



**BMF**

**FEDERAL MINISTRY  
OF FINANCE**

**Tax Offices  
Audit Units for Large Traders  
Customs Offices  
Tax Investigation Unit**

# **Annual Report 2008**





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# Preface

Dear Sir or Madam!  
Dear Readers!

We are pleased to present you the Annual Report 2008.

The aim of this report is to demonstrate the performances of our employees and to supply a comprehensible description based on figures and facts.

Our employees daily make efforts in favour of our customers and face new challenges. In addition to that, the need to economize in several fields makes it necessary to use the available resources in the best possible way.

There is a wind of change going through the Austrian fiscal administration!

In the international context the Austrian fiscal administration is already one of the leading administrations regarding cost efficiency, while being citizen-oriented and customer-friendly at the same time! In one word: We are one of the most modern administrations in Europe. But we still are eager to improve ourselves. That's the reason why we cultivate international contacts and why we put special attention on the further development of our organisational structures. Administrative reform is not just a slogan for us! We put it into practice.

Our success proves us right.

The fruits of our labour are reflected by the positive feedback we receive from our customers. We are, indeed, very glad about that!

Our principles – service-orientation, citizen-friendliness and transparency - are clearly defined and comprehensible. On the following pages not only the results of the administration of taxes and customs but also the developments in the fiscal administration will be pointed out.

We wish you an informative reading!



*Federal Minister of Finance  
Josef Pröll*

A handwritten signature in green ink, which appears to be 'Josef Pröll'. The signature is fluid and stylized, with a large initial 'J' and 'P'.

Josef Pröll



*Director General  
Wolfgang Nolz*



*Group Manager  
Eduard Müller*

## Preface

The year 2008 turned out to be a challenging year for the Austrian administration of taxes and customs. After the organisational reforms of 2007, large departments like the customs offices as well as the anti-fraud units, in other words the Tax Investigation Unit and the Illegal Employment Task Force, had to be consolidated. Simultaneously with regard to the Austrian Audit Unit for Large Traders a new project for organisational development was prepared for implementation. Furthermore it was again necessary to cope with an immense work amount in the daily business, in which the first repercussions of the financial and economic crisis were visible towards the end of the year. The consequent commitment of the chief executives to accept the strategic objectives and the ambitious efforts of all employees turned out to be a recipe for the results achieved by the tax offices, customs offices, the Audit Unit for Large traders and by the Tax Investigation Unit, which were considerable in spite of all challenges.

In 2008, special attention was devoted to customer service. By further improving the processing times, e.g. in the field of family allowance and in the tax assessment for employees, by improving the contactability via telephone or by the implementation of defined standards in quality and performance which have been communicated in the Charter of the Fiscal Administration, service-orientation could be emphasized considerably. Moreover, as a basis for the further development a customer survey (and simultaneously a staff survey) was carried out. The results have already been analyzed and will lead to appropriate further measures in 2009.

In the field audit the successful achievements of 2007 were continued. The number of audit measures as well as the surpluses even exceeded the results of the previous year. There is a similar situation in the area of anti-fraud measures, where first of all the successful achievements of the customs offices have to be pointed out.

In conclusion, the concept of the “Unternehmen Finanz” proved its quality successfully and is also able to bear any international comparison. It happens even more often that foreign fiscal authorities express their wish to become acquainted with the Austrian model and to integrate some of its elements in their current reforms.

The aim of the present annual report is to ensure the transparency of the administrative practice as well as to make available a comprehensive source of information on the strategy, activities and success of the tax and customs administration.

A handwritten signature in black ink, appearing to read 'Wolfgang Nolz'.

*Wolfgang Nolz*

A handwritten signature in black ink, appearing to read 'Eduard Müller'.

*Eduard Müller*

# Results 2008

## 1. Agreements on objectives

As in the last years also the agreements on objectives of 2008 were negotiated and concluded together with the representatives of the regions. These are the regional managers of the Vienna region, of the Eastern and Western region and the region in the middle of Austria as well as the regional manager of the Southern region. A region structurally consists of two federal states, with one exception, namely the Vienna region which only includes the city zone of Vienna.

The yearly agreement on objectives is an instrument for controlling the decentralized and partly autonomous tax offices and customs offices, the Tax Investigation Unit and the audit units for large traders, whose task fulfilment is based on laws, by-laws and supplementary enactments. Operating with agreements on objectives serves to guarantee the efficient and effective planning of performances and resources.

The agreements on objectives of 2008 were signed in December 2007.

The supervision of achieved objectives occurs throughout the whole year. If there are any negative deviations visible, measures for correction based on detailed reports and analysis are taken. That's why regular meetings between the manager of the group IV/A – Eduard Müller – and the regional representatives are indispensable.

You can find a view of key performance indicators in a year-to-year comparison in the appendix.

## 2. Focus

The agreement on objectives of 2008 is based on the strategy framework of the Federal Ministry of Finance. The detailed development of the objectives has occurred in a common working process considering carefully the outcome produced by the evaluation of the agreed objectives of 2007.

The key aspects provided in the agreements on objectives for 2008 were the following ones:

- Customer service by demand-actuated availability, optimised processing times in completing tax assessments, offensive complaint management, measures in the context of Tax and Customs Compliance as well as the optimisation of internal support proceedings.
- Pushing staff-orientation by demand-actuated human-resource allocation, by making adjustable arrangements concerning working hours and wor-

king place, by offering health projects, by measures to improve staff satisfaction as well as by other measures in the context of staff development.

- Quality improvement by means of target-oriented qualification, demand-actuated knowledge management, centralised and decentralised measures for quality assurance, the analysis of legal remedies with regard to legal certainty and legality as well as the optimisation of proceedings.
- Auditing- and anti-fraud measures by means of action days and first official visits; targeted risk management, optimised cooperation among the units combating fraud, the establishment of national and international networks.
- Further developments in the fiscal administration, e.g. by the reform of the Audit Unit for Large Traders, business management by means of a cost accounting system as well as the optimisation of proceedings.



Group IV/A and the Director General Wolfgang Nolz

## 3. Tax Offices

### 3.1. Management

In the last year, the executive board of the tax offices was not only busy with fostering the cooperation between the individual teams and the KIAB staff within the office, but also at the same time affected by the current development of the Audit Unit for Large Traders. Also the cooperation with the Austrian Tax Investigation Unit, being established in 2007, caused new tasks and challenges.

There was a need for active performance and resource availability management (hired labour, overtime, qualifications, ..) by detailed planning and comprehensive controlling because of limited resources.

With regard to an increase in staff satisfaction special attention was put on measures in connection with health projects and on pushing internal further training measures. In addition, anti-fraud days of action as well as service days for employees and entrepreneurs have been planned, implemented and evaluated.

The implementation of information events for schools and representatives of different social groups and associations is to consider as continuation of the key aspect Tax Compliance. The assistance in the Charter of the fiscal administration should also be seen in this context.

### 3.2. Specialized Department

The duties of the specialized department are manifold. Its responsibility is to support current proceedings based on tax law and to give legal advice within the finance authority. In 2008 special attention was put on quality assurance at a high level and on uniform interpretation as well as application of law throughout Austria. In 2008 the focus was put on expanding internal services, on optimising the cooperation with the teams and on supporting actively the unit KIAB. Internal training within the office and half-yearly knowledge management days reflect the active implementation of adequate knowledge management instruments.

Corresponding to the agreements on objectives of 2007, the evaluation of the legal remedy database and the current measures for quality assurance were again focused in 2008.

### 3.3. Organisation

The main objectives of the organisational teams, for the most part in the field of infrastructure, included: removing all barriers as provided in the federal law on equality for handicapped persons (B-BGStG), preparation and implementation of the real estate guideline and of the master plan, assurance of operational safety of existing telephone systems and the gradual implementation of new telephony solutions (VoIP).

Furthermore the organisation was responsible for defining and controlling the budget

### 3.4. Information Centre

The information centres were principally focused on internal and external service orientation. Externally, customer contacts via telephone could be optimised and service days and service activities were implemented. Internally, the production teams could be supported by

giving comprehensive information. Special attention was put on continued basic data maintenance.

The achievements in 2008:

- The average waiting time for calls of only 37 seconds at locations, where measuring was technically possible, was significantly below the target value of one minute.
- We made 12,372 first official visits at newly-founded companies throughout Austria, a result which was 2.6 percent under the target value.

### 3.5. General Tax Assessment

The teams of the General Tax Assessment handle amongst others the individual tax assessments, the allowance agenda and the assessed valuation.<sup>1</sup>

With the aim to improve customer satisfaction the key aspects were to achieve short processing times and a high quality of completion being uniform at all levels.

Another important task of the General Tax Assessment was the maintenance of basic data. The processing times in the fields of individual tax assessment and family allowance should be adapted according to planned uniform service standards.

The achievements of 2008 are considerable:

- Throughout Austria the average processing time to complete individual tax assessments came down to 20 calendar days, which was significantly below the target value of 24 days.
- The average processing time for completing applications for family allowance attained just under 15 calendar days, which was also far below the target value. The processing times could be improved continually since 2006.

### 3.6. Business Assessment and Audit

With regard to contents the business assessment focuses the assessment and audit of natural and juristic persons. The target definitions and measurement standards were similar to those of the last years. According to general prevention a uniform audit density and the quality of field auditing were ensured. Efficiency and productivity in the area of assessments and audits were intended to be guaranteed by online filed tax returns and by the application of a special software in the field of auditing. Also in 2008 there was a need for an intense cooperation with the department for safeguarding of revenue and the specialized department with regard to a uniform quality of completion.

<sup>1</sup> Valuation of economic units of property for purposes of taxation

The aim to optimise risk management should primarily be achieved by strengthening the cooperation with the anti-fraud units – in particular with the unit KIAB and the Tax Investigation Unit - within the office and also among the offices. Within the scope of FISCALIS, multilateral controls were implemented at an international level.

The most important achievements of 2008 included:

- The average processing time to complete business assessment came to 26 days.
- More than 71,000 audits resulted in a surplus of 820 million euros.

### 3.7. Fees and Transfer Taxes

The legal basis for fees is the corresponding law of 1957. According to this law fees have to be collected in case of particular documents (e.g. passports, etc.) and documents about legal transactions (e.g. lease or sale contracts).

However, transfer taxes are imposed on the charged or uncharged (legal) transaction of objects according to the general civil code (ABGB). An example for a typical transaction tax is the real estate transfer tax.

The efficient processing of cases was intended to be increased by promoting the use of online filed tax returns and of electronic self-computation. Also in this field there was a need for ensuring uniform audit density in the sense of general prevention. In addition, the cooperation with the specialized department resulted in a high quality of completion.

The achievements of 2008 included:

- The number of transfer tax audits to be completed, was attained.
- The agreed surplus was more than doubled because of some major cases, so that it exceeded also the result of 2007.

### 3.8. Revenue Assurance

Enhancing the payment behaviour and applying consistent measures to recover tax debts should help to reduce tax arrears. Thus, arrear statements had to be handled quickly. Also in the field of revenue assurance the cooperation within the office as well as among the offices was intensified.

The results of 2008 emphasize the efforts to achieve the demanded targets:

- The enforceable tax arrears of 1.706 million euros were below the federal target value.
- The amount of the suspension from recovering tax debts, not including bankruptcy cases, was just above

the target value of 1.165 million euros throughout Austria.

### 3.9. Illegal Employment Task Force (KIAB)

After the integration of the units “KIAB” into the tax offices in 2007, their main activities in 2008 were to optimise risk management and to guarantee efficient control activities. Like in all fields of auditing the target was a uniform density of controls throughout Austria.

On the basis of new legal requirements there was a need for the formulation and inclusion of the measurement standard “Control of registration at the social insurance before starting work”.

The achievements of 2008 were the following:

- With about 26,700 enterprises, the number of controlled enterprises was significantly above the target value of 23,700 enterprises.
- The hit rate “irregularities”, which indicates the percentage of identified irregularities in relation to the total number of controlled employees, was estimated as a screening standard. It is at about 30 percent.

## 4. Audit Units for Large Traders

Last year the eight audit units for large traders had to face a multitude of changes. The preparation of the reform towards an “Audit Unit for Large Traders Austria” was completed in 2008. (More details about the reform can be found in chapter “Administrative Reforms”.)

### 4.1. Management

The goals of the management were similar to those of the tax offices. In 2008 again special attention was put on using financial and material resources economically and on taking corresponding measures for planning and controlling. Demand-actuated human-resource allocation, targeted knowledge management as well as assistance in the organisational development of the own organisational unit were the aspects pointed out in the agreement. Staff satisfaction was increased by supporting health projects and age-based working.

### 4.2. Organisation

The infrastructural targets of the organisational teams are mostly based on decisions, which can only be implemented on a medium-term or even on a long-term basis. That’s the reason why the target descriptions of 2008 were very similar to those of 2007.

