The Austrian Tax and Customs Administration
Annual Report 2016
Information from the Federal Ministry of Finance.
Facts and Figures 2016
Overview

<table>
<thead>
<tr>
<th>General Information</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Data</strong></td>
<td></td>
</tr>
<tr>
<td>Gross domestic product (GDP) – at current prices</td>
<td>349.49 bn EUR</td>
</tr>
<tr>
<td>Real GDP growth compared to previous year</td>
<td>1.5%</td>
</tr>
<tr>
<td>Tax and contribution ratio acc. to ESVG - Taxes and social security contributions</td>
<td>43.4%</td>
</tr>
<tr>
<td>Inflation (HICP)</td>
<td>1.0%</td>
</tr>
<tr>
<td>Unemployment rate acc. to Eurostat definitions</td>
<td>6.0%</td>
</tr>
<tr>
<td>Consumer price index (CPI 2010)</td>
<td>111.7%</td>
</tr>
<tr>
<td>Public deficit in % of GDP (Maastricht)</td>
<td>-1.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax/Customs Revenues</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross tax revenues (UG 16)</td>
<td>81.14 bn EUR</td>
</tr>
<tr>
<td>of which: Wage tax</td>
<td>24.65 bn EUR</td>
</tr>
<tr>
<td>Value added tax (VAT) incl. import VAT</td>
<td>27.06 bn EUR</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>7.43 bn EUR</td>
</tr>
<tr>
<td>Excise duties on mineral oil</td>
<td>4.31 bn EUR</td>
</tr>
<tr>
<td>Capital yields tax</td>
<td>2.36 bn EUR</td>
</tr>
<tr>
<td>Income tax</td>
<td>3.90 bn EUR</td>
</tr>
<tr>
<td>Insurance tax (incl. engine-related)</td>
<td>3.40 bn EUR</td>
</tr>
<tr>
<td>Excise duties on tobacco</td>
<td>1.83 bn EUR</td>
</tr>
<tr>
<td>Real estate transfer tax</td>
<td>1.12 bn EUR</td>
</tr>
<tr>
<td>Duties acc. to gambling act</td>
<td>0.56 bn EUR</td>
</tr>
<tr>
<td>Standard fuel consumption tax</td>
<td>0.90 bn EUR</td>
</tr>
<tr>
<td>Other excise and transaction taxes</td>
<td>1.11 bn EUR</td>
</tr>
<tr>
<td>Customs duties</td>
<td>0.26 bn EUR</td>
</tr>
<tr>
<td>Disbursed family allowance payments</td>
<td>3.44 bn EUR</td>
</tr>
<tr>
<td>Tax Offices</td>
<td>Values</td>
</tr>
<tr>
<td>-------------</td>
<td>--------</td>
</tr>
<tr>
<td>FinanzOnline (FON) participants</td>
<td>3.79 mn citizens</td>
</tr>
<tr>
<td>FinanzOnline (FON) participants</td>
<td>0.436 mn businesses</td>
</tr>
<tr>
<td>Number of telephone calls</td>
<td>6.47 mn calls</td>
</tr>
<tr>
<td>Average waiting time during telephone calls</td>
<td>69.7 seconds</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>General Assessment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FinanzOnline (FON) quota of employee tax assessments (L1)</td>
<td>66%</td>
</tr>
<tr>
<td>Processed employee tax assessments (L1)</td>
<td>4.21 mn declarations</td>
</tr>
<tr>
<td>Processing time for employee tax assessment</td>
<td>28 calendar days</td>
</tr>
<tr>
<td>Processed requests, evaluations of family allowance applications</td>
<td>659,030 requests</td>
</tr>
<tr>
<td>Processing time for family allowance payments</td>
<td>23 calendar days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Assessment and Auditing</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FinanzOnline (FON) quota of business assessments</td>
<td>88%</td>
</tr>
<tr>
<td>Completed tax returns (UEK)</td>
<td>2.13 mn declarations</td>
</tr>
<tr>
<td>Processing time for business assessments (UEK)</td>
<td>22 calendar days</td>
</tr>
<tr>
<td>Audits/special VAT audits</td>
<td>27,485 cases</td>
</tr>
<tr>
<td>Additional revenue from audits/special VAT audits</td>
<td>718.1 mn EUR</td>
</tr>
<tr>
<td>Other audit measures</td>
<td>26,664 cases</td>
</tr>
<tr>
<td>Additional revenue from other audit measures</td>
<td>29.8 mn EUR</td>
</tr>
<tr>
<td>Joint audits of wage-dependent taxes</td>
<td>10,441 cases</td>
</tr>
<tr>
<td>Additional revenue from joint audits of wage-dependent taxes</td>
<td>148.8 mn EUR</td>
</tr>
<tr>
<td>Completed penal procedures (incl. judicial procedures)</td>
<td>6,337 procedures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Safeguarding of Revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectable tax debts</td>
<td>1,598.1 mn EUR</td>
</tr>
<tr>
<td>Total tax debts</td>
<td>8,108.7 mn EUR</td>
</tr>
<tr>
<td>Customs Offices</td>
<td>Values</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>Traffic of Goods</strong></td>
<td></td>
</tr>
<tr>
<td>Clearances</td>
<td>3.94 mn clearances</td>
</tr>
<tr>
<td>Controls (declarations)</td>
<td>161,521 cases</td>
</tr>
<tr>
<td>Licences – customs</td>
<td>8,321 licences</td>
</tr>
<tr>
<td><strong>Customs Audits and Controls</strong></td>
<td></td>
</tr>
<tr>
<td>Completed audits</td>
<td>1,102 cases</td>
</tr>
<tr>
<td>Additional revenue</td>
<td>38.91 mn EUR</td>
</tr>
<tr>
<td>Controls (customs surveillance)</td>
<td>5,222 cases</td>
</tr>
<tr>
<td>Mobile controls</td>
<td>2,244 operations</td>
</tr>
<tr>
<td><strong>Excise Duties</strong></td>
<td></td>
</tr>
<tr>
<td>Declarations (incl. distillation of alcohol)</td>
<td>49,940 declarations</td>
</tr>
<tr>
<td>Controls (supervision)</td>
<td>7,766 cases</td>
</tr>
<tr>
<td>Licences – excise</td>
<td>8,143 licences</td>
</tr>
<tr>
<td><strong>Travellers</strong></td>
<td></td>
</tr>
<tr>
<td>Controls (travellers)</td>
<td>234,794 persons</td>
</tr>
<tr>
<td>Tax refunds (U34)</td>
<td>2.09 mn declarations</td>
</tr>
<tr>
<td><strong>Seizures</strong></td>
<td></td>
</tr>
<tr>
<td>CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)</td>
<td>355 seizures</td>
</tr>
<tr>
<td>Cash Control</td>
<td>75 seizures</td>
</tr>
<tr>
<td>Counterfeit goods</td>
<td>1,947 seizures</td>
</tr>
<tr>
<td>Narcotics</td>
<td>839 seizures</td>
</tr>
<tr>
<td>Reports to other administrations</td>
<td>1,796 notifications</td>
</tr>
<tr>
<td>Cigarette smuggling cases</td>
<td>2,623 seizures</td>
</tr>
<tr>
<td>Number of detected cigarettes</td>
<td>8.17 mn cigarettes</td>
</tr>
<tr>
<td>Completed penal procedures (incl. judicial procedures)</td>
<td>3,310 procedures</td>
</tr>
</tbody>
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### Audit Unit for Large Traders

<table>
<thead>
<tr>
<th></th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits/special VAT audits</td>
<td>3,403 cases</td>
</tr>
<tr>
<td>Additional revenue from audits/special VAT audits</td>
<td>654.6 mn EUR</td>
</tr>
<tr>
<td>Audits of VAT foreigners</td>
<td>351 cases</td>
</tr>
<tr>
<td>Additional revenue from audits of VAT foreigners</td>
<td>50.4 mn EUR</td>
</tr>
<tr>
<td>Other inspection measures</td>
<td>1,113 cases</td>
</tr>
<tr>
<td>Additional revenue from other inspection measures</td>
<td>9.6 mn EUR</td>
</tr>
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</table>

### Tax Investigation Unit

<table>
<thead>
<tr>
<th></th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investigations (compulsory measures/audits/special VAT audits/other inspection measures)</td>
<td>447 cases</td>
</tr>
<tr>
<td>Confiscated cash</td>
<td>7.4 mn EUR</td>
</tr>
<tr>
<td>Additional revenue (audits/special VAT audits)</td>
<td>8.1 mn EUR</td>
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</table>

