



 Alpine Marketing

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# Austrian Buyers' Guide

Your guide to purchasing a ski property in Austria





Alpine  
Marketing  
**Ski Property  
Specialists**

Nobody knows the Austrian Alps like we do...

# Contents

- 1 Introduction to Austria
- 2 Who can buy?
- 3 Trips to view property
- 5 10 steps to buying
- 7 Contracts & signing
- 8 Purchase costs and payments
- 10 Construction & furniture
- 12 Running costs
- 13 Rental options
- 14 Tax & VAT



# Introduction to Austria

Austria is a central European country characterized by its pretty mountain villages, baroque architecture, Imperial history and rugged Alpine terrain.

Austria is a beautiful and traditional Alpine country and is home to some of the best ski and summer resorts in the world. Property available for overseas buyers in the country's mountainous valleys arrived on the global scene later than those in France and Switzerland, and as such, Austrian villages still offer fabulous value for money and maintain their authentic Alpine charm. Mountain villages still feature beautiful chocolate box chalets, old-world barns, and onion domed churches.

Austria is divided into nine federal provinces and boasts a mountainous landscape ranging from the Eastern Alps to the Bohemian Massif. Austria borders Switzerland, Liechtenstein, Germany, the Czech Republic, the Slovak Republic, Hungary, Slovenia, and Italy, and as such, makes a great base from which to explore the whole of Europe.

Due to the perfect altitude of Austrian mountains, Austria boasts true dual-seasonality with sunny chilly winters that hover around 0°C and warm summer days with temperatures around 25°C to 35°C. The Austrian mountains are snow-covered in winter but warm and green in the summer months. The stunning River Danube flows approximately 220 miles through Austria, on its way from the Black Forest in southern Germany to the Black Sea.

The largest nature reserve in the Alps, the Hohe Tauern National Park, is one of Austria's gems - featuring a beautiful mountainous region covered in forest and dotted with freshwater lakes that boast water clean enough to drink.



# Who can buy Property in Austria?

Different nationalities have different permissions for buying property in Austria

Although EU-citizens are allowed to buy and live permanently in any property they wish in Austria, these rules do not apply when it comes to buying a holiday or investment home. Each of Austria's nine provinces are self-governing and have their own rules.

## EU citizens

EU citizens can buy a holiday property in any of Austria's nine Provinces and the process is very straightforward.

## EU companies

If you own an EU company it is also possible to buy in the company's name.

## Non-EU citizens

If you are not an EU-Citizen there are restrictions on what you can buy. It is only possible to buy a property with a 'second home' status. Alternatively you can buy a property in the name of an EU company.



# Inspection Trips to View Property

Our advice is unbiased, we are independent agents and do not develop any property ourselves.

## Planning your trip to Austria

Planning an inspection trip to view property is an exciting time, and we want to make sure you get the most from your stay. So we have put together some tips and suggestions.

### Ask us!

Research the market and seek advice on the perfect ski resort to suit your requirements. Feel free to discuss your wishes with one of our Alpine experts as we know all the ski resorts extremely well and are here to help.

We have the largest portfolio of new build ski property in Austria and cover all the main resorts. Our advice is unbiased as we are independent agents and do not develop any of these properties ourselves.

## Tailor made itinerary

Once you have chosen your ideal ski resorts and would like to view some property or plots of land we will coordinate with you to arrange a suitable date for your appointments. We will ensure that you can visit all the properties you want to see without feeling rushed.

Once we have organised your appointments with our representatives we will send you an itinerary with a link to Google Maps so you can see your journey.





## Flights to Austria

Flights to Austria are inexpensive and frequent. All our properties are within 2 hours 30 minutes drive of a major airport such as Salzburg, Innsbruck, Munich or Zurich, but it is also possible to fly to Klagenfurt, Friedrichshafen or Memmingen.

## Car hire and driving in Austria

Hiring a car is the best way to see your chosen developments as it also gives you the freedom to explore the surrounding area and get a real feel for the region.

If you collect your car from Germany or Switzerland to drive to Austria please be sure to buy a Vignette from a petrol station as you approach the Austrian border. The Vignette is a little sticker which costs a few euros and needs to be stuck on your windscreen like a tax disk. If your car does not display one you could be given an on the spot fine.