Again it was necessary to prepare and to put in practice the implementation of the master plan but also of the real estate guideline. Removing all barriers as provided in the federal law on equality for handicapped persons is a challenge to be solved in all fields of public administration. Furthermore the organisation was responsible for defining and controlling the budget.

### 4.3. Field auditing

Optimised risk management and improved particular prevention were the key aspects of the agreement on objectives for 2008 and represented, as a consequence, a major goal in field auditing. Also in this field of auditing it was necessary to aim at a uniform audit density throughout Austria. A high quality of completion being uniform at all levels was intended to be achieved by benchmarking and counter checking. Multilateral controls and the timely completion of international requests for information reflect our international orientation.

The achievements of 2008 convey an image of success:

- The number of roughly 5,000 audits is significantly above the target value of 4,100.
- The surplus of about 1.360 million euros is significantly above the target value of 830 million euros.

## 5. Customs Offices

### 5.1. Management and Organisation

The agreement of 2008 included and focused the service-oriented conducting of customs agenda around the European football championship in 2008. This major event was intended to be conducted by the Austrian tax and customs administration with regard to a great publicity.

In 2008 there was also a need for evaluation: After the concentration of the formerly existing 15 customs offices into 9 customs offices in March 2007, it was necessary to evaluate the change process of the custom's organisational development. It was also necessary to analyze the custom's compliance measures, which had already been implemented in 2007, with regard to their effectiveness.

The last year was in many places characterised by celebrating "40 years of customs union".

As already the tax offices and the audit units for large traders, also the customs offices aimed at improving staff satisfaction by supporting health projects and by taking measures for age-based working. There was a need for planning and pursuing performance and resource availability management by taking into

particular consideration the effects of planning staff assignment and of anti-fraud measures.

Our ambition for improving customer satisfaction is based on the condition to complete the certification of economic operators (AEO= Authorised Economic Operator) promptly and at a high level of quality. Since the 1<sup>st</sup> of January 2008 entrepreneurs of the European Union have the possibility to apply for the AEO status which has to be verified by the customs authorities by issuing a certificate. The advantage of the AEO status are simplifications in the field of customs regulations and/or of security relevant customs controls. The AEO certification is based on the condition that the concerned economic operator complied with the customs regulations up to now, that he is equipped with an adequate accounting system and appropriate safety standards and that he is evidently solvent. These conditions have to be checked by the customs authorities.

### 5.2. Specialized Department

The further development of the specialized department was particularly planned in the fields of quality assurance, knowledge management and legal support. The uniform interpretation and application of law as well as the same completion quality in all units was intended to be attained by means of analysing legal remedies and by adapted processing times to complete legal redresses and applications for tax refund. The targeted support of the customer service teams and of the customs audit teams can be considered as a part of active knowledge management.

Also in this field the management report informs about the achieved targets.

### 5.3. Organisation

The goals of the organisational teams are - as already mentioned above - of infrastructural and as a consequence mostly of medium- or even long-term nature. That's the reason why targets in connection with the master plan and the real estate guideline are quoted in the agreements on objectives for years. In addition to that, the goals of the customs office's organisation are not very different from those of the tax office's organisation or from those of the audit units for large traders.

The efficient use of existing resources and all measures in connection with the federal law on equality for handicapped persons as well as with the project plan Telephony 2010 were also focused in 2008.

#### 5.4. Customer Service Team

The work in the customer service teams is predominantly influenced by EU standards and guidelines, which are, completed by some national regulations, the basis for the agreed objectives. A key aspect of 2008 was the completion of 90 percent of the applications for AEO certifications within 150 days. Optimised risk management and increased general prevention was intended to be guaranteed by a uniform density of controls throughout Austria in the areas of freight traffic, tourist traffic and excise duties as well as by an efficient activity in controlling and auditing in the fields of product piracy and product protection.

The achievements of 2008 are considerable:

- With under 20 days, the processing time for the grant or amendment of approvals for the purpose of customs law could be maintained far below the target value of 29 days.
- Approximately 4,200 irregularities were discovered in the field of tourist traffic.

#### 5.5. Customs Audit Unit

The targets of the customs audit unit have to be seen analogous to those of the company audits in the tax offices. Also in this department it was necessary to ensure a uniform audit density throughout Austria. The selection of cases to be audited was based on risk-oriented criteria within existing auditing plans. By strengthening the cooperation within the office as well as among the offices we were able to optimise the risk management.

The achievements of 2008:

- The completion of more than 1,000 audits was 15 percent above the target value.
- The achieved surplus of about 107 million euros exceeded the result of the previous year significantly.

#### 5.6. Customs Investigation Unit

The amendment to the code of criminal procedure and to the fiscal penal law resulted in a higher need for qualification to have the permanent ability to guarantee high quality in completion. A way of proceeding which is appropriate to the corresponding case should help to standardize and to accelerate the handling of proceedings enabling a high preventive effect.

The achievements of 2008 included

- 1,000 penal procedures throughout Austria.

## 6. The Tax Investigation Unit

### 6.1. Structure and Tasks

The tax investigation unit was founded on March 1st of 2007 and is a nationwide organisational unit which is autonomous in matters of staff and economy. The "Tax Investigation Unit Austria" is located in Vienna and has several branch offices in the federal states. The Viennese unit consists amongst others of four investigation teams, the locations Graz, Klagenfurt, Linz, Salzburg and Innsbruck each have one team at their disposal. At the end of 2008, 141 persons were employed in this subordinated department of the Federal Ministry of Finance.

The tasks of the tax investigation unit are orientated on combating systematic and organised tax fraud and on discovering the operation of illicit entrepreneurs. The Central Liaison Office for International Co-operation became integrated into the tax investigation unit and is now responsible for mutual assistance in the field of direct and indirect taxes.

### 6.2. Highlights and Achievements

In two particular cases media reports have drawn the public attention to the Austrian tax investigation unit. In the first case the analysis of a reseller – wholesale market's data stock did not only keep the media busy. In this context inquiries have been conducted by the tax investigation unit at 36 enterprises of the gastronomy business and hundreds more cases have been identified for the tax offices.

The second case: Since February 2008 a little DVD caused a great sensation in Germany. The customers' data of a Liechtenstein bank have been bought from the former employee of this bank for an amount of several million euros. When it turned out that the German data DVD also contains data of Austrian citizens, the Austrian finance authorities intervened immediately. After the evaluation of just under 150 foundations in Liechtenstein, finally 56 cases have been handled by the tax investigation unit. The remaining cases were completed in the tax offices.

The achievements of 2008:

- Just under 650 cases have been handled. About 80 percent of these cases could be completed in 2008.
- 100 house searches have been conducted.
- In cooperation with the tax offices a surplus of about 84 million euros could be attained. This result only contains the receivable accounts which have been assessed up to the end of the year.

# Developments in the Tax Administration

## 1. Administrative Reforms

### 1.1. Organisational development of the Audit Unit for Large Traders

With a kick-off-meeting in October 2007 the organisational development of the Audit Unit for Large Traders was started. Task groups, consisting to a high extent of employees of the audit units for large traders, had the possibility to help in organizing the development actively and creatively.

The aim of the project team which was headed by Alfred Hacker and Eva M. Schrittwieser was to conceive and to implement the organisational development "Audit Unit for Large Traders" with new structures by January 1st of 2009. In this context the establishment of a cost-effective, flexible and efficient organisation was emphasized. The tasks of revenue assurance have to be done in the best possible way.

On May 23<sup>rd</sup> of 2008 the management of the department and the legal staff association signed an agreement concerning the new organisation, which allowed the implementation of external structures by January 1<sup>st</sup> of 2009 and which provides an evolutionary reform process, in other words, the proceeding takes place step-by-step. Subsequently it was necessary to create suitable conditions for the moment of implementation.

The formerly existing eight audit units for large traders will be replaced by one Audit Unit for Large Traders that is competent throughout Austria. The new Audit Unit for Large Traders will focus on real large enterprises (dynamic binding to § 221 UGB: companies with an annual turnover of 9.68 million euros and more) and determined special competences (e.g. banks, insurance companies, groups of companies including international relations). The competence for auditing medium-sized enterprises (with an annual turnover between 4 million euros and 9.68 million euros) moves to the local competent tax offices. The implementation occurs step-by-step during the next years. Changes of staff will be handled appropriate to the principle of voluntariness. After the conclusion of the change process more than 400 employees will be working in the audit unit for large traders. An important cornerstone of the reform is the establishment of a specialized department supporting the audit acts of the audit unit for large traders.

The reform ensures both, a uniform audit density and a uniform interpretation of law throughout Austria as well as an efficient organisation. Furthermore we intend to improve significantly legal certainty for

large enterprises by giving legally binding information in advance (advance ruling). These measures are based on the recommendation of the Austrian Court of Auditors as well as on international trends.

In December Hubert Woischitzschläger was appointed as head of the new nationwide audit unit for large traders and simultaneously Andrea Friedrich as head of legal services. In the following first half-year of 2009 all further positions have to be filled newly. The challenge of 2009 is the implementation of the new structure.

### 1.2. Information Management on New Paths: LoS<sup>2</sup> (Performance Management)

#### 1.2.1. A review and developments

The annual report of 2007 already dealt with the system LoS, the Performance Management in the fiscal administration.

In 2008 the focus was put on enhancement and extension of the system:

- Concerning technical matters it was necessary to strengthen the existing infrastructure to avoid extreme work loads in the future with the help of dynamic assignment of processor performances. The implementation of a 3-stage-system environment (Development – Test – Production) made it possible to advance the system while maintaining the operation process.
- From an expert point of view it was necessary to integrate further offices (Tax Investigation Unit) and fields (valuation of economic units of property for purposes of taxation, completion of legal remedies, penal procedures) which were not included so far, in the system and to illustrate the corresponding key performance indicators.
- In addition, all executive directors (managers of the offices) have been integrated into the system. At the moment, the system is available to about 150 users including altogether 285 indicators from the field of taxes and customs.

LoS is unique in the Austrian administration. It was therefore not possible to have recourse to any already existing know how with regard to the project. At the beginning of the project, it was necessary to find a common "wording" for IT-developers and specific experts. The complex logic of the indicators required immense

<sup>2</sup>LoS = Leistungsorientierte Steuerung

efforts in synchronization and harmonization and as a result a close cooperation between the specific experts who were responsible for the several interfaces.

Another challenge with regard to the project was the limited time frame (about 1 year) from starting the implementation up to the productive working phase. The persons involved were able to cope with all these challenges because of their high motivation and commitment to the project.

Some of the success factors that were relevant for the implementation of the project:

- Detailed documentation of requirements by a clear description of each indicator by competence profiles and precise representation of required data contents.
- A unique notation and the definition of rules with regard to form and structure of the reporting system was determined.
- Intense test stages by involving experienced users could rise the quality of indicators with regard to content and has considerably contributed to the system's acceptance. Initially the users have been sceptical towards the system and its data contents but this attitude has constantly improved.
- Weekly appointments for project co-ordination and the consequent documentation of reached agreements contributed to the fact that the project stages could be carried out within the predetermined time and budget frame.
- The direct and intense co-operation between specific experts and the development team with regard to the concrete implementation of indicators resulted in a considerable saving of time and costs.
- An essential success factor within the project LoS was and is the still existing support by top level decision makers.
- Finally an offensive and "honest" information policy with regard to project contents and the respective project course is the essential premise for the success of each project.

### 1.2.2. Award of appreciation for the project LoS

A particular highlight of the project LoS was the participation in the Austrian Administrative Award Contest. The award ceremony took place at Linz in December 2008. The jury acknowledged the project in the category "Improvement of Administrative Efficiency" by awarding a prize of appreciation. The concept was praised for its innovation in combining several aspects of administrative modernisation (as the Balanced Score Card-Approach with service-orientation).

## 2. Interconnections throughout Europe

### 2.1. International cooperation

#### 2.1.1. Manager conference

The conference of the executive directors or rather managers of the offices took place in Salzburg in autumn 2008 and can be considered as a highlight in the international orientation of the fiscal administration. The female regional manager and the four male regional managers were invited to profit from their contacts to the respective neighbouring countries.