### Financial Police

<table>
<thead>
<tr>
<th></th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examined businesses</td>
<td>30,439 businesses</td>
</tr>
<tr>
<td>Examined employees</td>
<td>54,579 persons</td>
</tr>
<tr>
<td>of which illegal employees</td>
<td>12,962 persons</td>
</tr>
<tr>
<td>Number of examinations of games of chance</td>
<td>730 examinations</td>
</tr>
<tr>
<td>Safeguarding measures of revenue</td>
<td>27.0 mn EUR</td>
</tr>
</tbody>
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### Tax Office for Duties, Transfer Taxes and Gambling

<table>
<thead>
<tr>
<th></th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits</td>
<td>426 cases</td>
</tr>
<tr>
<td>Additional revenue</td>
<td>140.6 mn EUR</td>
</tr>
<tr>
<td>Number of staff (excl. staff on leave) as of 01/01/2017 Source: PM-SAP, I/1</td>
<td>Full employment equivalent</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Tax offices</td>
<td>6,324</td>
</tr>
<tr>
<td>Customs offices</td>
<td>1,471</td>
</tr>
<tr>
<td>Audit Unit for Large Traders</td>
<td>466</td>
</tr>
<tr>
<td>Tax Investigation Unit</td>
<td>144</td>
</tr>
<tr>
<td>Financial Police</td>
<td>449</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,854</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Budget in millions of EUR</th>
<th>Preliminary success 2016</th>
<th>Budget 2016</th>
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<tbody>
<tr>
<td>Personnel expenses</td>
<td>559.21</td>
<td>575.10</td>
</tr>
<tr>
<td>Material expenses</td>
<td>92.11</td>
<td>97.36</td>
</tr>
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2. International Information Exchange
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2. Data Transfer for Special Expenses
3. Security Mechanism for Cash Registers
4. Transfer Price Documentation for Multinational Corporations
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FACTS AND FIGURES IN COMPARISON
Introduction

The Austrian Tax and Customs Administration is among the most innovative and successful administrations in Europe. It sees its role as that of a partner to taxpayers and is driven by the principles of service-orientation and efficiency. As a modern and service-oriented institution we continuously endeavour to simplify our services and significantly increase the usability for the citizens.

Against this background of service-orientation, the Financial Administration follows a target-group-appropriate tax compliance strategy that allows honest companies and taxpayers to meet their tax obligations easily and unbureaucratically and increases projectability and legal certainty for businesses.

Mission of the Tax and Customs Administration

Our fundamental task is the safeguarding of the financial interests of the Republic of Austria and the European Union, and thus in particular the levy of taxes and other duties.

At the same time, we are an acknowledged partner of the Austrian industry and one of the constitutive factors in the long-term protection and strengthening of Austria as a business location. Through inspection, monitoring and auditing activities, we contribute significantly to the protection of the upright economy, of society and of the environment, as well as to the enforcement of neutrality of taxation. We strive to fulfil our responsibilities with a focus on service-orientation, transparency and proximity to the public.

We are an active part of shaping international decisions and cooperate closely with other agencies at the national and international level.
1. Tasks

The fundamental task of the Tax and Customs Administration is to safeguard the financial interests of the Republic of Austria and the European Union, and thus in particular to levy taxes and other duties. These taxes and duties are the foundation of our society, for they are used to finance the state’s polity. It is the responsibility of the Austrian Financial Administration to levy the federally regulated taxes and duties and to disburse family allowance payments and other benefits.

Besides securing tax revenues and enforcing tax regulations, customs affairs are a further important part of the Financial Administration’s portfolio. As part of the European Union Customs Union, the Austrian Customs Administration guarantees security for the free exchange of goods as well as monitoring the observance of national regulations.

Following the principle of neutrality of taxation, the Financial Administration secures the framework conditions for fair competition in the economy and supports the Austrian citizens and companies in all tax and duty matters. In keeping with the notion of “fair play”, the Financial Administration supports those who pay – or want to pay – their taxes in full and on time, while pursuing those who do not act in accordance with the law.

Anti-fraud activities and regulatory measures by the Financial Police (e.g. verification of compliance with gambling laws) round off the scope of the Financial Administration’s tasks.

2. Organisational Structure

The Austrian Financial Administration is a modern, efficient and service-oriented institution, and among the most innovative and successful administrations in Europe. Flat hierarchies, flexible forms of employment and an orientation towards performance and impact characterise its organisation. Proximity to the public is the focus of our daily work.

The Financial Administration consists of the following organisational units:

- Federal Ministry of Finance (incl. Tax and Customs Coordination Office)
- Audit Unit for Large Traders
- Tax Investigation Unit
- Financial Police
- Tax Office for Duties, Transfer Taxes and Gambling
- 39 Tax Offices
- 9 Customs Offices

Locations of the Austrian Financial Administration

The locations of the Austrian Financial Administration and information on their opening hours can be found under www.english.bmf.gv.at > Offices.
3. Employees

The Austrian Tax and Customs Administration employs comprehensively trained staff whose strengths are secured through extensive technical and social vocational training and education. The qualifications required for tax and customs specialists are conveyed by our own educational institution, the Federal Academy of Finance. Our experts are internationally recognised and provide support in other countries as well. For efficient control and support, our tax and customs offices are arranged into five regions. Agencies with nationwide competence (Tax Office for Duties, Transfer Taxes and Gambling, Audit Unit for Large Traders, Tax Investigation Unit and Financial Police) operate locations in all five regions.

Personnel by departments as of 1/1/2017

The Vienna region is the largest with 2,641 employees. 2,236 staff members are employed in the central region (Upper Austria and Salzburg), 1,936 in the southern region (Styria and Carinthia) and 1,963 in the eastern region (Lower Austria and Burgenland). The western region (Tyrol and Vorarlberg) has 1,480 employees serving the citizens in this area.

7,064 of our staff members are employed in tax offices (incl. Tax Office for Duties, Transfer Taxes and Gambling), 1,542 in customs offices, 464 in the Financial Police, 494 in the Audit Unit for Large Traders and 150 in the Tax Investigation Unit; the remaining 542 employees work in tax and customs coordination.

Personnel by qualification as of 1/1/2017

<table>
<thead>
<tr>
<th>Personnel (excl. staff on leave) as of 1/1/2017</th>
<th>% of total</th>
<th>% women</th>
<th>% academics</th>
<th>% high school graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Offices</td>
<td>71%</td>
<td>55%</td>
<td>5%</td>
<td>48%</td>
</tr>
<tr>
<td>Customs Offices</td>
<td>17%</td>
<td>30%</td>
<td>3%</td>
<td>56%</td>
</tr>
<tr>
<td>Audit Unit for Large Traders</td>
<td>5%</td>
<td>37%</td>
<td>81%</td>
<td>11%</td>
</tr>
<tr>
<td>Tax Investigation Unit</td>
<td>2%</td>
<td>34%</td>
<td>5%</td>
<td>68%</td>
</tr>
<tr>
<td>Financial Police</td>
<td>5%</td>
<td>24%</td>
<td>3%</td>
<td>43%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>48%</td>
<td>9%</td>
<td>47%</td>
</tr>
</tbody>
</table>
Core Activities and Objectives

The fulfilment of the tasks of the tax offices, customs offices and federal departments (Tax Office for Duties, Transfer Taxes and Gambling, Audit Unit for Large Traders, Tax Investigation Unit and Financial Police) is based on laws, regulations and supplementary decrees. These enactments form the basis for our administrative activity and, building upon them, our annual target agreements aim to ensure the efficacy of this activity.

Target agreements represent a significant element of the management philosophy of the Federal Ministry of Finance. They guarantee the predictability of performance and resources in the Tax and Customs Administration, and are therefore also a requirement for self-monitoring and financial controlling.

Six strategic objectives are defined within the annual target agreements and concretized through core areas and performance goals. The target agreement must always take into consideration the principle of impact orientation, which is an important element of the reform of federal budget law. In order to evaluate this impact orientation, certain indices are monitored continually.

Management Objectives of Core Tasks

Objective I  Development of customer relations to improve tax compliance
Objective II  Risk-oriented audit and control activity
Objective III  Timely and correct levy of taxes and duties
Objective IV  Protection of society and economy

Objectives for Internal Development

Objective V  Employee support
Objective VI  Organisational development
Objective I
Development of Customer Relations to Improve Tax Compliance

With this objective, the Austrian Tax and Customs Administration strives to shape its customer relations in such a way as to encourage citizens and businesses to file their tax and customs declarations voluntarily, correctly and on time, meet all other legal obligations and assert their rights.

Due to the introduction of the legal obligation to operate a cash register and issue receipts, special compliance inspections were conducted. The aim of these compliance inspections was to inform and prepare businesses concerning their new obligations.

In total, more than 11,700 inaugural visits and compliance inspections were performed, and 1,106 businesses were advised during their first business year.