## The kind of advice your mother would give you...

If you are visiting plots of land or construction sites, please make sure you have sensible footwear (don't wear high heels!) Winter in the Austrian Alps can get very chilly so please bring warm clothes and several layers to ensure that you won't be cold.



# 10 Steps to Buying

Once you have chosen your property simply ask us for a reservation agreement. No deposits are required to secure your property

1. Research the market and seek advice on the perfect ski resort to suit your requirements. Feel free to discuss your needs with one of our Alpine experts as we know all the ski resorts extremely well and are here to help.
2. Arrange to come to Austria to view the property or plot of land that you are interested in buying. Check out page 4 for more information.
3. Once you have decided you want to buy, simply ask us for a reservation agreement. This document is not legally binding, it is more of a 'hand-shake' and does not require you to make any payments or deposits. The document collates your personal details like name and address, to be returned to us with copies of your passport. We then send everything to the notary who will use this information to raise your purchase contracts ready for you to sign.\*
4. If you want to take a mortgage, now is the time to contact an Austrian Bank. We can put you in touch with local banks who will help to arrange this. All of the banks are high street branches and their staff speak English. They are happy to lend to overseas buyers, and have online banking websites that are also in English.
5. If you are reclaiming the VAT on your purchase now is also the time to contact a tax advisor who will help you with this process.
6. Once you have received your purchase documents in German, and a translation, you can either sign in Austria at the notary's office or at the Austrian embassy in your own country.
7. We will give you all the details of other useful contacts such as the developer and his architect (if alterations are required), rental agents, and interior designers. If you are purchasing in a currency other than euros we can put you in touch with foreign exchange companies as they offer better exchange rates than banks.
8. If you are buying an off-plan property, once construction has started you will need to start making stage-payments for your chalet. If you are purchasing a property that is already built, you would simply pay the total purchase price.
9. Once your apartment or chalet is under construction, you will start choosing your fittings and fixtures, such as flooring and wall tiles etc. this can either be done in Austria, or via email. If the furniture is included in your purchase then now is also time to make your furnishing choices.
10. Collect your keys and start to enjoy your Alpine home or investment!

\* If you decide to withdraw from purchase after the notary has raised your contracts then legal fees would be incurred as he would require payment for his work.







# Contracts & Signing

## Signing documents

The process of buying a property in Austria is very straightforward. The notary, who is a semi-public official, will act on behalf of both the purchaser and the vendor, he will draw up the deed of sale and all the documents required to transfer the legal ownership. The notary has a duty to protect the interests of both parties.

When buying a property, both the purchaser and vendor are required to attend the notary's office to sign the deed of sale in his presence. Alternatively, both parties can sign a power of attorney authorising one of the secretaries working in the notary's office to sign the deed on their behalf.

In this case the buyer will receive from the notary a copy of the deed of sale in German and a professional English translation along with a power of attorney (in English) which authorises the notary's secretary to sign on their behalf.

The buyer will need to take the power of attorney to either a Notary Public (not a solicitor) in their country of residence to have their signature witnessed and the Notary Public will send the document off to the foreign office to have it 'legalised'. Alternatively, documents can be signed and legalised at the same time if taken to the Austrian Embassy.



# Purchase Costs and Payments

## Purchase costs

Purchase costs for buying a property in Austria work out about 6.6% of the gross purchase price. You would be required to pay the notary fees after the contract of sale has been signed. Fees are calculated on the gross purchase price as follows:

- 3.5% - Purchase Tax 'Stamp Duty'
- 1.1% - Registration in the Land Registry
- 1.5-2% of gross price + VAT -Notary's fees
- Approx. 350 euros - Court costs

## Local agents fees

It is standard practice in Austria for local agents to charge a buyer's fee of 3% + VAT. Alpine Marketing do not charge buyers a fee, saving you this expense.

## Financing your purchase

Austrian banks will fund up to 60% of the purchase price and usually the loan period will be between 15 and 25 years. Some banks charge a set-up fee and this is usually around 2% of the value of the loan. They will also charge an appraisal fee of 0.5% and you will need to pay the notary a fee of 1.5% of the amount of the mortgage to register the mortgage in the land registry. Variable interest rates are currently at around 2-3% and banks can also offer five to ten year fixed mortgages at very competitive rates. We have several banks we recommend to our buyers.

