PORTRAIT OF A TERRITORY

Vienna - Bratislava

and neighboring regions

COMPARISON OF FRAMEWORK CONDITIONS

Framework conditions are fairly different between Austria and its neighbours which joined the European Union in 2004: GDP per capita in terms of purchasing power standards, with the European average (27 countries) giving the base of 100, stood at 129 for Austria in 2013, 76 for Slovakia and 80 for the Czech Republic.[78] There is a big differential in terms of wages, with a ratio of around 1:3 with respect to the average national wage. Regarding taxation, companies are also taxed less in Slovakia,[79] which has led Austrian firms to set up subsidiaries in, or even relocate to, Slovakia (with the same phenomenon occurring from Slovakia to Hungary). Cross-border work is expanding quite strongly in the area of support services to individuals, in Austria: the ageing population has led to an increase in elderly people's need for care and the wage differential has encouraged many people (around 60,000 Czechs and Slovaks) to cross the Austrian border to take up these jobs.

[78] Source: Eurostat. Hungary stands at 67. As a comparison, France is at 108.

[79] The corporate income tax rate is 19% in the Czech Republic and Hungary (with a reduced rate of 10% in Hungary if turnover is not above 500 million forints), 23% in Slovakia and 25% in Austria. However, Austria has higher payroll taxes, while Slovakia grants tax credits that encourage business creation with foreign financing.