Main Priorities 2016

- Development and implementation of measures to increase tax and customs compliance and improve tax compliance
- Optimisation of customer interaction with special emphasis on telephony
- Cultivation of networks with other administrations, special interest groups, citizens and businesses in the spirit of Good Public Governance
1. Compliance Measures (Good Public Governance)

Dialogue Events

The purpose of the dialogue events is to improve communication between the various stakeholders on the one hand and understanding for the processes within the Financial Administration on the other. These measures contribute to avoiding errors and thus decreasing resource use by the Financial Administration as well as the taxpayers. In addition, the dialogue events help to increase trust in the Financial Administration overall, which represents a significant factor for promoting tax compliance.

Dialogue events were held for various target groups and on various topics, e.g. “fair play” in agriculture and forestry, tax information for young entrepreneurs, cash register obligations and clubs/associations.

School Visits

The primary purposes of school visits by the Financial Administration are establishment of initial contact with future customers, education and information on the topics of the Financial Administration, and improvement of compliance behaviour. The knowledge transmitted to the students aims to encourage them to meet their tax obligations voluntarily and honestly in the future as duteous citizens and entrepreneurs.

Besides the presentation of facts and figures from the world of the Financial Administration, information regarding the usage of tax and duties revenues as well as the consequences of lacking tax compliance is provided. The issuing of FinanzOnline access credentials serves to promote the digital communication channel. Last but not least, the Financial Administration is presented as an attractive potential employer.

A school visit lasts around two hours (teaching units) and aims to generate interactive discussions within the ongoing educational framework (e.g. graduation classes). The topics of our interactive lectures and discussions at schools include the following:

- Paying taxes – why not?
- What duties are there (taxes, customs, etc.)?
- Why do taxes exist in the first place?
- What happens with our tax money?

The individual tax offices are also available as partners for the teaching subject “Tutorial Company” at commercial academies (Handelsakademie, HAK): Here tax auditors perform an audit during the “operation” of the tutorial company and explain the legal and (financial) penal consequences of noncompliance for the responsible persons to the students.

2. First Business Year

Newly established businesses (start-ups) for which the results of the risk-oriented inaugural visits and other observations show a high risk are advised and monitored particularly intensively during their first business year by the Financial Administration. This measure aims to prevent the accrual of tax debts from the outset and allow risk potentials to be recognised quickly and at an early stage. This way, the Tax and Customs Administration contributes to the prevention and minimisation of tax and other duty payment failures.

With their keen risk awareness, the employees of the Tax and Customs Administration contribute significantly to the detection of tax fraud, VAT number abuse and registration fraud. Thanks to the excellent networking and coordination between the tax offices and the dedicated cooperation with the Financial Police and customs offices, these measures conducted during the first business year lead to the desired effects.
3. Customer Service by Telephone

The tax offices throughout Austria are reachable under uniform telephone numbers, thereby simplifying the establishment of contact for our customers. The tax office telephone information desk service can be reached under the telephone numbers +43 (0) 50 233 233 for individuals and +43 (0) 50 233 333 for businesses from anywhere in Austria.

<table>
<thead>
<tr>
<th>New Telephone Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationwide, Monday to Thursday from 07:30 to 15:30 and on Friday from 07:30 to 12:00.</td>
</tr>
<tr>
<td>Individuals</td>
</tr>
<tr>
<td>Businesses</td>
</tr>
<tr>
<td>Form order number</td>
</tr>
</tbody>
</table>

The unified telephone numbers and joint telephone service of all tax offices in Austria have contributed to an optimised handling of a 17% increase in incoming telephone calls compared to the previous year. Of the almost five million incoming calls to the Tax Office Infocentre as the first point of contact for customers in 2016, the majority of requests could be handled immediately without further connection.

The staff at the Infocentres are supported through the performance of call handling seminars. In these seminars, the staff members of the telephone service are introduced to useful tools they can apply during customer interaction to make calls proceed constructively, without stress and in a friendly manner. This measure has led to a quality increase in the information service despite the fact that incoming calls are becoming ever more challenging.

4. Horizontal Monitoring

The Horizontal Monitoring (HM) pilot project is a “fair play” initiative by the Federal Ministry of Finance and part of the strategic focus on improving tax compliance. Its goal is to develop new methods of cooperation between large tax-paying businesses and the Financial Administration besides the conventional on-site audit. Horizontal Monitoring thus represents a paradigm shift within the Financial Administration and is a supplementary alternative – in the shape of accompanying monitoring based on trust and transparency – to the traditional on-site audit focused on past events.

Together with the Chamber of Commerce, the Federation of Austrian Industries and the Chamber of Chartered Public Accountants and Tax Consultants, the Austrian Financial Administration has developed a concept for accompanying monitoring of large tax-paying businesses on a voluntary basis. In this concept, cooperation between businesses and the Financial Administration is based on mutual trust, openness and transparency by all parties. Besides tax reliability, participation in the project also requires the presence of internal (e.g. internal revision, internal control system) as well as external (e.g. external auditing) control mechanisms.

The project also features process-accompanying evaluation by a dedicated evaluation team supported by the Institute of Applied Psychology of the University of Vienna. All results of this evaluation and the relevant project documentation (e.g. project orders, logs, HM handbook) can be found in the HM Evaluation Report.

Horizontal Monitoring Evaluation Report
The detailed report on Horizontal Monitoring (German) can be found on the website of the Federal Ministry of Finance under www.bmf.gv.at > Publikationen > Berichte-Bilanzen.

Information on Business Hours
Information on the business hours of the tax and customs offices and on reachability by telephone can be found under www.english.bmf.gv.at > Offices.
Total: 2
Bar: 44,40 EUR
Zurück: 50,00 EUR

Betrag enthält 7,40 EUR MwSt
2: 20,00% = 7,40 EUR MwSt
USt-Idnr.: ATU23321402
17:14:55

Vielen Dank für
Umstauß nur
innerhalb
Keine Geld
VEU ab 1.

Betrag

Datum
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Vielen Dank für
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Objective II
Risk-oriented Audit and Control Activity

Tax honesty and compliance are affected by various factors; among these factors is risk-oriented audit and control activity.

Effective audits and anti-fraud measures are primarily directed at those persons and businesses that do not meet their obligations voluntarily, and serve to ensure the neutrality of taxation, fight the hidden economy and protect honest businesses.

The Austrian Tax and Customs Administration actively supports international efforts to fight tax fraud and tax avoidance. In 2016, the main focus was on measures in connection with the tax reform 2015/2016. The introduction of the cash register obligation and the central account registry in particular represent important measures for increased control and reduction of tax fraud and tax evasion.

In total, the Financial Administration conducted more than 26,500 on-site inspections concerning compliance with the cash register and receipt issuance obligation at various businesses.

Main Priorities 2016

- **Optimisation of all audit measures, particularly relating to the legal changes resulting from the tax reform 2015/2016, e.g. through intensification of risk analyses, improvement of case selection and efficient audit performance**
- **Ongoing development of risk management**
- **Combating of tax evasion and tax fraud, also through the usage of international administrative assistance**
- **Customs and excise tax inspections**
- **Compliance inspections regarding the cash register and receipt issuance obligations**
1. Inspections Concerning the Cash Register Obligation

**Obligation to Generate Individual Records, Operate a Cash Register and Issue Receipts**

Since 2016, new tax-related regulations have been in effect concerning records requirements for businesses. All earnings and expenditures must be individually registered and recorded. For businesses with bookkeeping requirements or voluntary bookkeeping, all incoming and outgoing cash payments must be documented individually and daily in the books or basic records.

In addition, businesses exceeding certain cash revenue thresholds are obligated to operate an electronic recording system (cash register) for documentation of their cash sales. Furthermore, every entrepreneur is obligated to issue a receipt to the respective customer for every cash sale, and the customer is obligated to accept this receipt.

Easements and exceptions are only allowed for certain businesses and sales types. For example, simplified calculation of total proceeds can only be utilised in the case of open-air sales, at alpine cabins or ski lodges, club canteens, fire department festivities or sports events by sports clubs.

**Cash Register Inspections**

A key activity during the year 2016 was therefore the verification of compliance with the cash register and receipt issuance obligation. Financial Administration inspection staff checked compliance with these new legal regulations during all audits, special VAT audits and inspections. In addition, separate cash register inspections were conducted by the tax offices and Financial Police.

In total, compliance with the cash register obligation was verified at 24,654 businesses. 12,510 of the inspected businesses were obligated to operate a cash register, and 11,465 of these met their obligations satisfactorily. Violations of the cash register obligation were determined at 1,045 businesses. The focal areas for cash register inspections were primarily the hotel and restaurant industries as well as the service and retail industries.