## Stage payments

New build properties are paid for in stages and all payments are made through the notary who acts as trustee for your money. The instalments are made into a client account and the payments for each stage are only released from the client account when an independent surveyor has inspected each stage and officially signed it off with the notary. This gives everyone security as the developer knows not to start building until the client's monies are in the notary's client account and likewise, buyers know that no monies will leave the account until work is completed.

## Purchase payments would typically be:

- 15% at start of building works
- 35% on completion of the shell and roof
- 20% on completion of plumbing and electrical installations
- 12% on completion of the façade & windows
- 12% on completion of the property
- 4% on hand over of keys
- 2% after 3 years (or after developer providing a bank guarantee/ insurance to the purchaser)







# Construction & Furniture

Construction in the Alps only takes place in the summer, as during the winter the ground is frozen and covered in snow. Due to this, Alpine developers optimise their build schedule and complete an apartment building or several chalets in one summer.

The advantage of this is that if you purchase your property during the winter, and sign the purchase contract to secure your property, you will not have to start making stage payments until construction starts in the spring.

## Building guarantees

All new build Austrian property are covered by a 30-year building guarantee against all building defects, and developers will usually guarantee building fixtures for two years.



## Furnishing your property

Some properties have all the furniture included in the price. Developers in these projects offer a 'turn key' service which means they provide every comfort for you so that your property is completely ready as soon as you collect your keys.

Where furnishings are not already included in the purchase price it is possible to purchase optional furniture collections to enable you to have everything ready as soon as your chalet is complete. We work closely with developers and interior designers to provide an extensive choice to suit every taste.

These furniture options are flexible, affordable and include everything you will need such as sofas, beds, and linen etc. For more information on which properties already include the cost of furniture collections please contact us or see individual property brochures.

Please note that although the cost of the furniture might be included in some properties, for mortgage purposes this cost must be deducted as banks will not lend on furniture.

Most of our properties are built either 'to-order' or 'unfitted' enabling you to personalise your property with a tailor-made finish included in the price. You can choose from an extensive range of kitchens, bathroom fittings, flooring, and wall tiles etc.





# Running Costs

The running costs of a development are usually divided up between the owners, according to the size of their property.

As a rough guide the basic running costs for a property usually work out at around 3-5 euros per m<sup>2</sup>/month and this would cover the cost of snow clearance, rubbish removal, water rates, building insurance, and local property taxes. It would also include the cost of cleaning and lighting for any communal areas, and maintenance of the gardens etc.

These expenses would not include your own personal usage of heating and electricity as this varies depending on how much you use the property.

If you buy a property with extensive leisure facilities such as swimming pools and spas then these costs could increase to around 7-11 euros per m<sup>2</sup>/month.



# Rental Options

Austrian property offers superb rental income potential for buyers, and most owners are keen to rent their property.

## Why rent?

Most holiday homes in Austria are obliged to be rented out. This is because the tourism industry forms an important part of Austria's economy accounting for over 15% of its GDP. It is because of this important tourism industry that the Austrian government does not want owners of chalets to leave their properties empty for large parts of the year. It is important for the infrastructure of the villages to have a good flow of tourism.

The advantage to owners is that they can benefit from their property earning an income for them; and there can also be some great tax advantages to purchasing in this way.

## Investment opportunity

Austrian property offers superb rental income potential for buyers, and most owners are keen to rent their property. It is also a really good way of ensuring that your property is well maintained and kept warm throughout the year.

## Different rental options

Rental agencies in the ski resorts will provide a full rental and management service and typically charge between 20% and 25% commission for their services. Depending on which property you buy there are several options available:

### Fully managed rental

For the ultimate hands-free experience, a fully-managed rental property will be tied-in with a rental agency. This agency will efficiently manage your property to maximise its rental potential. They will advertise your property, schedule your bookings, meet and greet guests when they arrive, and deal with cleaning and laundering after your guests have departed. They will pay you a quarterly or bi-annual income. On top of this, some rental agencies offer a guaranteed rental return for a period of time.

### Flexible rental

Occasionally, it can be possible to find a property that is not tied-in with a tour operator, although your property would still have a rental obligation. We can put you in touch with independent rental companies, or you can rent your property yourself. Whichever option you choose we have all the contacts and advice you will need.

