

**Basic guide to social insurance 2016****SOCIAL SECURITY INSURANCE**

For self-employed artists in Austria

**SVA • Social Security Insurance for self-employed artists**

Since 1.1.2001 the Gewerbliches Sozialversicherungsgesetz (GSVG) [Commercial Social Insurance Law] applies to artists too: self-employed artists are classified as “Neue Selbständige” [new self-employed]. If they earn more than the minimum set for insurance purposes, artists must register for compulsory insurance with the SVA (Sozialversicherungsanstalt der Gewerblichen Wirtschaft), the administrative organ of the social security insurance, which has branch offices in every province.

Sozialversicherungsanstalt der Gewerblichen Wirtschaft

Branch offices in all provinces

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**KSVF • Subsidy towards compulsory insurance contribution payment from the Künstlersozialversicherungsfonds [Artist Social Security Insurance Fund]**

Artists who are registered for compulsory insurance with the SVA and who fulfil all other requirements will receive a subsidy towards their pension contributions from the KSVF (and, since 2008, also for their health and, where applicable, accident insurance contributions in cases where the maximum subsidy for pension insurance contribution has not been fully exhausted).

**Künstlersozialversicherungsfonds**

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**IG BILDENDE KUNST • Information and individual consultation**

Consultant for social insurance matters: Daniela Koweindl, Wednesday 2-4 p.m.

Consultation fee: 25 Euro. Free for members of IG Bildende Kunst.

**IG BILDENDE KUNST**

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Guide, tips, links: [www.igbildendekunst.at/service/sozialversicherung](http://www.igbildendekunst.at/service/sozialversicherung)

## SVA ▪ SOCIAL SECURITY FOR THE SELF-EMPLOYED

### Compulsory insurance: insurance threshold

Whoever has an annual income from self-employed activity that exceeds the insurance threshold must be insured. This is the case even if social insurance contributions are being / have been paid during other gainful employment. Thus it is possible to be multiply insured. The threshold for compulsory insurance is also the basis on which the minimum insurance contribution is assessed.

Insurance threshold: 4,988.64 Euro (as of 2016)

From 2016 on the same insurance threshold applies to all so-called 'new self employed' persons – whether or not the income was generated by self-employed activity or other sources (employment, unemployment payments, child care allowance, retirement pension etc.).

### Cost of compulsory insurance: contribution assessment basis x contribution rate = contribution

#### Contribution rates (as of 2016)

- health insurance: 7.65%
- pension insurance: 18.5 %
- accident insurance: 9.11 Euro monthly
- contributions under the self-employment provision scheme: 1.53%

#### Example of costs 2016

Minimum contribution assessment basis: 4,988.64 Euro (i.e. 415.72 Euro monthly).

Minimum contributions as follows:

▪ accident insurance:	9.11 Euro monthly	or	27.33 Euro quarterly
▪ health insurance:	31.80 Euro monthly	or	95.40 Euro quarterly
▪ pension insurance:	76.91 Euro monthly	or	230.73 Euro quarterly
▪ self-employment provision:	6.36 Euro monthly	or	19.08 Euro quarterly
<b><u>TOTAL:</u></b>	<b>124.18 Euro monthly</b>	<b>or</b>	<b>372.54 Euro quarterly</b>

The monthly maximum contribution assessment basis is 5,670 Euro (as of 2016). This would result in a monthly insurance contribution of 1,578.57 Euro or 4,735.71 Euro quarterly.

### Costs of compulsory insurance: provisional and final contributions

In the first instance the SVA will present a quarterly bill for provisional insurance contributions (in February, May, August, November). These are due for payment at the end of the respective months. As of the beginning of 2016 a monthly payment of the assessed contributions is possible by direct debit/standing order.

During the first three years of self-employment, provisional contributions are derived from calculations based on the minimum contribution assessment basis (see cost example above). From the fourth year on the provisional assessment basis is individually adjusted according to the income from the (previous) third year and the applicable rates for pension and health insurance contributions.

The final insurance contributions can only be determined after an income tax assessment has been finalised. Thereafter the initial provisional assessment of health and pension insurance will be adjusted which may mean a payment demand for any outstanding difference. Thus the final basis for contribution assessment will only be known in retrospect. It is derived from the actual income (i.e. receipts minus expenditure) plus the prescribed compulsory insurance contributions from self-employed work in the relevant contribution year.

