The value-added levy: the winners and losers

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11.11.2016

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The value-added levy is designed to relieve the burden on particularly labour-intensive companies, while companies with very few employees but a high level of value creation will have to cough up. In the course of the political debate, the levy quickly became a "machine tax".

Our calculations show that in its intended form, the value-added levy would weigh further on investment, which in turn would have a negative impact on the labour market in the long run. The key points are outlined below. The Social Democrats' call for the introduction of a value-added levy caused a huge stir.

According to the proposal, the value-added levy will lighten the burden on particularly labour-intensive companies, while companies with very few employees but a high level of value creation will have to foot the bill. During the political debate, the levy was quickly transformed into the "machine tax", which can be seen as a tax on invested capital, and is popularly referred to as a "robot tax". But machine tax is not a suitable expression in this context, because it cannot be equated with the value-added levy. The latter does not perform the role of the machine tax, and mainly hits the smallest businesses and the liberal professions. The tax is calculated on the basis of total wages and operating profit. So in actual fact, the new levy represents an increase in corporate income tax that also extends to debt financing. In this form, the value-added levy would put additional pressure on investment, which in turn would have a negative impact on the labour market in the long term.