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rectly, by corporate entities under public law activities within the meaning of par 3 of this section which are accounted for separately are deemed to be a single activity even in the absence of the intention of making profit. § 8 par 2 shall not apply if such activities are combined within a legal entity under private law.

(5) An activity primarily serving the exercise of public authority ("Hoheitsbetrieb") is not a (non-public) economic activity within the meaning of par 1 of this section. In particular, services the recipient of which is obligated to accept by law or administrative order are deemed to constitute exercise of public authority. Activities primarily involving the exercise of public authority (Hoheitsbetriebe) include, in particular, water facilities if they serve primarily for the supply of drinking water, research institutes, weather bureaus, slaughter-houses, cemeteries, institutes for food analysis products, for decontamination, for cremation, for sanitation, for scavenging, and for the collection of waste water and garbage.

Delimitation of Personal Tax Liability

§ 3. Associations, institutes, foundations, and other special-purpose funds without legal personality are subject to corporate income tax liability if no other taxpayer is directly taxable on such income either under this Act or the Individual Income Tax Act of 1988.

Begin and Termination of Tax Liability

§ 4. (1) Corporate entities within the meaning of § 1 par 2 No 1 are subject to tax as soon as their legal basis, e. g. charter, memorandum of association, or foundation instrument has been established and they have made their first public appearance.¹⁾ The begin of the tax liability of corporate entities within the meaning of § 1 par 2 No 2 and 3 is determined in accordance with §§ 2 and 3.

(2) Corporate entities within the meaning of § 1 par 2 are subject to tax until their legal personality has terminated; in any case until all their assets have been distributed.

¹⁾ E. g. if a bank account is opened for such entity.

Second Chapter Exemptions

§ 5. The following entities are exempt from unlimited (corporate income) tax liability:

1. The Austrian Federal Railroad.
2. The federal monopoly enterprises as far as they are not operated as legal entities under private law.
3. Banks within the meaning of the Austrian Banking Act if they meet the following requirements:

... (*balance omitted*)

4. Participation Fund Corporations within the meaning of § 3 of the Participation Fund Act, as of the date of approval of the fund's guidelines (§ 15 of the Participation Fund Act), regarding that part of income attributable to a participation fund if a separate accounting unit is established for such part of the corporation. Distributions from own participation certificates held by the Participation Fund Corporation within the meaning of § 10 par 2 of the Participation Fund Act are taxable.
5. (*omitted*)
6. Corporate entities within the meaning of § 1 par 2 serving social welfare, charitable, or religious purposes, pursuant to §§ 34 through 47 of the Fiscal Code.
7. Pension and hardship relief funds with pursuant to § 6.
8. Small insurance associations within the meaning of § 62 of the Insurance Supervision Act, if ... (*balance omitted*).
9. (*omitted*)
10. Housing associations being recognized as public welfare housing associations under the Public Welfare Housing Act (Wohnungsgemeinnützigkeitgesetz) if ... (*balance omitted*).
11. Incorporated foundations that do not fall within the terms of No 6 or 7 of this section; they are exempt according to § 13.
12. Commercial enterprises of legal entities under public law under the following preconditions: (*omitted*)
13. (*omitted*)
14. Corporations engaged with financing medium sized corporations until the end of the fifth calendar year after the registration of the

new corporation in the Commercial Register and afterwards with the part of income attributable to the financing of the new corporation according to § 6 b.

Pension and Hardship Relief Funds

§ 6. (1) Pension funds in the meaning of the Pension Fund Act are exempt from corporate income tax for such part of the taxable income attributable to an investment and risk unit if the pension commitments do not exceed 80% of the last recurrent pay prior to retirement.¹⁾ The exceeding of the limits mentioned before has no consequences if it is related to the reduction of salary for the last years in activity for considerable economic reasons.

(2) Hardship and other relief funds which do not grant a legal claim for benefits are exempt from corporate income tax under the following requirements:

1. (omitted)²⁾
2. (omitted)³⁾
3. (omitted)⁴⁾
4. (omitted)⁵⁾
5. Benefits granted by the fund must not exceed the following amounts:

pension benefits (additional payments to pensions)	AS 16,000.00	per annum
widow's benefits	AS 12,000.00	per annum
orphan's benefits	AS 4,800.00	per annum for each orphan
death benefits	AS 2,000.00	as a total.

Other benefits may only be granted in case of hardship and only to a reasonable extent. There is hardship if the beneficiary inevitably incurs substantial expenses which he cannot meet without impairment of his economic situation.

6. (omitted)⁶⁾
7. (omitted)⁷⁾

(3) If an existing fund meets the requirements set forth in par 1 and 2 of this section only during a calendar (financial) year the exemption from corporate income tax is applicable upon the beginning of the following calendar (financial) year only.

(4) Incorporated foundations that fulfill the requirements of § 4 par 11 No 1 of the Individual Income Tax Act of 1988 are exempt from taxation, if the distributions to beneficiaries do not exceed the amounts stated in par 2 No 5. Par 3 shall apply.

¹⁾ BGBl 1990/281 amended § 6 (1) to read as above. Prior to amendment, § 6 (1) read as follows:

“(1) Pension funds are exempt from corporate income tax if they are
– subject to federal supervision and