The guest list was impressing:

- Walter Ziegner, regional manager of the Vienna region, had invited representatives of the Slovakian fiscal administration. Ivan Nàtan – one of five assistant general managers of the Slovakian tax administration – and Dusan Pàtek, heading the branch of the tax top management in Bratislava, presented a review about the structure of their administration and about the proceeding in the field of enterprise audits.
- Pavel Fantys, financial director of the Czech fiscal administration, and Jaroslava Musilova, press spokeswoman and interpreter as well as Miloslav Vagner, manager of the tax office Budweis informed Hubert Woischitzschlãger, regional manager of the middle region of Austria, that they accept to participate in the Salzburg conference with pleasure. This delegation provided information about the safeguarding of revenues in their administration.
- Hans Peter Hefti, assistant director of the Oberzoll-direktion Bern, accepted to come to Salzburg expressing his pleasure about the excellent cooperation with Klaus Hofbauer, the regional manager of the Western region. The consequences of the approaching accession of Switzerland to the Schengen area constituted a highly interesting topic of discussion.
- Ilse Schmalz, regional manager of the Southern region, had the pleasure of welcoming Mojca Centa Debeljak, managing directrice of the Slovenian fiscal administration and Urska Dobnikar, consultant of the fiscal administration as well as the interpreter Lea Burjan, to the conference. Mainly the change to online filed tax returns was explained.
- Due to multiple contacts and the cooperation in the field of multilateral controls Marian Wakounig, the regional manager of the Eastern region, invited Edit Varga, vice president of the Hungarian tax administration and Miklos Kok, head of the international department in the Hungarian tax administration.



Group photo of the manager conference in Salzburg

- In the field of human resource management Friedrich Stanzel, head of the department for staff development, was able to invite Arno Haslberger for a lecture on the subject of Management and Leadership.

Internationalization was an important topic in the whole fiscal administration but it would go beyond this scope to list all activities and meetings. A brief glance at two regions can do here. The goals of every meeting are obvious: It is necessary to learn from each other, to become acquainted with new points of view and working methods and to make use of synergies.

### 2.1.2. Flashlight Eastern region

- Within FISCALIS 2013 the regional manager Marian Wakounig and Anton Trauner, the manager of the tax office Hollabrunn Korneuburg Tulln, visited the Bulgarian tax administration as Austrian “pioneers”. The aim of the one-week-programme at the “National Revenue Agency” in Sofia was to become acquainted with the organisation and the administrative structures of the new EU member state and to compare them with the Austrian structures.
- Within the ZOLL 2013 programme, a delegation under the leadership of Marian Wakounig was on a two days lasting working visit at the main customs office Munich/ branch office Airport. The main objective was the benchmarking of key performance and staff indicators as well as a stock taking of working methods in the fields of risk analysis, quality management, agreements on objectives and communication, compared to the customs office Eisenstadt/Vienna Airport. Some of the obtained results will definitely be taken into consideration for the planned measures to restructure the customs at the Vienna Airport. In addition to that, the establish-

ment of a direct contact is intended to ensure the communication between both managers of the customs offices.

- A group being accompanied by Stefan Fleischhacker, the manager of the customs office Eisenstadt/Vienna Airport visited the customs office at the Prague Airport for two days. Also in this meeting the comparison of structures and working procedures was pointed out.
- In November one colleague of the Polish and one of the Slovenian fiscal administration had been invited to the eastern region within FISCALIS.
- In addition, further one-day meetings with representatives of the tax management from the Czech Republic, from Slovakia, from Hungary and from Slovenia were organised. Austria was represented by the regional management and by managers of the Austrian “neighbouring tax offices”.



f.l.t.r.: Franz Labner (Eastern regional management), Jolanta Katarzynna (Poland), Johannes Spalj (Eastern RM), Mateja Obrc (Slovenia), Marian Wakounig (Eastern regional management)  
photo source: Gerhard Jedlicka, SZK East

It is already planned that the members of the tax administrations from the neighbouring countries mentioned above, will participate in a regional meeting with the purpose of controlling, organised by the Eastern and Western region in autumn 2009. The aim of this meeting is to consolidate the official and personal relations.

### 2.1.3. Flashlight Vienna region

2008, the Vienna region focused the issue on establishment and intensification of international relations of tax and customs administrations. A large number of visits of foreign delegations and their representatives resulted in a lively and active exchange of information about working methods and experiences. A number of measures and meetings for the purpose of intensifying international contacts are planned to take place in 2009.

The internationalisation programme which started up in 2008 will be continued in 2009.

- In March 2008 representatives of the Federal Ministry of Finance as well as all regional managers met the managerial staff of a Dutch delegation of the fiscal administration to exchange information about similarities and differences in the organisational and operational structures but also in the areas of field auditing and anti-fraud measures taking into consideration tax compliance in both countries.
- On the occasion of a visit of a German delegation from Hannover in June 2008 as well as of a visit of the assistant regional manager from the Swiss customs administration in November 2008, the team of the Viennese regional management introduced itself and received important information about the organisational proceedings of both administrations.
- Furthermore one meeting of the Eastern regional management with the Western Hungarian tax administration and one with the Swiss tax administration has taken place.
- In order to further increase the professional attitude in the regional management English lessons were provided and the FISCALIS programme was utilised actively.
- The offices of the Vienna region dispatched some of their employees to member states focusing various issues. The audit unit for large traders in Vienna for example devoted special attention to the subject of international anti-fraud measures and collected information in the Nordic member states as well as in Malta and Portugal. The exchange of information about controls regarding illegal employment was intended to be improved by means of visits in Hungary, Romania and Bulgaria.

## 2.2. AEI – Agency for European Integration

In February 1999 the Council of Ministers made the following decision: “The assistance of Austrian experts in establishing the administrative structures of the accession candidates is an essential element of definitely supporting the Central and East European countries. Furthermore this cooperation contributes to increase the potential opportunities of the Austrian economy at these markets and is therefore a matter of concern to the whole country of Austria.”

Following this decision, in 2003 employees of the Federal Ministry of Finance founded the AEI – Agency for European Integration and economic development – a charitable organization which serves as Austrian inter-ministerial platform for the purpose of carrying out projects.

This platform is maintained by several federal ministries, by the Austrian Federal Economic Chamber, by the Federal Data Centre, by the Federation of Austrian Industry, by the Agricultural Market Austria,



by the Federal Environment Office and by the Austrian Federal Forests as well as by the Federal Procurement Institute. It is necessary to live the European idea actively together with the neighbouring countries and to contribute to the new Europe in the best possible way.

Supporting actively the legal adjustment to the legal standards of the EU and significantly contributing in defining legal certainty was intended to be a considerable motivation for Austrian investors. Other aspects were advice and cooperation to strengthen the EU-borders in the interest of all member states, accelerating the cross-border trade simultaneously.

At the moment the commitment of the AEI is focused on Croatia, Romania, Poland and Serbia but also on the Ukraine, Montenegro, Kosovo and even on Egypt. Since 2003 already six tax and customs twinings have been carried out successfully in Croatia with the help of Czech and Hungarian experts. As a consequence the cooperation of the Croatian and the Austrian administration was successfully reinforced. Also in Poland Austrian customs officers cooperate with their Slovenian colleagues in strengthening the Polish customs administration.

In Romania a small team is currently involved in the common harmonization of the Romanian regula-

tions with regard to agricultural subsidies. Soon an audit system will be worked out in cooperation with experts of the French tax and finance ministry and auditors will be trained.

During the six years of existence the AEI proved its quality as Austria's most successful networking platform between ministries and organisations of commerce. The considerable increase of projects carried out in 18 different countries confirms the positive performance of the Austrian administration's employees who were dispatched.

### 2.3. 40 years of Customs Union

#### 2.3.1. Establishment and development of the European customs union

Forty years ago, on July 1st, the customs union came into force. The customs union contributes significantly to the economical development of the EU and in fostering the Single Market. In the customs union no more duties are paid at internal frontiers of the member states. The importation of goods is subject to a uniform customs rate.

These revenues flow into the common budget.

A multitude of various customs documents was replaced by one "standard paper". With the aim to facilitate trading, the project "e-customs" was established which intends to replace the paper-assisted by an electronic customs process throughout the EU.

Beside the usual tasks, as for example to combat smuggling of non-declared goods and illegal substances, the customs union also fights against product piracy. There is no guaranty for complete impermeability because faked products from third countries still cause considerable problems. In the second reading the parliamentary committee of the EU agreed to modernize the customs code. That's the way how to cope with new challenges like combating organised crime. In addition to that, the areas of trade and customs are increasingly characterised by new information technologies.

#### 2.3.2. Festivities in Austria such as Arnoldstein

Within the celebration of the forty years existence of the customs union, the customs office Klagenfurt Villach participated in an event titled "European day 2008" under the overall control of the Federal Ministry for National Defence.

Subject of the event which took place in Arnoldstein/Carinthia on May 9th 2008 were the topics "90 years border triangle Austria – Italy – Slovenia", "40 ye-

ars of customs union" and "30 years Alps-Adriatic".

The customs administration of Carinthia significantly contributed to this presentation of information and performance.

In addition to a public-oriented presentation of drug detection dogs also a spectacular training for preventive protection was shown. About 3,000 visitors were convinced by the efficiency of the scan-mobile of the Austrian customs administration within the performance show. As highest political representative the first president of the National Assembly, Mrs. Barbara Prammer, could be welcomed in her position.

The present guests were informed about the multiple tasks of the Austrian customs administration as well as about the custom's central role within the European Union. An especially created customs quiz for children enriched the programme.

At the museum of the market town Arnoldstein a special exhibition on the subject "Border(s)" was curated by a customs officer from Carinthia. It was opened within the festivities by Bettina Vogl-Lang (group manager in the Federal Ministry of Finance). Musical entertainment was guaranteed by the Viennese Finance Music band and by a quartet of singers from Arnoldstein.

### 2.4. The EURO 2008 in the Bundesfinanzakademie (BFA; Federal Finance Academy)

Last summer the Federal Academy of Finance was concerned with completely unexpected international interconnections. The EURO 2008 did not even exempt the Austrian fiscal administration! Apart from many issues in the field of taxes and customs (from clarifying questions of mutual tax law up to those of import and export) the Federal Academy of Finance also faced a surprise just before the start of the big match "Austria vs. Germany".

The German team considered to profit from the excellent equipment and location of the Federal Aca-



1968-2008



Karl Wappel (head of the BFA) with Oliver Bierhoff

demy of Finance. After a short viewing the trainer staff around Raimund Löw decided to practice the final training units before the match against Austria in the sports hall of the Federal Academy of Finance and not as originally planned in the Viennese Horr-stadium.

The whole German national team including the trainers and the security staff spent nearly one and a half hour at the Federal Academy of Finance. The players were satisfied because they could prepare themselves undisturbed and well-concentrated for the match. Regarding the success of the German team, the question arises if such a training unit at the Federal Academy of Finance would not also have been good and useful for the Austrian national team.

The manager Oliver Bierhoff expressed his thanks to the responsible persons of the Federal Academy of Finance especially with regard to their flexibility. The hall and the whole fitness equipment were at the team's disposal promptly and straightforwardly. The presents for the national team's host were a shirt and a football signed by all players. The Federal Academy of Finance intends to put up both presents for auction within a charity event for a good cause.

## **2.5. Meeting of the three tax administrations Germany – Switzerland – Austria**

The traditional meeting of the tax administrations of the three neighbouring countries took place on September 11th and 12th of 2008. This year the host was Switzerland. The Austrian delegation headed by the head of division, Wolfgang Nolz, consisted of representatives of the divisions IV and VI. The first day was characterized by an intense discussion about fiscal developments in the three states. The highlights of this discussion included the German plans concerning a settlement tax on capital yields as well as plans for streamlining of administration, for example in case of business start-ups or advance return for tax on sales. The Swiss colleagues too informed about planned simplifications and presented their family tax reform. The Austrian delegation informed about the Austrian Donation Tax Act, the VAT amendment on travel exemption limits and the reform of procedural law.

On the second day experiences and problems in connection with the implementation of the EU- directive concerning interest information were exchanged and the plans of the OECD Forum of Tax Administrations as well as the handling of aggressive tax planning were discussed. Furthermore the VAT- revision in Switzerland and the taxation of international sport organisations were presented and discussed. In the end of the meeting the three delegation heads (Florian Scheuerle, Germany; Urs Ursprung, Switzerland; Wolfgang Nolz, Austria) shared the same opinion: In

times of further increasing economic globalization the intensified cross-border cooperation of fiscal administrations is essential.

## **2.6. Meeting of the three customs administrations Germany – Switzerland – Austria**

These annual meetings with regard to the cross-border cooperation between Germany, Austria and Switzerland have a long tradition and go back to the time before Austria's entry to the EU. In 2008 again the German customs administration was host. The head, Joachim Stähr, and the responsible person for international affairs, Thomas Schöneck, invited to come to Regensburg. The Confederate Oberzolldirektion was represented by Rudolf Dietrich and his representative Hans-Peter Hefti. The competent head of division in the Austrian Federal Ministry of Finance, Wolfgang Nolz, was unfortunately unable to come so that this time only Bettina Vogl-Lang, group manager for customs and excise duties, participated in the meeting at Regensburg. The organisation and the procedure of this event occurred by a close integration of colleagues of the competent local customs office. The agenda was coordinated in advance by the three countries. In this matter Austria always consults the concerned customs offices or rather the Western regional management. The topics are complex and include international relevant aspects of mutual interest (e.g. EU and World Customs Council) as well as the exchange of information about the latest developments in the own customs administrations and concrete problems.