**Note:**
Further information on the topic of the cash register obligation can be found under www.english.bmf.gv.at > Taxation > Cash Register.
2. Specialisation by Sector

As a result of our development objectives, the tax offices intensified their efforts towards specialisation of auditors for key industries (e.g. construction and sub-construction, automobile retail and repair) and specific legal fields to improve audit quality.

The specialisation initially occurs at the team level following a special knowledge map that is constantly updated and developed. In the first step, the topics for specialisation are identified and experienced auditors assigned to them. These auditors are preferentially entrusted with the auditing of corresponding cases and given priority for appropriate training programs.

In addition, regional training events on specific new fiscal regulations and quality circles on business assessment topics are held at regular intervals.

3. Central Account Registry

Since 5 October 2016, officers of the tax and fiscal criminal authorities, the Federal Financial Court, the public prosecution authorities and the Criminal Court can determine how many accounts an individual or company maintains by querying a central registry.

The central account registry documents more than 42 million Austrian accounts. From checking accounts through savings books and building savings accounts to brokerage accounts, information on ownership, signatories, and opening and closing dates is stored and can be queried. The registry is also accessible for tax subjects themselves: Every taxpayer has access to the database via FinanzOnline, allowing all accounts registered to the respective individual to be viewed online at any time.

During preparations for on-site audits, the central account registry can be consulted if such consultation is deemed advantageous and appropriate. The registry is generally not consulted during individual assessment proceedings unless doubts concerning the correctness of the respective declaration cannot be dispelled and the tax subject has been notified that an investigation is being conducted. Whenever the fiscal authorities query the registry, the affected persons are notified automatically via FinanzOnline. This requires the affected persons to be registered FinanzOnline users, however. The Financial Administration can request the opening of accounts by way of a court order in case of justifiable doubt concerning the correctness of the information provided by a taxpayer.
4. Customs and Excise Tax Inspections

**Passenger Traffic Inspections**

In the course of operative customs monitoring, staff of the Vienna customs office performed passenger traffic controls at Vienna Central Railway Station. Following the arrival of a Euro-City train, inspection of a travel bag and trolley case revealed a large number of cigarettes for which customs duties had not been paid. The 37,500 cigarettes of various brands had a retail value of 8,250 Euros and were to be handed over to a second person in Vienna for transport to Italy.

In the course of the inspection of travellers and their luggage on a coach to Vienna, customs operatives discovered meat products whose import to Austria constituted a violation of epizootic disease regulations. After the bus had been inspected more thoroughly and service dog “Mex” had drawn the officers’ attention to two locations in the interior, a total of 86,081 cigarettes with a retail value of nearly 12,000 Euros were confiscated.

Controls of travellers were also conducted at the international bus terminal at the Vienna Central Railway Station. Passengers’ baggage was inspected on location starting as early as 4.00am. During one such inspection, 10,400 cigarettes with a retail value of 5,156.40 Euros were discovered in the interior and baggage compartment of a minibus. They had been hidden within the air filter system under the bonnet, behind an air vent in the lining of the vehicle’s roof, and in a secret compartment in the floor under the seats. In addition, six live pigeons for which no veterinary documentation required for import could be produced were found in a cardboard box. The pigeons were seized and taken to the customs veterinary office at the Vienna International Airport.
Mobile Customs Inspections at Mail Handling Centres
The primary findings made during customs clearance of postal items are counterfeit goods. Seizures during mail customs clearance also come from the following areas:

- Product piracy
- Species conservation
- Narcotics

In most cases, the seized goods are illegal prescription drugs potentially containing ingredients forbidden under species conservation laws. During such an inspection, a parcel from Hong Kong with a further smaller box containing a living turtle with neither water nor food inside was discovered. The customs declaration for the parcel stated “toys” as its contents.

During customs inspection operations at the Vienna postal handling centre, the mobile control team supported by drug detection dog “Thor” and the Federal Criminal Police were able to locate illegal narcotics 270 times. Many of these cases triggered further investigations by the police and led to arrests.

In the context of trans-departmental operations, the customs office Graz and the tax office Graz-Stadt conducted mobile inspections of letters and parcels at various postal handling centres in Styria, inspecting mail sent within the EU as well as items arriving from outside the EU.

The focus of the inspections on the side the customs office was on goods subject to certain restrictions or prohibitions, like prescription drugs, doping substances or tobacco products, and on the import of products from third countries via the online market. The tax office Graz-Stadt, on the other hand, focussed on the VAT obligations of foreign mail-order traders in Austria. Using the return addresses on parcels sent to customers and the addresses on returns, the officers were able to identify and contact businesses that had hitherto not declared any revenues in Austria.

The results achieved by the customs office were remarkable: Seizures of medications and drugs, discovery of illegal imports of doping substances, smuggle, import of meat products and hunting trophies, and violation of the prohibition on “Snus” oral tobacco.

The tax office Graz-Stadt was able to identify more than 300 potentially suspicious foreign businesses. The investigations conducted over the following months produced additional revenues in VAT on mail order transactions worth 2.2 million Euros by the end of 2016.
Objective III
Timely and Correct Levy of Taxes and Duties

To ensure uniform enforcement of the law, one of the main responsibilities of the Tax and Customs Administration is the timely and correct determination, levy and collection of taxes and other duties. This process is guaranteed through measures pertaining to claims management as well as through comprehensive quality and knowledge management.

In total, 9,043 quality assurance measures were taken during the year 2016 across the tax and customs offices, the Audit Unit for Large Traders, the Tax Investigation Unit and the Financial Police. Many of these activities were performed in connection with measures from the Financial Administration’s internal control system. The volume of enforceable tax debts was also further reduced as compared to previous years.

Main Priorities 2016

- Optimisation of claims management for targeted reduction of tax debts, especially through timely and adequate usage of existing instruments like debts analysis, intensification of safeguarding measures and cooperation across teams and agencies
- Continuous development of quality and knowledge management, optimisation of internal control systems
- Completion of the basic determination for agriculture and forestry
1. Reduction of Tax Debts

By 31 December 2016, the total volume of debts for all taxes and duties was 8.1 billion Euros. This number includes all duties that had been determined by official notification, but were not yet due for payment. Also included are taxes whose collection was delayed due to applications for suspension in the context of appeals, facilities of payment or enforcement dunning procedures, or for which further enforcement procedures were not considered expedient at the time (e.g. due to insolvency proceedings).

The Tax and Customs Administration was once again able to reduce the total volume of payable, enforceable and processable tax debts. Although the levied tax volume increases every year, the nationwide introduction of solvency checks, the intensification of training measures and the increased use of available instruments like debts analysis allowed the volume of enforceable tax debts to be reduced to slightly less than 1.6 billion Euros.

### Enforceable Debts

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,735</td>
<td>1,822</td>
<td>1,670</td>
<td>1,644</td>
<td>1,598</td>
</tr>
</tbody>
</table>

### Tax Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and property taxes</td>
<td>35,683.2</td>
<td>38,737.9</td>
<td>39,988.5</td>
<td>42,796.8</td>
<td>40,077.4</td>
</tr>
<tr>
<td>of which wage tax</td>
<td>23,392.0</td>
<td>24,597.1</td>
<td>25,942.3</td>
<td>27,272.4</td>
<td>24,645.9</td>
</tr>
<tr>
<td>Excise and transfer taxes</td>
<td>36,691.5</td>
<td>36,856.8</td>
<td>37,953.6</td>
<td>38,900.1</td>
<td>40,285.9</td>
</tr>
<tr>
<td>of which VAT</td>
<td>24,602.3</td>
<td>24,866.7</td>
<td>25,471.5</td>
<td>26,013.2</td>
<td>27,055.7</td>
</tr>
<tr>
<td><strong>Public Taxes (UG 16)</strong></td>
<td><strong>73,153.10</strong></td>
<td><strong>76,370.40</strong></td>
<td><strong>78,502.8</strong></td>
<td><strong>82,427.1</strong></td>
<td><strong>81,138.1</strong></td>
</tr>
</tbody>
</table>
2. Quality Assurance

Key Points in Quality Assurance
Case selection for quality assurance in the tax and customs offices occurs in part according to nationwide key points defined in coordination with the nationwide specialist departments and the Federal Ministry of Finance. Besides these nationwide key points, the individual specialist departments of the tax and customs offices themselves define additional key activities according to office-specific criteria. The main emphases in 2016 were on the taxation of sales of landed property, evaluation of control notifications from the taxation treaty with Switzerland and Liechtenstein, taxation of foreign income and changes in official notices and revenue safeguarding in connection with external audits. The customs offices focussed on activities concerning customs clearance, primary customs notices and official supervision of registered recipients in the area of excise taxes.

The performance of quality assurance measures occurs as comprehensively as possible. Key factors for their effectiveness include appropriate definition of focal points, processing of control notifications for the assessment years, audit reports, periodical payment records, debts development and the consideration of existing control notifications.