#### TIP: Flexible adjustment of the provisional contribution assessment basis

If the provisional (assessed) contributions appear to be noticeably too high or too low in the light of actual or expected income, an application can be made (using the appropriate form) to adjust the assessment. This may be done more than once during the current year. Potentially high back payments can be avoided by having the provisional assessment for contributions adjusted upwards. It is not possible to

have the basis for the provisional assessment of contributions reduced below the set minimum. (Exception: where there is multiple insurance).

### **Registering for insurance: insurance declaration**

Registration is accomplished by submitting a so-called insurance declaration. The form (available at all provincial offices of the SVA and on their website) asks whether the insurance threshold will be exceeded or not. If this is answered with a 'yes', the crossing the threshold declaration immediately leads to full insurance cover (pension, health and accident insurance and cover for self-employed persons). This insurance cover remains valid even if the threshold is not actually crossed.

### **Opting In: voluntary cover in the health and accident insurance**

If projected income is likely to be under the insurance threshold, it is possible to make an application (same form as above) to opt in to the health and accident insurance. Note that in this case contributions to the pension fund cannot be made. Neither can a subsidy be obtained from the Künstlersozialversicherungsfonds [Artist Social Security Fund - KSVF]. The basis for assessing contributions here is the insurance threshold, i.e. the health insurance costs 31.80 Euros monthly, 95.40 Euros quarterly (2016 values). Accident insurance costs 9.11 Euros monthly, 27.33 Euros quarterly (2016 values). If the threshold is in fact reached or crossed, the pension contributions will be assessed retrospectively. In principle an application can also be made retrospectively to the KSVF (for up to four prior calendar years) for a subsidy.

### **Register in good time: avoid financial penalties**

If neither a 'threshold declaration' is made nor an application made to opt in but the insurance threshold is, in fact, crossed, then the SVA will retrospectively make an official declaration that compulsory insurance is applicable. The appropriate contributions will then be set retrospectively.

**NOTE:** Whoever fails to inform the SVA of the fact of crossing the insurance threshold within eight weeks of receiving and income tax assessment will not only have to make back payments with regard to the contributions due but there is also a penalty of 9.3% of the sum in question.

### **Voluntary unemployment insurance for the self-employed**

Whoever registers for compulsory social security insurance has to decide within six months whether or not to activate an unemployment insurance. This decision is binding for EIGHT YEARS. There is a choice of three levels of contribution calculated as 6% of either one quarter, one half or three quarters of the highest level of contribution. The level of contribution cannot be subsequently altered. This means that the monthly payments for unemployment insurance are 85.05 Euro or 170.10 Euro or 255.15 Euro (2016 values). The level of contribution determines the level of unemployment benefit that will be paid in the event of unemployment. Thus the daily level of unemployment benefit that will be paid is 22.79 Euro or 36.71 Euro or 50.77 Euro (2016 values).

**NOTE:** On the sense and nonsense of voluntary unemployment insurance, on the challenges while in receipt of unemployment benefit and the challenges of actually managing to claim unemployment successfully in the first place (how can artists satisfy the legal definition of being unemployed?), we would recommend looking at our website ([www.igbildendekunst.at/politik/sozialrechte/arbeit](http://www.igbildendekunst.at/politik/sozialrechte/arbeit)), reading the information brochure produced by the Kulturrat Österreich (Selbständig – Unselbständig – Erwerbslos) and the supplementary information at ([www.kulturrat.at/agenda/ams/infoAMS](http://www.kulturrat.at/agenda/ams/infoAMS)). In any case we would recommend a consultation session.

The following applies in every case: in order for benefit payments to be made the relevant gainful employment must be completely stopped (or officially declared suspended). Simply reducing the activity so that income is under the marginal earnings threshold is not enough. For many self-employed occupations there is no way of registering a so-called 'suspension of activity'. Registering a "Ruhendmeldung der künstlerischen Tätigkeit" [suspension of artistic activity] is possible with the KSVF, though it can never take effect retrospectively.

### **Maternity allowance**

Expectant mothers insured by the SVA have a right to maternity allowance (social assistance). It will be paid for eight weeks before the projected birth, for the day of the birth and for eight weeks thereafter. In the case of multiple, premature or caesarean births, for twelve weeks after the birth. The daily allowance is 52.69 Euro (2016 values).