Important topics with a definite reference to the customs offices were discussed in 2008 to prepare the conclusion of an agreement between Switzerland and the European Community with the purpose of integrating Switzerland into the concept of reliable supply chains and of authorised economic operators for not making worse the situation in the mutual movement of goods. Switzerland expressed its thanks for the political but also actual support in the respective working groups of the European Community by Germany and Austria. In Austria a representative of the customs office Feldkirch-Wolfurt participated in the international working groups. The cooperation within the EURO 2008 produced really favourable experiences. Of course the situation that would follow the forthcoming accession of Switzerland to the Schengen area was made subject of discussion. In this context particularly Austria has to cope with a structural challenge because in Switzerland and Germany the checks of persons and goods were already primarily conducted by the customs administrations. With regard to the option of a joint customs declaration-centre Buchs the results of a bilateral working group of the district Schaffhausen and the

Western regional management were pointed out. This matter was only of interest to Switzerland at the beginning, later on the presented approach was not pursued further because of lacking possibilities to make use of the European Community's customs law as well as of the Austrian sales tax law for Swiss general carriers.

### 3. Staff orientation

#### 3.1. Human – resource allocation plan (PEP)

Already since two years the tax offices make use of the human - resource allocation plan. PEP is based on a model which works with defined data for the respective work fields or rather activities that are evaluated according to the expenditure of labour. This is the basis for calculating actual values with regard to staff resources and to describe a well-balanced work-load of employees. Owing to the current changes (e.g. the increase in electronically submitted applications, new purviews, different developments in the individual offices) also the actual values have to be adapted. The human-resource allocation plan for 2008 included the actual values for 2010 (for the year 2009 a revaluation for 2012 occurred). In this way the strategic targets of the fiscal administration and prospective developments have been and will be considered.

The yearly PEP, which orientates itself on these prospective reference values is an instrument for planning and controlling staff resources in the tax offices. PEP serves to plan and to control the yearly centralised (e.g. measures initiated by the finance department as for example new employments) as well as decentralised measures for human-resource allocation, supported locally by the managerial staff (such as the filling of vacant positions).

According to these facts PEP is the result of the yearly human-resource allocation planning,

- referring to the performance targets
- obeying the various prevailing conditions
- considering the mid-term developments (actual values)

PEP is not only organised according to the tax offices but also referring to individual fields (Information Centre, Tax Assessment for Employees, Business Assessment and Audit, Safeguarding of Revenue, Specialized Department, Organisation, Special Competences) and within the fields according to service categories and function groups.

PEP makes it transparent to everybody if the provision with staff resources is above or below regular rate. That's why decisions can be made quickly, for example

in case of requests for transfer or new employments. Measures like mutual assistance or overtime are able to result in a balance between the tax offices.

The development of PEP for customs offices started up in 2008 and caused an additional challenge. Due to the economic demands the daily availability has to far exceed 8 hours and comes up to 24 hours.

#### 3.2. Health in the finance department – two examples

##### 3.2.1. Help running

In the end of September 2008 the support association for the employees of the fiscal administration in the federal states Vienna, Lower Austria and Burgenland organised a great charity party in Vienna under the motto "Help running". Altogether about 120 sportsmen and –women were on the way for charity.

The competition in running took place in the Viennese Prater under ideal conditions. The participants could choose either a distance of 5 kilometres for running or a distance of 3,5 kilometres for nordic walking. In the evening event a net profit of 10,000 euros could be made by selling building blocks or tombola tickets.

The support association was founded in 2002 after the flood of the century. Its aim was to help promptly colleagues who encountered hard times through no fault of their own. Since then about 53,000 euros were paid out.

Details about all sports events of the Austrian fiscal administration can be found at the homepage of the Finance Sports Association under [www.sv-finanz.at](http://www.sv-finanz.at). New members are welcome at any time.



##### 3.2.2. Strategies helping to give up smoking

Already in the late autumn of 2007 "Allen Car's Easyway" seminars on non-smoking were held in Upper Austria. The upcoming move to the terminal tower, where smoking is strictly forbidden in all offices, was one of the motives supporting this project. Smokers should have the possibility to give up smoking promptly. 142 employees made use of the seminars offered by the internal health promotion for all offices of the federal state.

One year later the results were evaluated:

- Altogether 80 employees participated in the evaluation process. 35 of them had given up smoking after one year.

- The number of non smoked cigarettes since participating the seminar is notable: 722,700 cigarettes (calculated on the basis of the formerly consumed cigarettes)



One of the seminar participants was Siegfried Grinninger, SZK in the middle of Austria, regional management. Since November 2007 he is a "successful non-smoker".

### 3.3. Knowledge Management

The agreement on objectives of 2008 included, in particular for the specialised department, a demand for the implementation of knowledge management instruments. One of the key aspects in the area of knowledge management was the constitution of "knowledge networkers" (WIN). By means of an initiative of the Specialised Department Wage Tax throughout Austria the foundations for WIN were laid.

The aim of WIN is the establishment of networks for the expert exchange of knowledge and experience throughout the regions. In this context the focus is on practical learning from each other. At WIN – events, matters of the daily working practice are discussed and handled. In this way discussions result in solutions within the teams and even within the offices. The effect is to strengthen cooperation and to find good practice solutions together. The achievements are available at the tax and customs knowledge platform at any time. (For more details see the Annual Report 2007)

The first WIN topics in 2008 were the following ones:

- Individual tax assessment
- Assessed valuation
- Family and child benefit schemes for compensation of burdens
- Joint audit of wage-dependent taxes (GPLA)

In 2009 WIN will be extended to the field of customs. According to the fact that the 9 Austrian customs offices are different from the tax offices in their structures, we started thinking about a WIN throughout Austria.

### 3.4. Staff Survey 2008

#### 3.4.1. Conducting and Results

The aim of the first staff survey in the Federal Ministry of Finance was to analyse the organisation's capability for development to be able to define demand-oriented measures for development in organisation and staff and to initiate a current cultural analysis. The survey has taken place from May 26th to June 13th 2008 under the motto "**join in doing – join in talking – join in creating**".

After interviewing representatives of the finance department's managerial staff as well as representatives of the central committee the dimensions and concrete formulations of the questions to be posed in the survey have been drawn up. These questions referred to topics like for example job situation, opportunities in development, motivation, leadership or cooperation in the department.

An essential aspect of the project was to guarantee anonymity for all participants and it was therefore that the survey was carried out by an external institute making use of online - questionnaires. The whole project was supported by intense measures of communication throughout the department so that a response rate of 51 percent – these are about 5,800 employees – was attained. On the basis of this result the responsible persons of the department received an order.

The results of the survey demonstrated that performance controlling was a highly interesting topic in all areas of the finance department during the last years. For all employees of the fiscal administration it was of great importance to be clearly informed about what is expected from them: in other words which services have to be performed (82%) and which objectives have to be achieved (81%). Both aspects seem to be highly guaranteed. Also the basic conditions for the performance of the required services were considered to be important and positive. The technical equipment as well as the premises met with large approval (77% or rather 71%). The aspect of internal cooperation did not arouse enthusiasm. The feeling of all pulling in the same direction does not exist very often (62%).

#### 3.4.2. Stage of implementation

The accumulated total outcome was the basis for sifting out ten important issues and presenting them to all employees by means of a brochure.

The staff survey was not only conceived as unique inquiry of staff opinion but as the beginning of a current, well-coordinated organisational development process. Special attention was put on deriving the best possible measures of implementation from the achieved results.

This orientation towards implementation was actively supported by organizing workshops for the managerial staff in all offices throughout Austria. Since October 2008 about 60 workshops were carried out and they were all accompanied by especially qualified internal moderators. This fact guarantees a uniform standard. The results being achieved in the respective fields were analyzed and interpreted. The planned periodical controlling is intended to ensure the focus on the agreed subjects and measures and on the evaluation of measures already carried out.

## 4. Customer Service

### 4.1. The Charter of the Austrian Fiscal Administration

The aim of the Austrian Charter is to emphasize and to improve transparency, confidence and cooperation between the citizens and the fiscal administration. Clearly defined standards in quality and performance as well as obvious rules are intended to support in doing so. The citizen's compliance with duties and regulations is an essential condition for a smoothly working fiscal administration. The task of the fiscal administration is to safeguard the financial interests of the republic of Austria and to ensure regularity and fairness in the levying of taxes as well as to maintain Austria's position as a favourable business location.

In autumn 2008 the Charter was presented to all those present at the conference of the managers of the offices throughout Austria and was handed out to the management of the offices. On about 30 pages, interested persons can get a survey of customer services, the rights and duties of citizens, valid rules in the tax procedure as well as standards of quality and performance in the fiscal administration.

The Charter of the Austrian fiscal administration is available via the web under [www.bmf.gv.at](http://www.bmf.gv.at) (services – publications) at any time.

### 4.2. Project Tax Credit for 2007 carriage-free

“The tax payers have the possibility to get back the money due to them. In my opinion, fairness in the levying of taxes means to inform employees who did not yet

make their tax assessment for 2007 about their tax credit to be expected”, explains Vice-Chancellor and Federal Minister of Finance Wilhelm Molterer referring to the current service of the Federal Ministry of Finance on the subject of Tax Credit 2007.

About 800,000 citizens received a personal letter in which they were informed about their tax credit resulting from the individual tax assessment 2007, which they have the right to claim according to the data available at the tax offices. The Federal Minister of Finance invited the recipients to get their money back. The best way would be to make use of FinanzOnline.

An evaluation of the project in December 2008 comes about in the following way:

- Altogether 801,425 letters were sent.
- From this whole number 242,643 citizens submitted an application for their employee tax assessment (L1). 143,438 made use of printed applications and 99,205 submitted their applications electronically via FinanzOnline.
- From the submitted tax assessments already 236,725 formal notices of assessment showing tax credits of 80,345,968 euros were issued.
- The project resulted in 92,646 new registrations at FinanzOnline.

### 4.3. Publications and Forms

The Austrian tax administration publishes a multitude of brochures, manuals, reports and financial statements on various topics in tax and customs law. These documents are available at the homepage of the Federal Ministry of Finance under [www.bmf.gv.at](http://www.bmf.gv.at) at any time. The easiest way to find all forms provided by the tax and customs administration is to consult our homepage where a multitude of forms are also translated in the languages of national minorities being acknowledged in Austria.

According to the federal law on equality for handicapped persons (BGStG) the majority of our forms was designed free of barriers. Also the pdf – documents to be completed or the direct link to various online- applications are user-friendly.

### 4.4. Customer Survey

When the staff survey was planned it was already clear that there was also a need for a customer survey in 2008, on the one hand with the purpose to compare the self-image of the employees with their image from the customer's point of view and on the other hand to optimise customer orientation.

In summer 2008 we started with the evaluation



Target group	Survey Method	Number of response
Citizens	Interview via telephone	1,578
Business trustees	FinanzOnline, Information by the Chamber with link	925
Enterprises Tax	FinanzOnline, e-mails with link	3,110
Forwarding Agencies	e-mails with link, Information by the Austrian Federal Economic Chamber	226
Enterprises customs	e-mails with link	346

of altogether 6,185 responses from various customer groups like citizens, enterprises, or rather employees in enterprises, business trustees and forwardings. The respective questionnaires included issues which were co-

ordinated with the staff survey (identification, orientation towards customer service, change) as well as special organisational issues concerning opening hours, anti-fraud measures or e-customs. In this context it was noticeable that the citizens often came to a similar opinion as the employees, whereas

*It is a big step that the financial administration rates tax-payers and tax advisers as customers. And from customers you want to know how they feel and if they are satisfied. Hopefully the results of the survey are taken seriously within the administration.*

*Karl Bruckner*

the business trustees and forwardings were significantly more critical.

The development in the fiscal administration during the last years is reflected by a high public opinion.

From the citizen's point of view subjects like customer service, completion times, the employee's friendliness, modernity or access to information are handled in a better way than before. The other customer groups point out a need for action in the availability via telephone. They criticize the response times in directory enquiries but even more a lack of personal contact. Also a worsening in "fair treatment" has been perceived, a fact which pos-

*"The Austrian Federal Economic Chamber and the fiscal administration are both interested in fairness and transparency. With regard to the simplification of administrative proceedings there is still some need for action. FinanzOnline and e-customs have to be pointed out positively."*

*Christian Haid*

sibly has to be attributed to a larger number of controls (controls before and after the issue of formal notices of assessment, audit measures).

The carrying out of controls and auditing measures to avoid abuse and fraud met with a high approval in all customer groups (83% - 96%). Also the improvement of anti-fraud measures is well-accepted by the public. Between 67% (citizens) and 79% (business trustees) noticed that these measures were intensified seriously.