The most important results and insights gained from quality assurance measures are communicated internally in a suitable form (e.g. in managerial meetings or during the networking by the agency specialist departments and team leaders) and discussed at the regional level (e.g. during regional networking by the division heads).

<table>
<thead>
<tr>
<th>Qualified employees</th>
<th>Our Quality Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extensive information offering</td>
<td>• Legal correctness</td>
</tr>
<tr>
<td>Transparency</td>
<td>• Uniformity in the application of law</td>
</tr>
<tr>
<td>Risk-oriented audit and control activity</td>
<td>• Equal tax treatment</td>
</tr>
<tr>
<td>Customer-friendly financial administration</td>
<td>• Plausibility and conclusiveness</td>
</tr>
<tr>
<td>Competent and fast information provision</td>
<td>• Timeliness</td>
</tr>
<tr>
<td>Quick and legally correct handling of cases</td>
<td>• Commensurability</td>
</tr>
</tbody>
</table>

Our Quality Criteria

- Legal correctness
- Uniformity in the application of law
- Equal tax treatment
- Plausibility and conclusiveness
- Timeliness
- Commensurability
Audit-accompanying Quality Assurance Measures
For certain external audits, technical accompaniment for the auditors by the specialist department is provided before, during and after the actual audit. This applies especially to audit scenarios where a legal remedy is to be expected, as well as in cases selected for audit-accompanying measures by the specialist department for quality assurance purposes.

All cases selected for accompanied audits by a tax office and added to the audit schedule were subjected to external audit promptly after coordination with the responsible audit team.

In all cases, the audit accompaniment included assurance of completeness of the determination of circumstances and the legal consideration of the focal points selected for the accompaniment. Further support was provided during the different phases of the external audit (e.g. during the preparatory and concluding meetings) and for formulation of the justification of the verdict. The goal of this measure was to avert potential legal conflicts during the audit process or at least be appropriately prepared for a possible appeal process.

3. Transfer Pricing Control
Purposeful transfer pricing arrangements between incorporated businesses across borders can lead to massive shifts in territorial tax revenues. For this reason, many financial administrations have begun focusing on monitoring transfer pricing in the context of cross-border transactions by multinational corporations. The Austrian Financial Administration has likewise increased its monitoring of transfer prices based on the transfer pricing principles of the OECD as well as national regulations like the Transfer Pricing Guidelines (Verrechnungspreisrichtlinien 2010). This increased international monitoring activity subsequently leads to an increase in bilateral taxation conflicts, i.e. double taxation.

A Transfer Pricing Control Team was therefore established in the federal specialist department for international tax law in July 2016. Its tasks primarily include notification and APA (Advanced Pricing Agreements) procedures as well as quality assurance in connection with official information notices on transfer prices. In addition, the newly formed team provides specialist support in terms of transfer pricing control to the tax and customs offices, the Audit Unit for Large Traders (AULT), and the specialist departments at the Federal Ministry of Finance.

But further new challenges in the field of transfer prices are also impending for the Austrian Financial Administration: The number of cases relating to existing activities is growing, as are applications for rectification following audits in foreign countries, and the automatic exchange of legal information as well as enforcement of the Transfer Pricing Documentation Act (Verrechnungspreisdokumentationsgesetz) are generating increasing amounts of information to be processed by the Financial Administration. The Transfer Pricing Control Team provides the staff of the tax offices and the AULT with valuable technical support related to all of these tasks.
4. Mixed-team Audits of Wage-dependent Taxes

Within the framework of joint audits of wage-related taxes, mixed-team audits can be arranged between the auditors of the Financial Administration and the social security carriers. The emphasis of these mixed-team audits is on know-how transfer and the improvement of trans-institutional cooperation, with the purpose of improving results.

Performance of mixed-team audits definitely appears sensible when certain criteria are met. The main criteria for the performance of a mixed-team audit are the size of the audited company, the existence of complex circumstances, and a requirement for trans-institutional cooperation.

To ensure efficient execution of mixed-team audits, uniform standards were defined. For example, one head auditor and one or more co-auditors are determined. All mixed-team audits must be coordinated between the head auditor of the social security carrier and the team leader at the Financial Administration and jointly mandated. The externally perceived image of such mixed-team audits is important and must always be taken into consideration.

The experiences obtained from completed mixed-team audits are passed on to other staff members in the course of corresponding training events. The advantages of mixed-team audits have proven to be the exchange of experiences and mutual learning, and the establishment of appropriate networks allows future mutual support pertaining to specific questions and circumstances.
Objective IV
Protection of Society and Economy

An equitable and functional economy can only exist if the competitive conditions are fair. Therefore, anti-fraud measures, the enforcement of competition laws to assure free movement of goods, and control duties for the protection of humans, animals, plants, the environment and cultural assets are further responsibilities of the Austrian Tax and Customs Administration.

International coordination and cooperation is one of the key factors in combatting illegal employment and moonlighting. The Austrian labour market is under constant pressure from companies offering services from abroad, and fraudulent employment models transgress national borders easily.

Law enforcement agencies and financial administrations in all countries therefore need to work together closely and continue to improve their cross-border cooperation and contacts.

In the course of labour market controls by the Financial Police, efforts for prevention of wage and social dumping, and enforcement of gambling laws, a total of 100 million Euros in administrative penalties were filed.

Main Priorities 2016

- General-prevention-oriented nationwide control measures as financial policing authority in the areas of tax monitoring and regulatory policy
- Targeted measures against the violation of prohibitions and restrictions within the authority of the Customs Administration
- Promotion of effective anti-fraud measures, for instance through optimisation of cooperation within the Tax and Customs Administration as well as with other agencies
1. Anti-fraud Measures

**Species Conservation: Parrot Smuggling**

Following a notification by the Portuguese authorities and a simultaneous report to the customs office St. Pölten-Krems-Wiener Neustadt, customs officers were able to seize more than 50 parrots belonging to protected species in March 2016. The information received indicated that the birds were being imported illegally, and this suspicion was confirmed for the majority of the animals after further investigation.

Extensive investigations eventually revealed the full scope of the case: An international group of perpetrators was smuggling eggs of rare — and thus protected by the Washington Convention — parrot species from Brazil to Portugal, where the birds were hatched and raised to adulthood. The smugglers had been able to obtain the required import permits for some parrots by purchasing existing permits for deceased birds, including the associated rings or chips, and transferring them to their animals. In this manner they had been able to deceive customs officials during previous spot checks over the past years.

Reports concerning illegal possession of “Lear’s macaws” were likewise investigated intensively in cooperation with foreign authorities. This extremely rare species of parrot is native only to a very limited area in Brazil, with a wild population of less than 1,000 birds. The reason for the keeping of the eventually seized parrots was likely not love for animals, but rather the intent to profit from their sale, since live specimens can be worth 50,000 Euros or more on the black market. The seized animals have since been transferred to species-appropriate husbandry.

**Customs Officers Detect Illegal Trafficking of Ivory**

During the search of an apartment in Vienna ordered by the public prosecutor in early November, customs investigation officers discovered 90 elephant tusks.

The operation took place following a witness report stating that three elephant tusks had been exchanged for cash on a street in Vienna. Thanks to the detailed description by the witness, the buyer as well as the seller could be identified. The buyer was known to the authorities and had already been charged with illegal trade in endangered species products in the past.

The seized tusks were between 37 cm and 213 cm in length, with a total weight of 563.74 kg. According to inside information, elephant tusks are traded at prices up to 1,000 Euros per kg on the black market.

The sale of ivory and products made from it is strictly prohibited all over the world. The discovery of this violation of species conservation laws is a significant contribution to the protection of endangered fauna and represents a further success in combating fraud.
2. Mobile Scanning Unit

The Federal Ministry of Finance has decided to purchase a new mobile scanning unit, since X-ray technology in the field of mobile scanning equipment for the inspection of lorry trailers and containers has improved significantly in recent years. The procurement was subsidised through the Hercule programme of the European Anti-fraud Office (OLAF).

Following an international call for bids and the conclusion of the purchase process through the federal procurement company Bundesbeschaffungs GmbH (BBG), the new vehicle was delivered to the Ministry of Finance in December 2016. There are now twelve stationary and five mobile scanning systems available to the Financial Administration for effective anti-fraud measures.

The recent purchase provides the Administration with a vehicle that features a state-of-the-art X-ray unit and meets all technical requirements regarding safety and emissions regulations.

Operation of the new system eliminates the need for time- and personnel-intensive unloading of containers and lorries. Within only a few minutes, the device can scan entire road trains or train cars as well as passenger cars and coaches. Potential smuggled goods like cigarettes or narcotics can thus be discovered quickly, thereby significantly reducing costs, time and personnel requirements for the Customs Administration as well as for the owners and operators of inspected vehicles.
3. Service Dogs

There are currently 28 specialised dogs in service at the Austrian Financial Administration. All of these dogs except for those trained for detecting live animals are dually trained, meaning they are trained to detect two distinct types of smells. 21 animals are trained to search for narcotics and tobacco, five are trained to search for narcotics and cash. Two service dogs are trained to detect specimens of protected species and products made from them.