### **Allowance for long-term illness**

An allowance is payable during long-term illnesses of so-called single self-employed or self-employed persons with less than 25 employees there – but only after the forty-second day of the illness. It must be supported by a doctor's note (Krankmeldung). This rule provides that after the sixth week of illness a daily allowance of 29.23 Euro (2016 values) is payable. The allowance will be paid for the duration being unfit for work, though for one and the same illness payment will be made for a maximum of 20 weeks.

### **Sickness benefit (n.b. only with supplementary insurance)**

In order to be paid an illness allowance from the fourth day of an illness a voluntary supplementary insurance is required by the SVA. This costs 2.5% calculated on the basis of the provisional health insurance contribution assessment but is at least 30.05 Euro monthly (2016 value). Sickness benefit is 60% of the provisional contribution basis but in any case a minimum of 29.23 Euros daily (2016 value). In addition, from the forty-third day of work incapacity it is also possible to claim a long-term illness allowance.

### **Exemption from prescription and excess charges for medical services**

Anyone with SVA health insurance and a low income can be exempted from the (excess) charge for a doctor's consultation and prescription charges. This requires an application to be made to the appropriate provincial office of the SVA.

Monthly income must not exceed 882.78 Euro (2016 value) for single persons or 1,323.58 Euro (2016 value) household income for couples. These values increase by 136.21 Euro (2016 value) for each child (for whom there is an obligation of maintenance and whose net monthly income is less than 324.69 Euro). With particular illnesses that, from experience, require exceptional treatment (e.g. an high level of medication), income levels will be set 15% higher. Since self-employed persons cannot make a definitive statement as to their current income, the SVA will assess the income situation by taking into account what the patient states as to income and the most recent income tax assessment available to the SVA. The relevant annual amount will be divided by 14. Exemption is granted for a maximum of one year. Thereafter a new application must be made to the appropriate SVA provincial office.

### **Heating allowance**

All SVA insured and pensioners who are exempt from prescription charges are eligible for a heating allowance of 100 Euro. A request should be made to the responsible SVA provincial office. The request for a heating allowance payment for 2015/2016 must be made by 16 March 2016 at the latest (dated from receipt of the request.)

### **Short-term financial assistance**

In order to avoid the consequences of unforeseen and existentially threatening hardship, the SVA can temporarily remit half of the assessed social security contribution payments. In principle the assistance will be given for a period of three months though in special cases this may be extended to six months. It will be granted taking into account the family and financial situation. For single applicants the monthly income must be no greater than 1,160 Euro (2016 value). In the case of married or registered couples, the income threshold is raised by 498 Euro (2016 value) - i.e. household income must not exceed 1,658 Euro. The income limit rises 247 Euro for every child that is not provided for. Application must be made on the official form and submitted to the relevant provincial office of the SVA.

# KSVF - SUBSIDY TOWARDS COMPULSORY INSURANCE CONTRIBUTIONS

## Requirements for receiving a subsidy from the Künstlersozialversicherungsfonds (KSVF):

1. Application by the artist
2. A valid compulsory insurance for pension contributions under the GSVG based on artist activity
3. Exercise of an artistic activity as defined by the KSVF regulations
4. A minimum income (since 2014 optionally minimum revenue) from self-employed artistic work of EUR 4,988.64 (as of 2016). Note there are diverse special regulations applying to years subsequent to 2014 that make inclusion in the scheme easier.
5. Maximum income from all sources: EUR 27,021.80 (as of 2015). All sources of income are to be included. For every child entitled to a family allowance, this total is increased by 2,494.32 Euro (as of 2016).

All five requirements must be fulfilled.

The KSVF will officially notify the insured of its decision as to whether a subsidy will be granted or not.

An application for a subsidy can also be made up to four years retrospectively: thus taking the current year as 2016, an application could encompass the years 2012, 2013, 2014, 2015 and 2016 (and the following years).