#### 4.5. Questions and Complaints

##### 4.5.1. The fiscal administration's contactability

For the Austrian tax and customs administration the focus is on service for citizens and on friendly customer approach. Modern administrations trust in active complaint management. That's why we made use of various measures.

A special service in the Federal Ministry of Finance, the so-called Service for Citizens is available for general questions between Monday and Friday from 8 to 5pm under the phone number 0810/001228 (at the local rate throughout Austria). The tax ombudsservice is at the citizen's disposal for ques-

tions in tax affairs either under the phone number 0810/005466 (at the local rate throughout Austria) or electronically under [www.bmf.gv.at](http://www.bmf.gv.at)

##### 4.5.2. Active complaint management

Within the restructuring of the tax and customs administration the complaint management will be orientated in a new manner and a complaint database (BDB) will be implemented in the regional managements, in the tax and customs offices



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**Christian Haid**, is an expert in taxes and customs at the Federal Economic Chamber of Styria.

as well as in the tax investigation unit and in the audit unit for large traders. BDB is intended to serve on the one hand as instrument of controlling and on the other hand as instrument of evaluation. In addition to that the complaint database provides a customer's history by recording all questions and complaints via all media of communication in the database. By means of this instrument the evaluation of complaints as key aspect of the indirect complaint management process is intended to be implemented for the first time.

The complaint database includes

- the concerned authority (tax office, customs office, etc.)
- the concerned organisational unit (General tax assessment, revenue assurance,...),
- the competent employee
- the way of complaining (referring to the employee's specialised competence or to his/her behaviour or to both)
- a clear keyword to classify complaints
- a short description of complaints or rather in case of extra long texts a storage in the appendix
- the way the complaint is expressed (anonymously, pointing up personally, in writing or via telephone)
- an evaluation of the complaint; in other words: Was the complaint justified? (yes, partly, no)
- the complete customer's history
- the respective reply to the complainant

The implementation of a complaint database mainly aims at optimizing the complaint process. Redundancies in responding are intended to be avoided and the standard in quality in the processing of complaints is intended to be guaranteed by minimizing the number of complaints. Flexible and standardized measures of analysis and evaluation allow a detailed search for the names of complainants.

The results of 2008 come about in the following way:

- Main subjects of complaints were income tax, individual tax assessments, family allowance, organisational flaws (telephone, time of completion) and the employee's behaviour.
- The majority of complaints were directly addressed to the Federal Minister of Finance, followed by the Service for Citizens, the tax ombudsservice and the secretary's offices of the state.
- 80 percent of all complaints are submitted via e-mail, the remaining number consists of questions via telephone or in writing.

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#### 4.5.3. Question database

The homepage [www.help.gv.at](http://www.help.gv.at) is the official Austrian administrative supporter and helps to handle subjects of the Austrian administration. Under the menu item "citizens", information about various finance issues are available. Questions in the field of individual tax assessment, various allowances and inheritances are replied in a compact form. Under the term "individual tax assessment" all online-forms, support in completing forms, references to brochures and helpful links are provided to facilitate the completion of tax returns. Moreover, it is possible to deliver questions and suggestions to the Federal Ministry of Finance quickly and unbureaucratically. Replies are put online promptly so that they are available to the public.

#### 4.6. Administration award for customer's approach

Every year excellent achievements, innovative developments and operations being successful in modernising public organisations are honoured with the Austrian administration award. Within best practice and benchmarking the award aims to improve the exchange and the network between administrative institutions and to initiate a learning process. The project Information Centre on its way to the citizen – "Mobile Tax Office" was acknowledged in the category "Orientation towards citizens". Silvia Jukl, team-leader of an Information Centre in Vienna, was responsible for this project.

The award-winning project describes the establishment of a mobile advisory service provided by the employees of the tax office 2/20/21/22 who visit various mosques and give advice to migrants who pray there on Fridays. Up to now only female employees made themselves available as mobile advisors.

Within these visits mainly individual tax assessments and applications for family allowance are handed over. The employees support in completing application forms, hand out FinanzOnline accesses and give information on general issues. The deployment of experts and the provision of forms and brochures in the re-

spective language guarantee an optimised service and improve the image of the fiscal administration. A familiar ambience as well as the presence of people who are aware of the same language and of interpreters reduce the inhibition level to contact the fiscal administration. A visit by the mobile tax office is an adventure for all persons being involved.

The constructive cooperation with the municipal department 17 – amongs others responsible for integration matters - has to be mentioned as a main aspect of the project. Thanks to this cooperation it was possible to find interpreters quickly and free of charge for the occasion of visits by the mobile tax office. Furthermore the employees of the tax office had the possibility to attend two workshops and to become aware of coping with barriers in culture, language and social behaviour by the help of experienced trainers. The positive feedback is reflected by a current interest in the organisation of further workshops. The whole project therefore proves clearly that “crossing borders” depends on one’s personal commitment.



Members of the „Mobile Tax Office“ (f.i.t.r.): Edith Idinger, Andrea Verleye, Silvia Jukl und Regine Wachter

#### 4.7. Project “Support Service for Citizens 2010”

Following the Customer Relationship Management which is usually practised in the private sector, also the public administration focuses on service orientation. Since August 2008, the Austrian fiscal administration dedicates itself intensely to the subject of the project “Support Service on Citizens 2010” and to the existing optimisation methods. One of the fiscal administration’s definite strategic targets is to further enhance the orientation towards customer needs. The project mentioned above is intended to contribute to fit the citizens’ needs as well as to reduce simultaneously the employees’ workloads. The project team has to cope with particular challenges because of the different interests and demands on the project.

Currently all projects of the Federal Ministry of Finance are documented and analyzed with regard to exploitable results. Simultaneously a work group, consisting of employees from various areas of responsibility in the fiscal administration, developed an extensive catalogue including proposals for effective and immediately realizable measures. As a special highlight of these measures the distribution of first copies of the “Tax book 2009” at the tax offices throughout Austria has already occurred in December 2008.

After the conclusion of gathering actual results, a rough concept will be drawn up until March 2009. Based on this a detailed concept, including a catalogue of measures and a plan for implementation, will be worked out. The whole concept is expected to be implemented in the beginning of 2010.

#### 4.8. Accession of Switzerland to the Schengen area

On December 12th 2008 Switzerland acceded to the Schengen Implementation Agreement. Now, which are the consequences for the travellers from or to Switzerland as well as for the employees of the customs office Feldkirch Wolfurt and for the police? The customs points next to Switzerland as Gaißau, Höchst, Lustenau, Wiesenrain, Schmitterbrücke, Hohenems, Mäder, Koblach, Meiningen and Bangs as well as the distance Bregenz – St. Margarethen (CH) in the railway traffic are no longer subject of identity and security checks. This means that yearly about 55 million travellers no longer have to show their cross-border travel documents, but should the occasion arise, a customs control could take place. The fiscal administration had to cope with the challenge to determine the responsibility of these customs controls from December 12th of 2008. Since May 1st of 2004 the police had accepted the customs agenda in tourist traffic and in commercial freight traffic at selected customs points.

On November 24th an administrative agreement was arranged between the Federal Ministry of Finance and the Federal Ministry of the Interior, which guaranteed that employees of the Federal Ministry of the Interior carried out customs tasks for a defined timeframe and scale of operations. At the customs points Höchst, Lustenau, Hohenems, Mäder, Meiningen and Feldkirch – Tisis the police is supported by customs officials of the operating customs supervision (OZA). The prevailing of mobile customs controls by OZA employees at several customs points changed the current need for buildings so that some of them were taken back by the police.

The opening hours of the customs points are continually checked regarding to efficiency, thrift and expediency furthermore if necessary adapted to changing conditions (density of traffic, applications for customs clearance, confirmation of VAT certificates).



Green light in Vorarlberg

## 5. Infrastructure

### 5.1. Terminal Tower Linz: Move and Opening

A two years lasting project was successfully concluded in spring 2008. From April 25th to May 4th 2008 all fiscal authorities in the regional capital of Linz moved to the terminal tower, located in 4020 Linz, Bahnhofplatz 7.

Eight organisational units moved to the tower from 6 locations. A huge number of moving boxes and the whole EDP equipment including servers, personal computers and printers had to be transported to the new location. First of all, the customs office Linz Wels moved, followed by the Audit Unit for Large Traders. Simultaneously files from the tax offices Linz and Urfahr were arranged in the new archives. The 25<sup>th</sup> of April was the first of seven days filled with work until the late evening or even night. On top was the 30<sup>th</sup> of April, a working day which did not end before 3 o'clock in the morning.

After the Independent Finance Senate and the tax and customs coordination including a branch of the Federal Finance Academy, the tax office Linz moved simultaneously with the Tax Investigation Unit. The tax office location Urfahr completed the move of the fiscal authorities on May 4<sup>th</sup> 2008. 3 weeks later the Pension Insurance Institution moved to the office tower as second tenant. Since this the terminal tower accommodates about 1,300 employees: just under 800 persons from the tax and customs administration and about 500 employees of the Pension Insurance Institution.

On May 26<sup>th</sup> 2008 Franz Dobusch, the governing Mayor of Linz, Josef Pühringer, the Governor of the upper Austrian province and Vice Chancellor Federal Minister of Finance Wilhelm Molterer were invited to deliver a speech on the occasion of official opening. The Ecumenical benediction by the diocesan bishop from Linz and by the superintendent as well as cutting through the ribbon concluded the opening ceremony.



The interior of the brand-new Terminal Tower

### 5.2. Removing all barriers in the public administration

#### 5.2.1. Legal basis

The federal law on equality for handicapped persons (BGStG) provides for removing any discrimination. Simultaneously handicapped people are intended to be able to participate in social life on equal terms and to enjoy a self-determined lifestyle.

A short explanation in the government proposal illustrates the law mentioned above. Clearly defining the constitutional regulations of Art. 7 (1) B-VG the fe-

deral law on equality for handicapped persons is intended to support in avoiding or rather in removing any discrimination of handicapped persons in the area of federal competence.

An extract from the law's scope demonstrates the following definition:

- The regulations of this federal law apply to the administration of the Federal Republic including its activities as responsible institution for private law.
- The regulations of this federal law apply further for legal relationships including their initiation and establishment as well as for the utilization or assertion of services outside a legal relationship in case of access to and provision with goods and services which are available to the public on condition that the federal government is directly competent.

### 5.2.2. Measures against hardness of hearing

The federal law on equality for handicapped persons is more than just an order to make public buildings "suitable for wheelchair users".

Unfortunately invisible disabilities like hardness of hearing do not really attract society's interest. The Federal Finance Academy however made an important move towards the integration of persons who are hard of hearing. The installation of an induction equipment facilitates the participation in workshops and seminars. In the future all lecture halls are intended to be equipped with induction technology.

What is the secret behind this technology? Already in the fifties of the 20th century it was made exploitable. The induction technology enables people to hear but also to understand. Fitted carpets and thick curtains are able to reduce the phenomenon of reverberation, which interferes speech intelligibility or rather the ability to understand words. Unfortunately in public rooms the focus is not on acoustics but exactly a bad acoustic can, caused by reverberations, constitute an insurmountable obstacle for people who need hearing aids.

How to implement the functionality of induction technology can easily be explained: An induction loop, having the function of a closed circuit, is installed along the walls of the room. It runs by an amplifier of induction which transforms the signals received via a microphone and builds up a magnetic field in the room. A so called T-inductor converts this magnetic field in audible acoustical vibrations. The advantage of this method is that there is no transmission of noise and that information is reproduced in hifi quality.

In the information centres of the tax offices first tables equipped with induction technology have already been installed and tested for their serviceability. The new equipment was well-accepted by persons concer-

ned. The implementation in the tax offices is planned for 2009 but in spite of all technology a clear articulation and a viewing contact while talking is not to be neglected.

## 5.3. Real Estate Management

### 5.3.1. Administration award for infrastructure

The Federal Chancellery, the Federal Ministry of Finance, the Federation of Austrian Industry and the Raiffeisen Bank Upper Austria function as organizer and sponsor of the annual administration award. Excellent achievements of public organisational units are to be awarded.

The team around Dietmar Mitteregger (head of the department I/3 in the Federal Ministry of Finance) applied for category "Improvement of Administrative Efficiency" on the subject of "Real estate management – More efficiency by means of innovation" and was awarded with one of the top prizes of this category.

### 5.3.2. Principles and environment of the real estate management

In the field of real estate strategy the finance department's focus is on improving the quality of accommodation throughout the whole department based on innovative conceptions of office planning. Simultaneously special attention is devoted to the stabilisation of expenses for accommodation, to the improvement of customer services as well as to the enhancement of staff satisfaction by means of modern location and building structures in connection with the creation of a task-oriented office sphere favouring team spirit at the same time. The presentation of this strategy was the basis for the application for an administration award.

