

Tax incentives for energy efficiency in buildings

Developing proposals for the Austrian Government

Starting-point

In Austria fewer than 1 % of buildings are renovated each year, though the government's target is 3 % (including buildings owned by the Republic, as per "Bundes-Energieeffizienzgesetz" – federal statute on energy efficiency). This is also documented in the 2015 survey "Steuerliches Sanierungsmodell Eigenheim" (in German, "Tax model for renovating owner-occupied homes" by Stingl/Amann/Winkler).

The tax incentives provided earlier for renovation measures (e.g. accelerated writing down, thermal renovation grants) have been eliminated step by step, as part of tax reform schemes.

Eliminating these tax incentives was justified by reference to budget constraints and the existing system of grants toward investments, which was presented as more socially just.

Proposal for tax measures

The measures proposed have been worked out with reference to specific target groups, and have been tabled in policy-making processes.

- Investment tax credit, possibly combined with energy monitoring and/or energy performance contracting (business sector / leasing)
- Tax-free investment reserve for energy-efficiency measures combined with requirements (business sector / leasing)
- Degressive writing-down of energy efficiency measures (business sector / leasing)
- Investment premium for energy efficiency measures documented with invoices (business sector / leasing / private households)
- Allowance for special expenditure for private households

Tax incentives in the Austrian Government's Programme for 2017 to 2022

To start with, the proposals worked out were incorporated in the policy document UMWELT + BAUEN 2017 from the platform Umwelt + Bauen (http://www.umwelt-bauen.at/umwelt-bauen/files/1/Positionspapier_U-B_2017.pdf, page 7); they were subsequently included in the Government's Programme under heading

Modernizing law of housing tenure (page 49):

Reviewing the possibility of providing tax incentives:

- Continue to allow immediate deductibility of expenditure on maintenance work
- Introduce a 1/10 allowance for maintenance work and for production expenditure granted preferential treatment
- Tax-related depreciation periods for production expenditure not granted preferential treatment should be shortened across the board; a distinction should be made between renovation and new builds
- Adapt depreciation to the shortened depreciation periods requested
- Provide investment tax credits for expenditure on erecting residential buildings and renovating accommodation

The earliest date anticipated for implementing individual measures in this list is 2019, as part of a major tax reform.

Tax incentives for real estate in #mission2030, Austria's climate and energy strategy

Alongside the tax incentives incorporated in the Government's Programme, some of the wording in mission2030 (<https://mission2030.info/wp-content/uploads/2018/10/Klima-Energiestrategie.pdf>) suggests that we can anticipate modifications to the tax system:

- Sustainable finances (page 31)
 - pushing through investment and structural policy reforms to facilitate the transition to a low-carbon, energy-efficient economy,
 - providing a sustainable, forward-looking and secure investment environment for Austria as a business location
- Energy efficiency beyond 2020 (pp. 47 f.)
 - Looking at shortening depreciation periods for investments in certain energy efficiency measures
- Flagship project 4: Thermal renovation of buildings (page 67)
 - Simplified application procedure for funding and incentive schemes. Clearly formulated requirements should cut red tape and make processing more efficient.

Given that #mission2030 is intended to apply for the next ten years, ongoing monitoring (“A strategy learning curve”, page 90) is envisaged; this is intended to ensure that the goals are achieved and the measures taken are cost-effective.

Political implementation

So far discussions with stakeholders and ministries have revealed a range of viewpoints. Within the SEFIPA project the various options for tax incentives to encourage energy efficiency measures will be tabled in forthcoming strategy-defining processes such as working out the national heat strategy, and their potential made clear.

The Platform will be glad to provide further information on this subject:

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Responsibility for the Platform lies with ÖGUT (Austrian Society for Environment and Technology) and Energy Changes Projektentwicklung GmbH, who share the goal of developing pioneering facilities (financial instruments, regulatory measures and information campaigns) together with policymakers, so as to stimulate additional investment in sustainable energy systems in Austria. As part of this project a special crowd-investing platform for sustainable energy systems (www.crowd4energy.com) has been set up.



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