The training of a service dog requires a lot of time and effort by the dog and its handler and consists of several modules. Fully preparing an animal for service as a sniffer dog requires a training time of between twelve and 18 months.

Their careful training methods and sound knowledge results in our dog handler colleagues being acknowledged as true dog experts in the European authority environment.

The service dogs of the Austrian Financial Administration and their handlers were able to prove their impressive skills once again in 2016: Their efforts resulted in a total of 860 discoveries of narcotics, 21 discoveries relating to species conservation, 24 discoveries of cash and 127 discoveries of cigarettes. More than 1.1 million cigarettes and 1,500 kg of tobacco were seized.

4. Financial Police

The Financial Police also monitors compliance with regulations regarding the activity of businesses from EU members and other foreign countries at places of work within Austria. With the help of the Internal Market Information system (IMI), extensive investigations in the origin countries of such businesses can be initiated. The system is designed to simplify international exchange of information and legal relations between the authorities of EU member states. Besides requests for official information on the activities of businesses, their valid licences and registered employees in their country of origin, the system also allows documents to be checked for authenticity. A team of twelve Financial Police staff members from all regions serves as the hub for this information exchange between the Austrian Financial Police and other EU agencies.

Since the information exchange via IMI can also be useful for the work of the tax offices, the anti-fraud coordinators are in constant contact with the team at the Financial Police. Fast relaying of information between the tax authorities and the Financial Police is essential for successful and effective anti-fraud operations.
Personnel Leasing Inspections

In the course of an ongoing audit procedure, the suspicion arose that a large number of dispatches of foreign workers by two companies located in Hungary and Slovakia to a local Austrian company constituted cross-border personnel leasing. Determination of the existence of such a construct can result in administrative sanctions as well as tax liability within Austria.

Based on this suspicion, the Financial Police performed inspections at the premises of the Austrian company and one of its work sites. These inspections aimed to determine whether violations concerning required documentation and notification (e.g. notices of deployment resp. personnel leasing, social security documents, wage documentation) on the one hand or illegal employment of Austrian employees on the other hand had occurred.

In addition, compliance with withholding tax regulations was also examined. The extensive controls required staff from four separate Financial Police offices supported by the responsible anti-fraud coordinator and an auditor for wage-dependent taxes.

After inspecting and evaluating the work processes, questioning witnesses and examining the provided documentation, the Financial Police eventually concluded that the construct did in fact constitute cross-border personnel leasing. The consequence was the filing of charges with the respective district administrations. Additional withholding tax and municipal tax claims worth a total of nearly 1.2 million Euros were also levied against the Austrian company.
Objective V
Employee Support

The Austrian Financial Administration is a responsible and attractive employer. Internal development and the establishment of a modern working environment have been inherent elements of our management efforts for years. Targeted promotion of commitment, motivation and qualification of our staff to maintain their level of performance are a hallmark of the Tax and Customs Administration.

Already in 2015, numerous initiatives and projects were launched at the Federal Ministry of Finance with the combined goal of redefining training management with regard to content, organisation and technology, and subsequently implementing it within our organisation. Our strategic training management is currently undergoing a major institutional shift to prepare our employees for their professional challenges quickly and efficiently, fostering and supporting them with a flexible training system.

Main Priorities 2016

- Optimisation of recruiting with a view to the large number of new hires
- Integration and training of new employees and ascertaining personnel use appropriate to emerging needs
- Fostering of optimal cooperation and coordination throughout the entire organisation
- Promotion of measures for equal treatment of men and women
- Supporting workplace health promotion
1. New Employees

**New Hires**
In the year 2016, the Financial Administration was able to advertise more than 300 positions and fill them with new employees. This means that the specified target value of full employment equivalents was almost completely exhausted in the subordinated areas (tax and customs offices, Audit Unit for Large Traders, Tax Investigation Unit and Financial Police).

The main areas for new hires were anti-fraud, business audit and the Audit Unit for Large Traders. In addition, more than 50 tax assistants were promoted from apprenticeship employment to permanent positions. The tender process for so many new hires was necessary to replace a large number of retiring staff.

The number of employees going into retirement will continue to increase over the coming years, and the number of new hires will have to rise accordingly. To be even better prepared for these challenges, several projects were initiated to ensure that the Tax and Customs Administration will be able to procure the best possible staff in future (e.g. new recruiting processes, finance-specific selection and testing procedures).

**Basic Training**
The new Basic Training Regulation that emphasises flexibility entered into force on 29 December 2015. Targeted requirement profiles for all administration branches allow the teaching of theoretical knowledge to be interlaced with practical work processes. Trainees now also have the option of building up knowledge in self-study programmes. The tax and customs offices as well as other organisational units of the Tax and Customs Administration can serve as education providers. Increased use of new media optimises the educational offering in the sense of modern andragogy with full consideration of different learning and teaching types, and thus improves individual learning support.

When, where and how to obtain the required knowledge is now within the responsibility of the trainee in coordination with the respective manager, and basic training can thus be completed within the allotted time regardless of the number of trainees.
2. Social Integration

Due to the large number of staff members reaching retirement age, many new employees are currently being hired for the first time in several years, particularly in the Vienna region. Diversity in regard to age, gender and ethnicity is an important topic due to the varied background of our employees. The existence of an organisational culture in which all members can develop and express themselves improves the performance, motivation and social competence of new members, increases employee loyalty and ultimately makes the entire organisation more successful. This necessitates sensitive and comprehensive introduction to the existing organisational culture along with integration measures for our new colleagues.

Group supervision during which new staff members can engage with topics related to the culture and values of the Financial Administration – like the generation distribution of the workforce, professional positioning, improvement of communication and conflict management competence and others – while simultaneously forming peer groups is intended to promote successful integration. Management events on the topic of successful integration of new employees are likewise part of this effort. Use of these and similar measures supports our training staff in their responsible and complex field of duties.
3. Workplace Health Promotion

Workplace health promotion has a long tradition at the Austrian Financial Administration, making the Federal Ministry of Finance a trailblazer within the public administration as a whole. The sustained promotion of fitness for work, and especially the support for all employees of the Administration regarding their physical and mental health, is documented in the annually published Health Promotion Report.

Within the strategy project “Future of Work – Workplace of the Future”, transformation into a comprehensive system of workplace health management (WHM) was mandated to continue the development of workplace health promotion. The goal is a management perspective with a view to close interconnection between legal workplace safety regulations, health-promoting offerings and aspects relating to individual cases. With a focus on clear targets and performance figures, the aim is to integrate WHM into the core processes of organisational control and communicate and implement it in the sense of shared responsibility.

Besides the numerous offerings and activities provided on site at the individual offices and locations by our very dedicated health moderators as part of the workplace health promotion efforts, two nationwide measures were also applied:

**Work Ability Index Measurement**

The Federal Ministry of Finance is committed to the goal of securing the long-term and sustainable accomplishment of its tasks through motivated, productive and willing employees. This goal is pursued through mitigation of health risks by way of targeted workplace health management measures, with their success measured using the Work Ability Index (WAI).

A recent measurement of the WAI has shown that the average work ability score within the Federal Ministry of Finance is currently 33.93 index points, which represents a good result. The score has improved slightly compared to the two previous measurements as a result of the applied workplace health management measures.

**Workplace Evaluation of Mental Stress**

Differentiated analysis of work processes and working conditions is used to reduce avoidable strain and optimise the handling of stress. Work analyses evaluate work assignments and circumstances of their execution on the one hand and the actual working activity with its requirements, resources and stressors on the other. Behavioural observation at the different workplaces, systematically supplemented with interviews and questionnaires, provides results related to the workplace and activity as opposed to the individual employee.

The results of this analysis are indications for reducing overall strain through changes in technology, workplace setting, work organisation and cooperation and/or work execution. Overall, a huge step towards workplace enhancement.
4. Equal Treatment of Women and Men

The Federal Ministry of Finance is committed to an active policy of equal treatment and non-discrimination to ensure equal chances for women and men.