Within a comprehensive recording of single data about the whole stock of real estates in the area of tax and customs administration, the individual buildings and objects were subject to an evaluation with regard to various aspects as state of construction, transacted investments, novation of equipment, situation of allocation, removal of all barriers, availability of places to park one's car, and the like. These data were illustrated in an electronical database for real estates.

The database is to be understood as a prototype or a pilot of a modern real estate management tool and was developed in cooperation with the IT-section of the Federal Ministry of Finance, the Federal Data Centre and the Technical University of Vienna. The persons responsible for organisation are able to base their decisions on accessible parameters (e.g. m<sup>2</sup> renting space per employee or EURO per m<sup>2</sup> and month).

All construction projects or other projects are illus-

trated in the master plan 2015 in which the individual targets and measures are clearly defined. The defined criteria are in particular a sequence of priorities, planned time frames for implementation and upper limits of estimated costs.

### 5.3.3. Achievements in the real estate management

The most important achievements in 2008 were the following ones:

- The renting of the Finance Centre Terminal Tower Linz.
- The location Gmunden of the tax office Gmunden Vöcklabruck was completely renovated.
- In the tax office St. Pölten Lilienfeld, location St. Pölten, the first construction phase of the information centre was able to be completed.
- In the tax office Amstetten Melk Scheibbs the location Melk was renovated.
- Also the location Tulln of the tax office Hollabrunn Korneuburg Tulln was renovated.

## 6. Anti-Fraud Measures

### 6.1. Anti-fraud measures supported by animals: detection dogs

The Austrian fiscal administration employs 23 detection dogs. The training of the “animal employees” requires a lot of work and time from man and beast. At first, dogs which are qualified for this kind of work have to be found, this means that they have to fulfil strict criteria with regard to their character, power and physique. Success is only possible on condition that both, service dog and its human counterpart get on well with each other. After a training phase of 18 months the dogs are completely fit for service. They do not only learn to “sniff out” tobacco, addictive drugs and protected species of animals and to indicate their discovery to the dog handler but they are also well-trained in protective service. Neither the detection dog nor the person who smuggled goods or the goods itself should be affected in no way whatsoever. Especially the swallowing of addictive drugs or tobacco by the detection dog is likely to cause serious intoxications or even the dog’s death. Dogs perform their work playfully. In some cases the successful search is even rewarded by allowing the dog to tear a carton of cigarettes into pieces. After 10 years of service the dog “retires”. Up to this moment his service capacity is checked yearly.

Species detection dogs are specially trained detection dogs which are set in action at international borders to discover illegally imported exotic species of animals and souvenirs.



Detection dog at work

Up to now only a few countries in the world make use of cultivating and training the dogs’ abilities. As already mentioned in the annual report 2007, the first species detection dogs are on active service in Austria since autumn 2007. The German shepherd dog “Aiki” guided by Regina Eitel and the Flat Coated Retriever “Berro” guided by Johann David are mainly working at the Vienna Airport. At the Frankfurt Airport in Germany two species detection dogs are on duty since summer 2008. If one compares the dimensions of these two airport areas and the number of pieces of luggage per person, the Austrian fiscal administration’s progressiveness becomes evident.

In summer 2008 both Austrian detection dogs participated in the “Protection of Endangered Species - Week” which took place at the Vienna Zoo. In an interview at the show stage the “chief Austrian dog handler” Rudolf Druml explained the most important steps in the dog’s training and pointed out the excellent cooperation with the Vienna Zoo. The species detection dogs can only learn to “sniff out” certain species thanks to the zoo making available scent carriers such as parrot feathers, snakes’ skins or objects out of the terrarium for protected species.

In autumn 2008, 16 detection dogs of the Austrian fiscal administration met in Spielfeld/ Styria for a federal competition. The performances were evaluated by acknowledged experts from Hungary and Austria. Complying with the requirements of the competition the dogs had to discover tobacco and addictive drugs and simultaneously to prove their obedience towards the dog handlers. The target of the competition was to demonstrate the current status of training.

In reality the challenges for the dogs are increasing because the smugglers become more and more ingenious in using hiding spots. That’s the reason why the competition tasks are at a very high level. The teams consisting of man and dog supported each other in solving all difficult tasks. The mutual confidence between man

and dog even allows to work on the basis of visual signals sent from a distance.

## 6.2. Action Days

Within the action days certain aspects of anti-fraud measures are focused with regard to, for example, latest economic developments or changes in legislation for business. Action days are often carried out in cooperation with the police or the regional health insurance companies.

### 6.2.1. Action days concerning "Ski schools and ski huts"

Right at the beginning of the semester break 2008 mobile task forces of the fiscal administration visited Styrian skiing areas by official order. Within the controls special attention was put on 8 skiing areas – from the Hebalalm via Mariazell to Joglland.

9 out of 19 ski schools and 3 out of 18 ski huts had to be blamed. With regard to taxes one ski school did not even exist at all. 56%, in concrete numbers 62 out of 110 ski instructors were not registered at the compulsory social insurance. 6 persons were currently registered as unemployed and received unemployment benefit.

The checked persons were very creative:

- One business man ran his ski school under the guise of a charitable organization. So he was able to offer skiing lessons at a lower price and to profit from an enormous competitive advantage.
- Another company holder made his ski instructors limited partners who neither communicated their

*"We confront businessmen who are creative in evading tax regulations with the effective instrument of action days. – Our success, e.g. at the action day "ski huts", shows us that we are on the right track."*

*Elfriede Teichert*

*"Within the regional action day "taxi" it turned out that the teams of the individual departments like Revenue Assurance, Business Assessment and KIAB are working close together. Thanks to this cooperation it was possible to identify such a large number of irregularities and to seize a two-digit number of vehicles."*

*Herta Ottina/Edwin Zauchner*

- income as limited partners to the tax office nor paid the tax resulting from this partnership up to now.
- One woman-entrepreneur operating a ski school tried to make her employees appear

ring as "interns". The persons who pretended to complete a taster course were dressed with the official work clothes of their female employer including the printed company logo. One of the female "interns" claimed that she received 350 euros weekly in addition to the expenses refunded.

### 6.2.2. Action day "taxi"

In May 2008 Viennese taxis were controlled by bodies of the police, of the regional health insurance company and by bodies of the tax offices (KIAB – Illegal Employment Task Force). A well-coordinated operation planning involving all authorities was intended to avoid that some "black sheeps" have the chance to be informed about the controls via CB radio and to escape control. Altogether 153 vehicles were checked at often frequented taxi ranks such as the Western and Southern railway station as well as at the State Opera. Several vehicles were directly selected out of the flowing traffic.

Altogether 69 irregularities were discovered:

- 20 vehicles were confiscated on the spot because of tax arrears.
- In four cases of vehicle checks foreign taxi drivers were reported for illegal employment. Two of them received unemployment benefit. Also the supervisory bodies of the regional health insurance company uncovered irregularities against the act on



**Elfriede Teichert**, of the penal prosecution unit and person responsible for the coordination of anti-fraud measures at the tax office Bruck Leoben Mürzzuschlag



**Karla Höhlriegl** head of the individual tax assessment team at the tax office Feldkirch



**Herta Ottina**, head of the business assessment team and person responsible for the coordination of anti-fraud measures at the tax office Vienna 12/13/14 Purkersdorf  
**Edwin Zauchner**, specialised department with focus on KIAB, tax office 1/23

general social insurance and reported them.

- The results of controlling taximeters by bodies of the Viennese municipal department's gauging office cannot be considered very "hospitable": 27 devices were not gauged, this means that the passengers had to pay much more for a taxi journey than usual. As a consequence the concerned entrepreneurs were reported for this irregularity.

*"The cross-border employee action day proved itself very successful, especially because of the excellent cooperation with the colleagues of the police and the customs administration. Everyone was able to bring in experience and expert knowledge which resulted in an overall concept that could be implemented outwardly in a professional way. Participating and profiting from these working conditions is not only a welcome change from the regular office job but also fun."*

*Karla Höhlriegl*

### 6.2.3. Action day concerning construction business

In the period from September 29th of 2008 to October 5th of 2008 employees of the Illegal Employment Task Force (KIAB) and further bodies of the tax offices, supported by the police and by the customs authorities checked construction sites throughout Austria. Altogether 354 task force members were on duty. Large building sites were selected for controls:

The new terminal of the Vienna Airport and building projects were the targets of this action.

- 48 construction sites or rather 609 companies operating at these sites were controlled. 131 of these companies showed various irregularities.
- Altogether 1,529 persons (787 Austrian citizens and 742 people of foreign nationality) were checked.
- 39 Austrian citizens were not yet registered when the control was carried out. 91 foreigners were reported for illegal employment. 44 persons were identified as falsely designated self-employed. As a result 53 charges were filed according to the law concerning the employment of foreigners resulting in an amount of 134,000 euros. The identified due and enforceable tax arrears came to 2.845 million euros.

From the Federal Ministry of Finance's point of view this action can be considered a complete success, which is last but not least the result of a constructive cooperation of all task force members and excellent preparations by the respective officers in charge of operations.

### 6.3. Motor vehicle fraud

In 2008 the focus was on combating various forms of motor vehicle fraud. In 2007 a considerable step was made by implementing a data base of approval, ope-

rated by the insurance association, and by authorizing the fiscal administration for access. In this way existing problems in case of self-imported vehicles could be solved.

This fact caused new fraud models or rather an increase in making use of different fraud methods:

- For example in case of "re-import", vehicles are invoiced to foreign letter-box companies and afterwards they are purchased by Austrian citizens at a reduced rate. From 2009 these vehicles can be blocked in the data base of approval. This lock-up can only be

cancelled by the tax office after the payment of all taxes in connection with the purchase of the vehicle.

- Delivery of motor vehicles to purchasers without VAT identification number from other member-states of the European Union: These deliveries have to be announced to the tax administration. The purchaser's member state is informed and the concerned vehicle is blocked in the data base of approval. In case of selling vehicles to Austrian citizens, but pretending to deliver them to purchasers without VAT identification number from other member states, there is in fact a loss of VAT and registration tax but the vehicles cannot be sold on national territory because they are blocked in the data base of approval. Unless the tax office does not agree, a licence for road traffic is not accorded.

Purchasers have the possibility to inform themselves at the homepage of the Federal Ministry of Finance under [www.bmf.gv.at/betrugsbekämpfung/Steuer/Normverbrauchsabgabe/Finanzsperrauskunft](http://www.bmf.gv.at/betrugsbekämpfung/Steuer/Normverbrauchsabgabe/Finanzsperrauskunft), if the vehicle to be purchased is blocked. These measures help to avoid inconvenient surprises in case of licensing vehicles for road traffic and to protect the consumers (including purchases by private persons).

The effects of the financial crisis and falling turnovers in the motor vehicle trade are visible in the field of anti-fraud measures. Special controls by the fiscal administration are necessary since the implementation of the scrapping premium (according to the eco-premium law) to guarantee the effects favoured by the legislative authority. Potential fraud models were reflected beforehand and counteractions were developed.

### 6.4. Product piracy, smuggling and art

Brand and product piracy is a serious and wide spreading phenomenon. Every year tons of faked goods are

confiscated in the European area. What happens with these goods?

The goods confiscated by the Austrian customs are destroyed in the simplified procedure according to § 11 Product Piracy Law of 2004. In case that the right holder agrees goods can be made available for charitable use or be exploited in any other way. The product piracy report which is issued yearly by the Federal Ministry of Finance and forwarded to the National Council or rather the Product Piracy Law 2004 provide more details concerning confiscated classes of goods, countries of origin or legal basis. The product piracy report 2008 is available under [www.bmf.gv.at](http://www.bmf.gv.at).

The persons organizing the Ars Electronic Festival addressed themselves to the executive board of the customs office Linz/Wels. The festival for art, technology and society which takes place in the regional capital of Upper Austria each year impressed with exceptional activities and performances from September 4th to September 9th. With regard to the topic "A New Cultural Economy – when property approaches its limits" the subject was on copyright and property right. The purchase of faked goods does not noticeably affect the purchaser's moral consciousness for injustice but the inhumane conditions of producing brand products do. The destruction of pirate copies on September 6th organized as public event made the people realize the

value of brand fashion products and imitations. The customs office Linz/Wels officially supported the event in providing the goods to be destroyed.

### 6.5. Flashlight Smuggling

- Smugglers are not only noticeably creative in planning quickly changing smuggling routes but also in coming up with hiding spots that become more and more undetectable. In summer 2008 more than 45,000 cartons of cork-tipped cigarettes were confiscated by the Upper Austrian customs fraud investigators. The cigarettes were hidden among a loading of TV monitors. The destination of the goods imported from China seemed likely to be England and Russia according to the English or Russian address of items. The goods' value on the black market would have been 1.5 million euros.
- The label "Dogflakes" does not guarantee that the packed substance is in fact pet food. This is what store keepers of a transport company found out when one of the feedpacks came open. The called customs investigation unit discovered more than 5,000 cartons of cigarettes hidden in 480 feedpacks. The loading was on the way to Great Britain.