### ATTENTION: Exceptions applying to minimum income from self-employed art activity (the so-called lowest threshold)

In the past artists have often lost the entitlement to the subsidy in particular because they did not exceed the minimum income threshold. Two legal reforms (2008 and 2014) were undertaken as a reaction to these issues and resulted in the following improvements:

concerning 2012 and 2013

- Income tax exempt **scholarships and prizes** can be taken into account.
- Income from non-self-employed artistic activity can be taken into account as long as it did not give rise to compulsory insurance in the pension insurance scheme (part-time employment/mini-job).

since 2014

- Income tax exempt **scholarships and prizes** can be taken into account.
- Income from non-self-employed artistic activity can be taken into account as long as it did not give rise to compulsory insurance in the pension insurance scheme (part-time employment/mini-job).
- Attaining the minimum threshold with **revenues (instead of income)** because of self-employed art-related work also satisfies the provision.
- Income or revenue from **secondary art-related employment** can be included up to 2,371.86 Euro (for 2014), 2,435.88 (for 2015) or 2.494,32 (for 2016). This corresponds to 50% of the minimum threshold.
- A **three-year averaging period** is possible. Please note: these '3-year-units' are individualised to each artist (and dependent on the first year in which the subsidy was granted).
- If the minimum threshold is not attained under any of the regulations mentioned above, there are **five 'bonus years'**. That means that for the first five years that the minimum income (or revenue) is not reached it is still possible to claim the subsidy. Note: if, in the past, the KSVF has waived repayment of the subsidy during the course of recovery proceedings, the year(s) in question will be counted as 'bonus years'.

### **Amount of subsidy**

Since 2013 the annual subsidy is no more 1,722 Euro (corresponding to 143.50 Euro monthly) and is deducted in the first instance from the pension contribution due. If the annual pension insurance contribution is less than the maximum of the subsidy, the remainder of the subsidy is used for health insurance (then, if applicable, to accident insurance) contributions. The subsidy is not paid out to the artist, but directly to the SVA. It is then included in the calculation of contributions made by the SVA. The annual subsidy will only be less than 1,722 Euros if the compulsory insurance contributions to the SVA are less than 1,722 Euros. (Maximum subsidy for 2012: 1,560 Euros).

## **Application**

The application for a subsidy from the Künstlersozialversicherungsfonds (KSVF) can be made on the form 'Antrag auf Gewährung von Zuschüssen zu den Beiträgen zur gesetzlichen Sozialversicherung' [Application for subsidies towards the contributions to compulsory social insurances]. The form must be filled out in full and signed. It can be obtained from the KSVF (online too) and from offices of the Sozialversicherungsanstalt der Gewerblichen Wirtschaft (SVA). The form, together with a curriculum vitae and diplomas/degrees in art (if any). During the process it will be necessary to provide evidence of artistic activity in the field of visual art e.g. participation in exhibitions/festivals/art projects, press reviews, catalogues, the award of scholarships/prizes/honours, work samples etc. The KSVF prefers such evidence to be provided in a digital form (zipped and compressed).

## **Expert assessment of artistic activity**

In order to determine whether the activity is artistic and that it produces works of art, the KSVF obtains an expert opinion from the so-called artist commission. Should this commission issue a negative opinion an appeal to the appeal curia is recommended. These field-specific curia are made up of members from artist representation bodies, artist associations and artist's rights societies.

## **Demands for repayment**

If the conditions for a subsidy are no longer fulfilled, the entitlement to it is lost and the KSVF can reclaim any subsidies already paid. However, at the application of the artist the KSVF can (as is current practice) waive its right to repayment partially or completely if the financial situation of the artist indicates that it would be unreasonable to do so. At the application of the artist, the KSVF may defer payment or take payment in instalments if an immediate repayment would cause severe hardship. However, an agreement of this nature must not endanger the repayment. Subsidy beneficiaries have a duty to inform the KSVF if the conditions for the payment of a subsidy are no longer met. If the KSVF initiates a repayment process the artist will be informed in writing. It is most important to notify the KSVF within the applicable deadlines so as to be able to reach a possible agreement in each individual case.

## **KSVF Benevolent Fund**

Since 2015 the KSVF may make a grant-in-aid especially in exceptional cases of hardship or in an emergency. An annual fund of (max.) EUR 500,000 is available. Application may be made by artists who have the primary domicile in Austria. Aid may only be given according to fixed guidelines. A committee of four has the duty to determine if, and to what extent, the conditions for granting aid exist. There is no right to aid of this kind.

(English translation: Tim Sharp)