This commitment to an active policy of equal treatment forms the preamble to the Promotion Plan for Women, enacted as a regulation based on the requirements of the Federal Equal Treatment Act (Bundes-Gleichbehandlungsgesetz). The Promotion Plan for Women specifies goals as well as measures for their achievement. Among the stipulated goals and measures are the following:

- Promotion of the concerns and support of measures for the promotion of women
- Promotion of equal representation of women in all decision-making structures, commissions, boards, podiums and delegations
- Raising of the percentage of women in executive positions
- Acceptance of the exemplary position of the Ministry of Finance and adoption of an active role in the presentation of the topic of equal treatment towards the outside

- Preferential treatment of women in regard to hiring and promotion within the organisation, if they are at least as suitable as the best male competitor and the quota of 50% has not yet been reached
- Applications by employees on maternity leave must be treated equally to other applications
- Existing disparities in the working conditions for men and women are to be eliminated

On 31 December 2016, a total of 11,149 staff were employed at the Tax and Customs Administration, of which 5,340 were female and 5,809 were male. The percentage of female employees was therefore 47.9%, nearly unchanged compared to the previous year. Despite decreasing staff numbers, the development of the percentage of female employees is slightly positive, from 46% in 2005 to 47.5% in 2015 and 47.9% in 2016.

<table>
<thead>
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<th>Year</th>
<th>Total staff</th>
<th>Men</th>
<th>Women</th>
<th>% of men</th>
<th>% of women</th>
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<tr>
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<td>6,755</td>
<td>5,752</td>
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<td>5,964</td>
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<tr>
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<td>5,798</td>
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<td>5,883</td>
<td>5,318</td>
<td>52.5%</td>
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</tr>
<tr>
<td>2016</td>
<td>11,149</td>
<td>5,809</td>
<td>5,340</td>
<td>52.1%</td>
<td>47.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>% of women</td>
<td>Number</td>
<td>% of women</td>
<td>Number</td>
</tr>
<tr>
<td>Men</td>
<td>827</td>
<td>28.0%</td>
<td>823</td>
<td>29.4%</td>
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<tr>
<td>Women</td>
<td>321</td>
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<td>342</td>
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<tr>
<td>Total</td>
<td>1,148</td>
<td></td>
<td>1,165</td>
<td></td>
<td>1,205</td>
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</tbody>
</table>
Objective VI
Organisational Development

The Financial Administration’s measures of organisational development are designed to ensure the requirements for an innovative, impact-oriented and efficient organisation that is capable of properly fulfilling its tasks and adapting to changing demands in the future.

As a modern financial administration, we see it as our responsibility to continually expand our offering of online services and promote their use. This allows errors resulting from manual entry and processing of data to be avoided and our work processes to be made significantly more expeditious and efficient. This in turn benefits not only the Financial Administration itself, but every individual taxpayer.

Technological advancement and the increasing amount of data (Big Data) allows the Austrian Financial Administration to break new ground in this regard as well. Measures for improved automation and digitalisation go hand in hand with innovative methods of analysis and modern risk management instruments.

Main Priorities 2016

- Optimisation of work processes and renewal of procedures to minimise risks and improve efficiency
- Development measures for audit quality assurance, especially related to the tax reform and anti-fraud efforts
- Continued development of customer management, especially of telephony, and improvement of security for customer contact
- Establishment and implementation of investment and maintenance plans and improvement of energy efficiency
1. Automation and Digitalisation

**Hybrid Return Receipts**
With the new hybrid return receipt, the Austrian Post now offers authorities an inexpensive and fast method for sending RSa and RSb letters (mail by authorities with a return receipt, delivered to the addressee personally and/or signed for). Instead of being delivered physically, the new hybrid return receipts are now transmitted to the authority electronically. This form of delivery is already in use for the sending of access codes for FinanzOnline, leading to reduced costs as well as simplified handling at the tax offices.

**Electronic Tax Office Payment**
These days, taxes are primarily paid electronically. However, around one-third of all payments are still made by way of money orders. In these cases, banks are required to forward copies of receipts to allow the tax offices to correctly register the information provided in the money order and book the payments themselves.

Since 1 February 2016, this forwarding of receipt copies is no longer necessary due to the SEPA Regulation (Regulation (EU) No. 260/2012). The information provided on the money order and required for correct booking of the payment must now be manually recorded at the bank and transmitted electronically. To prevent errors resulting from the medium shift and keep manual interventions to a minimum, secure, efficient and user-friendly solutions in the area of electronic payment of taxes are continually being developed and promoted. Work processes can be made significantly more quick and efficient, which improves the quality of our work and thus the satisfaction of our customers.

Between February and July 2016, all banks implemented an automatic switch to the mandatory “Tax office payment” function for money orders made out to an IBAN associated with a tax office account. For the “Tax office payment” function, the entry of the tax account number (tax office code and tax number) is mandatory. This tax account number is provided to the taxpayer in written upon initial assignment of a tax account and appears on all written official correspondence (decisions, notifications etc.).

Since this time, all tax payments must be made electronically (electronic banking) if the taxpayer can be reasonably expected to be able to perform such actions. Electronic payment can be reasonably expected in any case if the taxpayer has already used an electronic banking system to pay taxes or duties or make other payments.

The sending of orders to pay was therefore discontinued by default on 1 April 2016. Tax account statements and notifications of quarterly due dates can now be sent electronically by forgoing the need to send orders to pay, if electronic delivery in FinanzOnline is used.
2. Modernisation of Locations

**Finance Centre Klagenfurt**
The project to rent and move to the Finance Centre in Klagenfurt proceeded according to plan in 2016. From May 2017, the Klagenfurt tax and customs offices, the local teams of the federal departments Audit Unit for Large Traders, Tax Investigation Unit, Financial Police and Tax Office for Duties, Transfer Taxes and Gambling, and the local tax and customs coordination unit will be located together in a single building.

**Finance Centre Innsbruck**
A special challenge for the affected staff was the refurbishment and modernisation of the Finance Centre Innsbruck, which occurred during active operation. The implementation was divided into several project phases: In the first project phase of space consolidation, all office and meeting rooms in the building were equipped with modern LED lighting and acoustic ceilings according to the defined technical specifications. Simultaneously, efficient space management created room for an additional 80 staff members of the Innsbruck customs office.

As early as November 2015, the workplaces of all employees of the Tax and Customs Administration, the Federal Financial Court and the Federal Bookkeeping Agency in Innsbruck could be consolidated into a single building.

The second project phase was initiated during the first half of 2016 and included renovating the sanitary installations and making the entire building barrier-free. To improve accessibility, a modern elevator was installed near the main entrance. This project phase was likewise implemented during full operation of the building and caused no restrictions to customer traffic.
The following projects were implemented in 2016:

- Finance Centre Klagenfurt: Implementation started
- Finance Centre Innsbruck: Space consolidation and renovation completed
- Technical Inspection Agency (TIA): Implementation started
- Financial Police: Migration Vienna, Brehmstraße completed

3. Reorganisation of the Federal Academy of Finance

The new organisational composition of the Federal Academy of Finance (Bundesfinanzakademie) has been in force since 1 May 2016. This new organisational structure became necessary in 2016 as a result of the strategic goals and an impending wave of retirements. The new structure is oriented around the organisational logic of the tax and customs offices and characterised by new, separated organisational units and a redefinition of the span of control.

The reorganisation of the Federal Academy of Finance is part of a full-scale reorientation of training structures within the Financial Administration: The new Basic Training Regulation, the continuous development of function training and the ongoing project for electronic training management interlock with each other and create transparent structures and processes as well as clear responsibilities for trainees, trainers and managers. All of these measures pursue the goal of transferring knowledge to our staff as quickly and efficiently as possible.
4. Predictive Analytics Competence Centre

The Predictive Analytics Competence Centre (PACC), established as successor institution to the Risk, Information and Analysis Centre (RIA) for combating fraud, commenced operations on 1 June 2016. The task of the PACC is to prepare and provide data-based information in the sense of modern risk and quality management to support efficient and effective anti-fraud measures. New ground was broken in order to fulfil this mission. It is essential for the Austrian Financial Administration to keep up with technological innovation and the ever-increasing volume of data. Risk assessment of tax processes performed according to current scientific methods and holistic evaluation of the results of inspection and audit measures contribute to the optimisation of these processes and measures.

The goal of the use of Big Data is to make data-driven decisions. This requires innovative and creative methods of analysis like data mining, predictive analytics, simulations and scenario research.

The key responsibilities of the PACC are the performance of technical analyses and compilation of their results based on available data, as well as evaluation of the results of all taxation processes and assurance of their quality. Predictive analysis methods now allow data patterns in previously audited cases to be recognised and corresponding models to be generated. The resulting models can then be applied to newly incoming data to identify cases with similar data characteristics and a high probability of predictable audit results. Ongoing evaluation of the existing audit data helps to continually improve case selection. Use of this mechanism is not principally restricted to business audits and audits of wage-dependent taxes, but can likewise be applied to other areas within the responsibility of the Tax and Customs Administration.
International Cooperation

Experts of the Austrian Tax and Customs Administration are active in various projects and networks of international organisations like the Organisation for Economic Cooperation and Development (OECD), the European Commission, the World Customs Organisation (WCO) or the Intra-European Organisation of Tax Administrations (IOTA). Visits by foreign delegations, twinning projects to support administrations in other countries, and working visits within the framework of the Fiscalis and Customs 2020 programmes round off the wide spectrum of international cooperation.