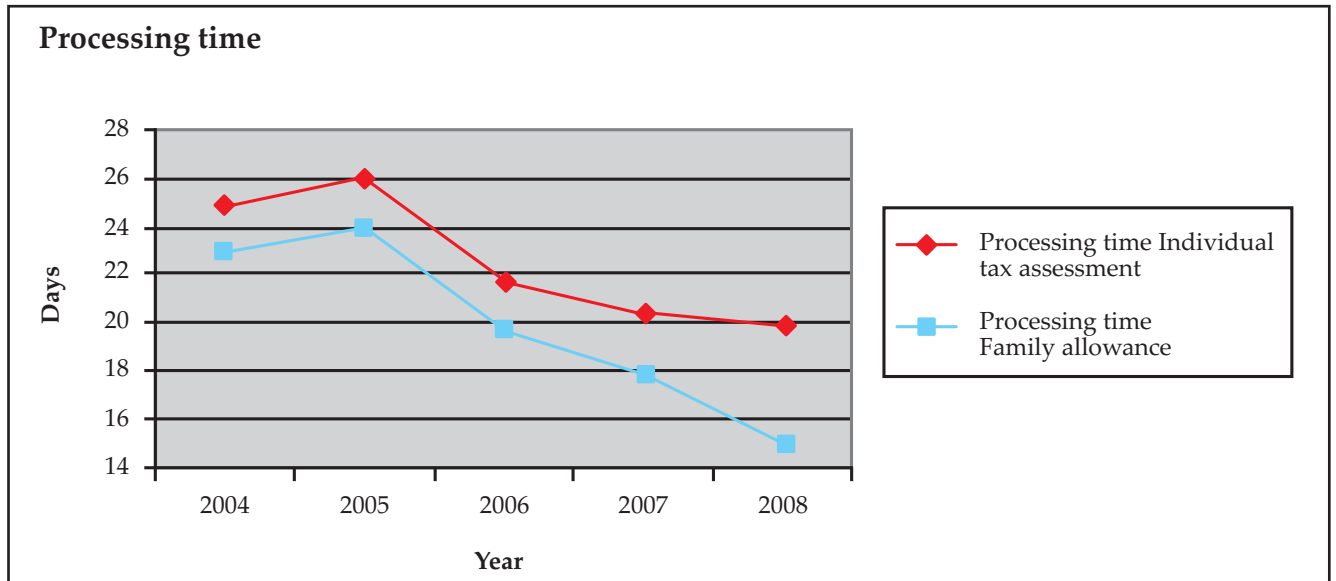


Destruction of faked brand products at the civic centre of Linz.

# Anhang

## 1. Medium-Term Developments

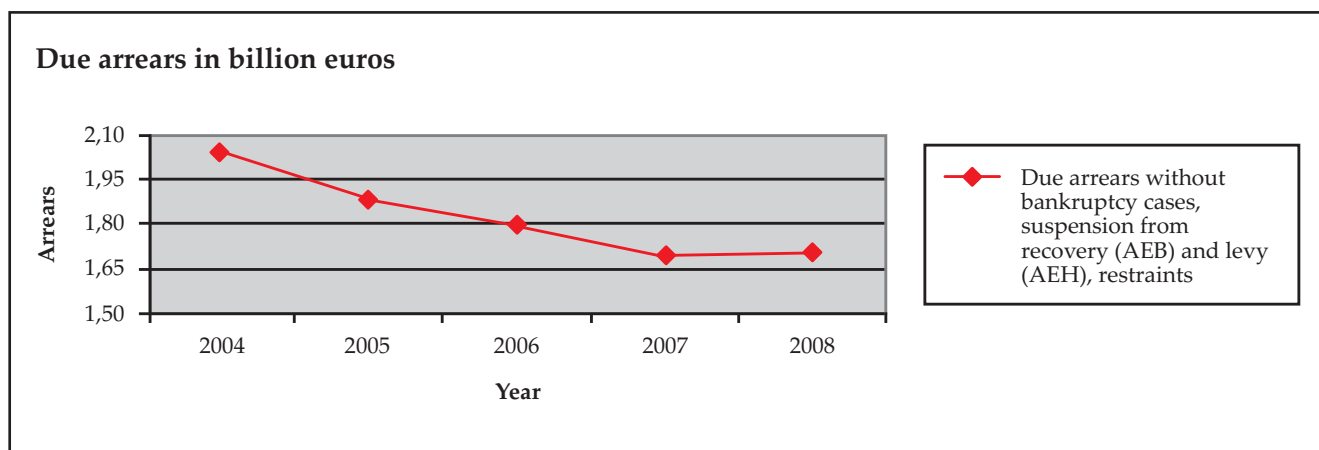
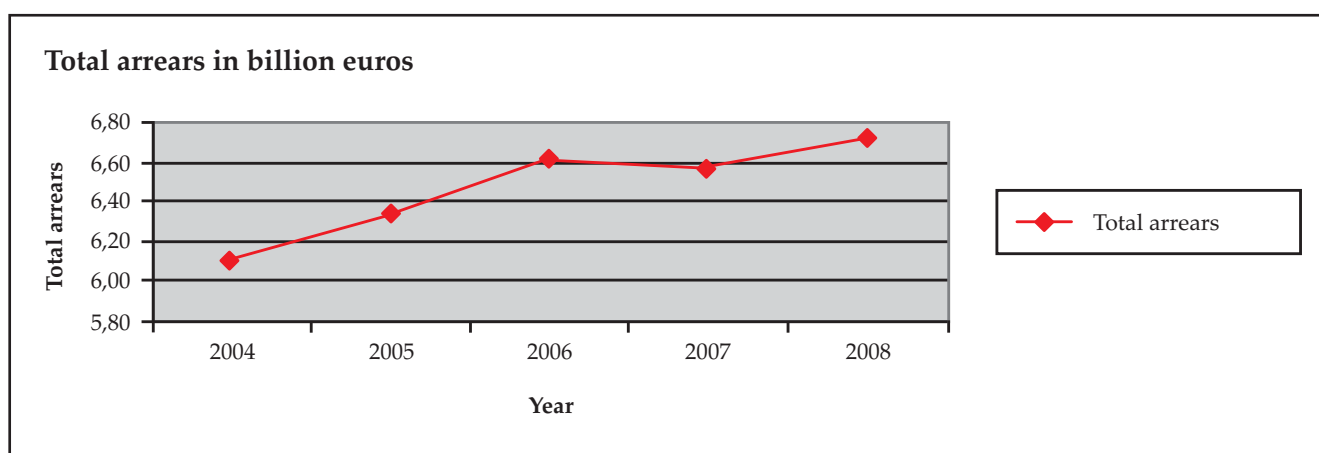
Processing time from receipt to assessment notice	2004	2005	2006	2007	2008
Processing time for individual tax assessments	25	26	22	20	20
Processing time for family allowance	23	24	20	18	15



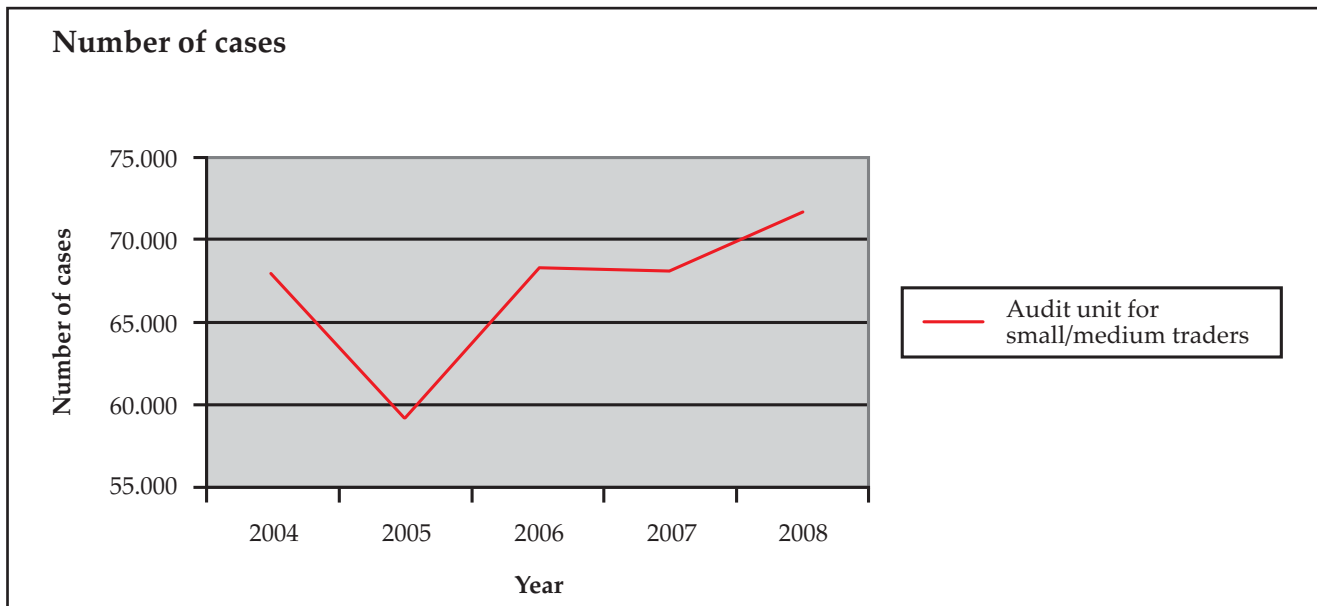
FinanzOnline Quota in %	2004	2005	2006	2007	2008
Percentage of electronically submitted tax returns	57	58	65	75	81



Revenue assurance in billion euros	2004	2005	2006	2007	2008
Total arrears	6,096	6,332	6,615	6,566	6,720
Due arrears without bankruptcy cases, suspension from recovery (AEB) and levy (AEH) restraints	2,040	1,883	1,796	1,692	1,706

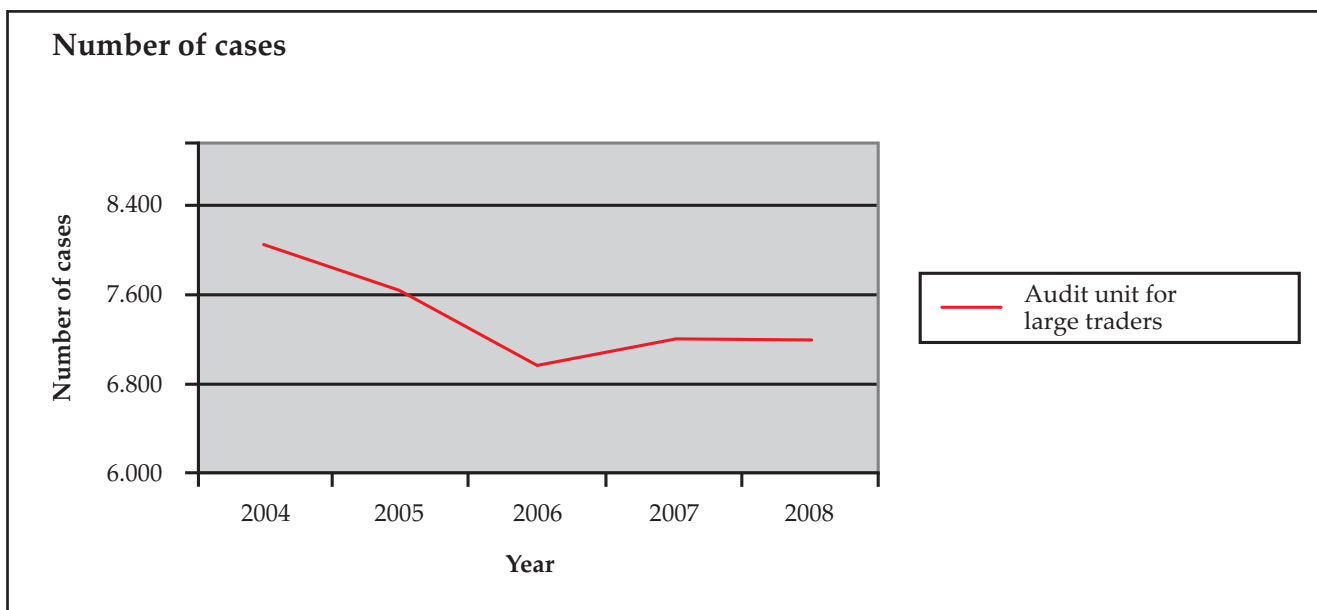


Number of cases	2004	2005	2006	2007	2008
Audit unit for small/medium traders	67,973	59,331	68,361	68,137	71,643