### Prefer not to rent?

If you prefer not to rent your property, we are able to offer a small selection of properties that have a rare "second home" permission, which means you have no obligation to rent - although you can do so if you wish. These second home properties are also available for non-EU citizens to buy.

# TAX & VAT

There are fabulous tax benefits to renting as it is possible to reclaim some, or all VAT on your purchase giving a saving of up to 20%!

## Tax Advantages

Renting your new-build property has tax benefits as it's possible to reclaim some, or all VAT on your purchase giving a discount of up to 20%.

To be eligible for this VAT rebate you would be expected to rent your property professionally when you are not using it and you will need to show an overall profit over a period of 20 years.

You are permitted to claim back all the VAT (full 20%), if you rent your property commercially not use it yourself. If you declare in advance that you will be using the property partly for your private use, then the amount of VAT you can reclaim depends on the ratio of personal use to rental use.





To reclaim the tax you will need to register for VAT, and in some cases pay the gross price initially and then claim the VAT back. This usually takes two to three months and you will be appointed a tax advisor to help you with this. It is possible to obtain a bridging-loan for this if required, however in some of the property we sell this is not necessary as the developers will have prearranged everything for you so you will only need to pay the net price.

If you would like further information on this subject please contact us and we will email you our specific Tax-Back Fact Sheet.

## **Income tax and VAT**

If you decide to take advantage of the VAT rebate and rent your property to holiday-makers you will be required to pay income tax on your rental income. Much of these taxes can be offset and there are a number of ways to reduce the tax you pay on your rental income.

For example, the interest you pay on your mortgage can be written off against rental income profits. You can also write off 10% of the costs of furniture as depreciation against your rental income.

## **Up to 11,000 euros tax exemption per person**

If you rent your property to holiday-makers and pay the income tax for these rentals in Austria then you may be entitled to tax free allowances ranging from 2,000 euros to 11,000 euros per person per year. If you buy your property jointly as a married couple, then your tax allowance could even be as high as 22,000 euros per year.

If you reclaim the VAT on your purchase you will also be required to become VAT registered with the tax authorities for 20 years, but after this time you can de-register and may no longer be required to make annual VAT returns.

You will need to charge VAT at a rate of 13% on your rentals which can then be reclaimed each quarter upon the filing of accounts. We can recommend local tax advisors to help with your tax returns. The tax advisor will charge a one-off fee to set up your registration (please contact advisors directly for prices) and annual tax returns will cost in the region of 500-700 euros per year.

## **Income Tax Rates**

The Profit Percentage Income Tax that is payable is shown below:

0 euros – 11,000 euros	0%
11,001 euros – 18,000 euros	25%
18,001 euros – 31,000 euros	35%
31,001 euros – 60,000 euros	42%
60,001 euros – 90,000 euros	48%
90,001 euros –	50%

## Income tax obligations in your home country

Your income tax obligations in your home country have to be considered regardless of a limited or unlimited tax liability in Austria. Please inform your tax advisor in your home country that you are renting out a vacation apartment in Austria, as he will also need to see what profits you have made over the year.

## Tourism Tax

When you rent your chalet or apartment you will need to charge your guests tourism tax for the nights they spend in your property. This rate of tax varies from resort to resort but as a rough guide it is somewhere between 1-3 EUR per night per person for each guest over the age of 14.

## Capital Gains Tax

The housing market in Austria has been subject to a number of controls to keep house prices within reach of locals, especially in tourist areas. Capital Gains Tax of 30% applies to any profits you have made on your property (effective since Jan 1, 2016).

## Inheritance Tax

Inheritance tax has been abolished in Austria (effective since August 1, 2008).







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We have been selling chalets and apartments in the Alps for over 15 years and are the leading sales agency for ski property in Austria. Our specialist team based in London and The Hague are on hand to offer advice on the ski resorts we sell in and property we have available. We aim to offer the finest selection of Alpine properties, and ensure a high quality service to help you throughout your purchasing process.

Our extensive portfolio and years of service have enabled us to keep on top of the property market. We advise all the top developers and our quality of service and professionalism have ensured successful and long-term relations with them.

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