www.wisto.at)

Land Vorarlberg:

[www.vorarlberg.at/vorarlberg/service/foerderungen/auflistungvonfoerderungen.htm](http://www.vorarlberg.at/vorarlberg/service/foerderungen/auflistungvonfoerderungen.htm)