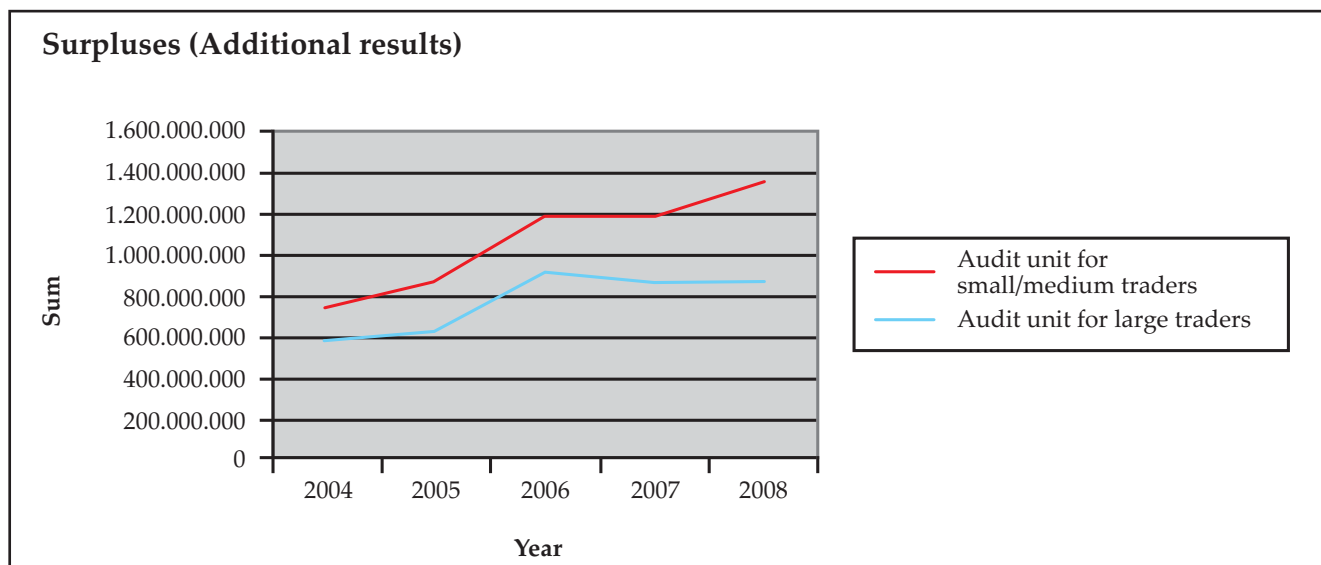
Key: Number of small/medium traders audits: audits (BP), special VAT audits (USO), joint audit of wage-dependent taxes-audits (GPLA), other field service measures, fees audits, tax investigation unit.

Number of cases	2004	2005	2006	2007	2008
Audit unit for large traders	8,040	7,642	6,972	7,209	7,177



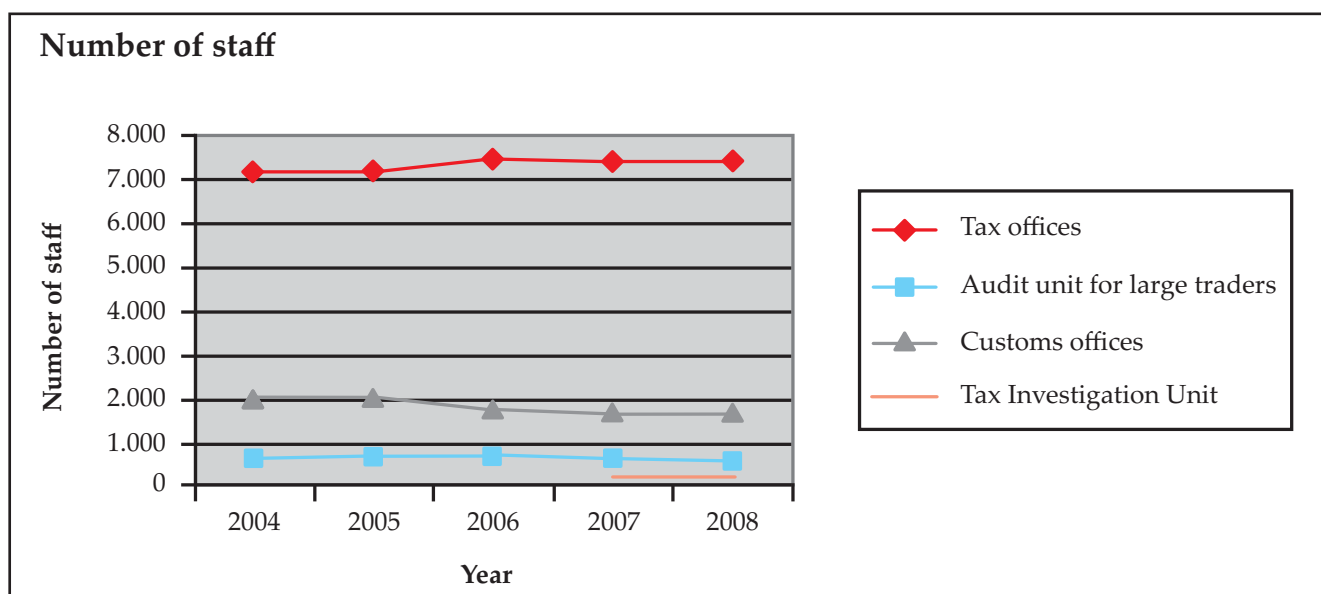
Key: Due to a change in the definition of the Categories for the size of traders the number of audits in 2006 was affected. Number of large traders audits: audits (BP), special VAT audits (USO), joint audit of wage-dependent taxes-audits (GPLA), other field service measures.

Surpluses (Additional results)	2004	2005	2006	2007	2008
Audit unit for small/medium traders	591,916,837	634,168,477	917,564,731	875,998,486	873,879,923
Audit unit for large traders	751,983,927	880,487,123	1,188,739,556	1,193,436,669	1,359,327,474



Key:  
 ME audit unit for small/medium traders: audits (BP) special VAT audits (USO), joint audit of wage-dependent taxes-audits (GPLA), other field service measures, fees audits, tax investigation unit  
 ME audit unit for large traders: audits (BP), special VAT audits (USO), foreigners VAT audits (UMA), in-quiry team measures (EC), cases with change of assessment basis (ÄBMG)

Number of staff without maternity/paternity leave	1.1.2005	1.1.2006	1.1.2007	1.1.2008	1.1.2009
Tax offices	7,189	7,210	7,474	7,422	7,434
Tax investigation unit				135	140
Audit unit for large traders	709	730	740	708	657
Customs offices	2,032	2,053	1,792	1,720	1,710
<b>Sum</b>	<b>9,930</b>	<b>9,993</b>	<b>10,006</b>	<b>9,985</b>	<b>9,941</b>



Source: PM-SAP, I/20

## 2. Tax and customs revenue

Aufkommen Steuer	2008	2007	Customs revenue	2008	2007
<b>Total</b>	<b>59.57 bn</b>	<b>56.12 bn</b>	<b>Total</b>	<b>6.32 bn</b>	<b>6.22 bn</b>
VAT	21.48 bn	20.41 bn	Customs	248.60 m	263.20 m
Wage tax	22.30 bn	20.59 bn	Alcohol and excise tax	314.88 m	334.04 m
Income tax	3.06 bn	2.96 bn	Mineral oil tax	3.89 bn	3.69 bn
Corporation tax	5.93 bn	5.78 bn	Tobacco tax	1.42 bn	1.45 bn
Other	6.37 bn	6.37 bn	Other	441.07 m	486.88 m

## 3. Results Field Auditing Finance im Comparison to Previous Year

Tax offices	2008		2007	
	Surplus	Cases	Surplus	Cases
Audit unit for small/medium traders audits (2007: tax investigation included)	399,400,408	15,205	472,588,153	14,807
Special VAT audits	205,332,137	14,807	198,489,748	15,021
Other auditing measures	78,329,210	30,422	69,883,012	27,551
Tax investigation starting 2008	13,232,990	89		
Fees audits	53,759,090	617	31,450,746	569
Joint audit of wage-dependent taxes	137,059,078	10,592	103,652,003	10,190
<b>Sum</b>	<b>887,112,913</b>	<b>71,732</b>	<b>876,063,662</b>	<b>68,138</b>
Audit units for large traders	2008		2007	
	Surplus	Cases	Surplus	Cases
Audits	1,154,199,500	4,999	1,089,184,167	4,576
Special VAT audits	18,073,321	117	53,741,724	154
Audits VAT foreigners	173,220,875	318	23,368,648	410
Other auditing measures	13,833,778	1,743	27,142,130	2,069
<b>Sum</b>	<b>1,359,327,474</b>	<b>7,177</b>	<b>1,193,436,669</b>	<b>7,209</b>
Customs offices	2008		2007	
	Surplus	Cases	Surplus	Cases
Customs company audit unit	107,814,074	1,005	18,829,683	1,021
<b>Total result: Taxes and Customs</b>	<b>2,354,254,461</b>	<b>79,914</b>	<b>2,088,330,014</b>	<b>76,368</b>

## 4. Year-on-Year Performance Figures

Tax offices	2008	2007
FinanzOnline users	1,589,416	1,243,773
<b>General Assessment</b>		
First official visits	12,372	10,358
Finanz Online quota individual tax assessment	40%	34%
Processing time for individual tax assessments (from receipt to assessment notice)	20 calender days	calender days
Processing time for family allowance (from receipt to assessment notice)	15 calender days	18 calender days
Applications and inspections family benefits	638,259	623,390
Number of annual individual tax assessments closed receipts	3,739,098	3,390,540
<b>Revenue assurance</b>		
Arrears with issued arrears statement	1.71 bn	1.69 bn
Total arrears	6.72 bn	6.57 bn
<b>Business assessment and auditing</b>		
FinanzOnline quota business assessment	81%	75%
Processing time for business assessment (from receipt to assessment notice)	26 calender days	24 calender days
Sent tax returns	1,662,287	1,377,265
No. of audits, special VAT audits, tax investigation (only for 2007)	30,012	29,828
Surplus from above (tax investigation only for 2007)	604,732,545	671,014,732
No. of audits tax investigation	89	
Surplus from audits tax investigation	13,232,990	
No. of inquiries/reviews, special VAT audits	30,422	27,551
Surplus from inquiries/reviews, special VAT audits	78,329,210	69,883,012
No. of joint audits of wage-dependent taxes	10,592	10,190
Surplus from above wage tax, employer allowance, surcharge on employer allowance, local tax)	137,059,078	103,652,003
<b>Illegal employment controls (KIAB)</b>		
No. of company inspections	26,697	27,012
No. of employees controlled	70,760	76,692
No. of illegal employees	15,431	13,714
<b>Fees and transfer tax audits</b>		
FinanzOnline quota	81%	78%
Completed transfer tax audits	617	569
Surplus from transfer tax audits	53,759,090	31,450,746
<b>Audit units for large traders</b>		
Surplus from audits/special VAT audits	1,172,272,821	1,142,925,891
No. of audits, special VAT audits	5,116	4,730
Surplus from inquiries/reviews	13,833,778	27,142,130
Surplus from audits VAT foreigners	173,220,875	23,368,648

Customs offices	2008	2007
<b>Customer teams</b>		
<i>Freight traffic</i>		
No. of clearance for import	1,442,793	1,347,837
No. of clearance for export	1,356,346	1,309,633
No. of clearance for transit	557,655	555,697
No. of controls in freight traffic	151,181	113,831
<i>Tourist traffic</i>		
Tax Refunds	1,049,557	996,806
No. of checked travellers out of customs-law relevant flights	163,559	179,647
Percentage of checked travellers per customs-law relevant flight	1.19	1.26
No. of irregularities discovered in airport traffic	4,194	4,104
Customs-law relevant flights	138,000	142,203
Processing time for authorisations and changes referring to customs law	19.85	24.95
<b>Customs audit</b>		
No. of completed field audits	1,005	1,021
Surplus from customs audits	107,814,074	18,829,683
<b>Smuggling of cigarettes</b>		
No. of cigarettes found	45,494,278	79,311,894
No. of seizures	3,671	4,582
Value of seized cigarettes	6,180,455	6,991,458

Number of staff per January 1 <sup>st</sup> of 2009 (without maternity/paternity leave)	Sum	Women	University graduates	Employees with A-levels
Tax offices	7,434	51%	4%	44%
Tax investigation unit	140	37%	5%	60%
Audit units for large traders	657	37%	40%	50%
Customs offices	1,710	29%	2%	49%
<b>Sum</b>	<b>9,941</b>	<b>38%</b>	<b>13%</b>	<b>51%</b>

Source: PM-SAP, I/20

Budget in m euros	Success 2008	Success 2007
Personnel costs TOs/COs/AULT	415.22	395.93
Material expenses TOs/COs/AULT	124.95	113.45
Personnel costs tax investigation	6.31	4.78
Material expenses tax investigation	0.682	0.697
<b>Sum</b>	<b>547.16</b>	<b>514.86</b>







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