The Austrian Tax Administration continually proves its international commitment in the fight against tax fraud, tax evasion and aggressive tax planning, as well as in its enforcement of EU tax legislation. An essential part of these efforts is the assurance of comprehensive information exchange. Support and cooperation between public authorities at the European level and beyond aims to reduce the administrative costs of tax agencies as well as the effort for compliance required from the taxpayers themselves.

The Austrian Customs Administration has an excellent reputation at the European level and provides support and groundwork for numerous other customs administrations worldwide.

Highlights 2016

- Conclusion of the Fiscalis working group on the topic of automatic information exchange under Austrian chairmanship
- Hosting of the International Tax Officer Meeting at the Federal Academy of Finance in Vienna
- Participation in twinning projects in various countries to support the local tax and customs administrations
1. Union Customs Code

The new Customs Code of the European Union (Union Customs Code, UCC) brings extensive changes in the field of customs law and customs policy. It includes considerable adaptations of customs legislation and its application in terms of electronic working environments for customs authorities and industry.

Austria is currently progressing well on the path to UCC implementation. Timely and sound implementation of the new working environments in terms of quality and service should maintain the attractiveness of Austria as a business location for domestic traders.

The UCC was passed as a regulation by the European Parliament and is thus slated for implementation in all EU member states. Mandatory implementation of the IT-related elements of the regulation must be completed by the end of 2020. The goal of the UCC is to make customs processes within the EU more efficient, transparent and industry-friendly. Electronic working environments between traders and customs authorities will become the standard.

This also requires joint authority and areas of responsibility by the customs administrations of the individual member states as well as the promotion of mutual data exchange. As it was not possible to implement these changes by 1 May 2016, the date on which the UCC came into force, long-term transitional rules have been agreed upon. Among other aspects, the UCC will simplify customs debt laws and offer the possibility of common guarantees for multiple customs procedures, and will also finally provide a modern method for correcting customs declarations.

The automatic information exchange ensures the synchronisation of data pertaining to taxable income between countries. Standardised and IT-supported procedures ensure that all cases are handled efficiently and in a citizen-friendly fashion.

The Federal Ministry of Finance receives information from many foreign countries concerning tax subjects living in Austria who have income or assets abroad. This applies to individuals as well as to companies. In return, the Ministry of Finance sends data to the countries participating in the automatic exchange network regarding persons and businesses with taxable residences in those countries and generating income or possessing assets in Austria.

The following types of information have been included in the automatic data exchange since 2016:

- Income from pensions
- Income from employment
- Income from rent and lease
- Income from director compensation
- Information on life insurance policies
- Information on the ownership of property
- Additional tax-relevant information on the basis of double taxation treaties

The depth of information shared by the participating countries will continue to increase over the coming years. Many countries including Austria have committed to the OECD standard for the exchange of information on financial accounts (e.g. interest, portfolio and account balances) starting in 2017. Further steps include the exchange of information on binding tax disclosures and the transmission of country-specific reports by international corporations starting in 2018.

2. International Information Exchange

Automatic information exchange between different countries allows tax-relevant information from foreign administrations to be shared with the responsible tax office in a tax subject’s home country. Honest taxpaying citizens should thus not be at a disadvantage compared to those who do not adhere to the law, and the cooperation of around 100 countries creates additional transparency and fairness concerning tax honesty.

Banking Law Package

In order to mitigate the risk of “tacit withdrawers” who withdraw their cash from bank accounts prior to the possibility of authorities accessing account information, a temporary obligation to report capital drain was introduced. Since 1 March 2015, banks must report capital movements exceeding...
50,000 Euros by way of cash withdrawals, bank transfers or asset shifts to foreign countries. Transfers of capital into Austria from Switzerland and Liechtenstein also had to be reported until the end of 2016. The tax offices will analyse all of these incoming reports.

Austria is thereby following international trends that represent important measures in the active fight against tax avoidance and tax evasion, and whose implementation will be mandated by future EU regulations.

3. Collaboration in International Projects

In September 2016, the 11th International Tax Officer Meeting (ITOM) was held at the Federal Academy of Finance in Vienna. The topics of this year’s seminar were transfer prices and the determination of profits for purchasing companies. Besides employees of the Austrian Financial Administration, among them auditors from the AULT, the event was attended by participants from ten EU member states, China, the USA and a representative of the OECD. Another topic at this year’s meeting was an ongoing project within the framework of the OECD-JITSIC (Joint International Taskforce on Shared Intelligence and Collaboration) network that Austria participates in actively.

During the meeting, the participants presented anonymised cases from their audit practice, which were subsequently discussed in the plenum or in working groups. The speakers also used the opportunity to obtain specific input concerning ongoing cases by asking their listeners questions. The corresponding answers allowed all participants to deepen their knowledge and experience in the field of transfer prices. At the end of the workshop, suggestions for a best practice guide for the auditing of purchasing companies were compiled.

Besides the opportunity to exchange knowledge and establish contacts, the participants particularly appreciated the productive discussions in the working groups.

**European Taxpayers’ Code**

In November 2016, the European Commission published guidelines for the establishment of a European code for tax subjects. Experts of the Austrian Financial Administration were involved in the development and compilation of these guidelines by way of a Fiscalis project working group.

The European Taxpayers’ Code contains fundamental principles that summarise the most important existing laws and obligations determining the relationship between tax subjects and tax administrations in Europe. Based on a draft by several EU member states including Austria, the remaining member states were consulted.

The finished document is intended as a model that the individual member states can adapt or expand according to national requirements and circumstances.

**Note:**
The European Taxpayers’ Code can be found on the website of the European Commission under https://ec.europa.eu/taxation_customs/business/tax-cooperation-control_en
Social Responsibility

It is the declared goal of the Financial Administration to ensure an economic order and climate that provide a solid foundation for social cooperation together with all stakeholders. The Tax and Customs Administration contributes to assuring a fair competitive environment and preventing dishonest conduct. Neutrality of taxation and equal treatment are fundamental principles.

In addition, the Financial Administration is aware of its social responsibility and strives to be an example of proper conduct. For instance, we aim to achieve a lasting by educating young citizens, training apprentices and supporting athletes.

We also aim to achieve equal treatment of women and men in all political and social matters by way of a gender-aware perspective in all areas and decision-making processes. The Financial Administration is committed to an active policy of equal treatment and non-discrimination to ensure equal chances for women and men.

Highlights 2016

- Well-founded and forward-looking training and education of young persons and support for their career planning, e.g. through apprenticeships with high school diplomas.
- Optimal training environment for athletes through secure employment at the Customs Administration
- Athletic success: Customs officer Eva-Maria Brem was named Austrian Female Athlete of the Year after her victory in the FIS Giant Slalom World Cup
- Equal chances for women and men in all circumstances of life, e.g. paternity leave for young fathers
1. Apprentice Training

Over the past years, the number of apprentices trained at the Austrian Financial Administration has been increasing continuously. While around 20 apprentices were in training concurrently ten years ago, this number has increased to 190 apprentices across all skilled trades and apprentice years by the end of 2016.

Besides this quantitative development, we have also focussed intensively on the quality of our training, with the result that the Tax and Customs Administration has received several awards for its apprentice training activities. In addition to their training at the tax offices, our apprentices attend vocational schools and participate in the apprentice weeks at the Federal Academy of Finance.

This commitment to apprentice training will be continued by the Federal Ministry of Finance over the coming years. The Tax Assistant Apprentice Initiative is a decisive step towards the continued increase of apprentice training positions. With it, the Financial Administration is fulfilling its responsibility to educate and employ young people while simultaneously assuring its own supply of qualified employees.

**Tax Assistant Apprenticeship**

Apprentices in the skilled trade of tax assistant are gradually introduced to the challenging and exciting world of taxes. Following a sound education in theory and practice, they will be able to assume a variety of tasks in the fiscal system or in accounting. Their field of expertise is broad, reaching from recognition and evaluation of tax- and duties-related circumstances through administrative work using company-internal information and communication systems to cooperation in the assessment and analysis of economic scenarios from various areas of business.

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2. Sports Promotion

Promotion of top-level Austrian athletes has a long tradition at the Ministry of Finance. Athletes of the Austrian Skiing Federation are employed in special cadre positions at customs offices. They are given leave to participate in training and competitions on the one hand and participate in basic customs training, including “training on the job”, on the other. After the end of their sports career, they can thus easily transition into work as customs officers.

The intent of this sports promotion is to provide ambitious young talents with financial and social protection on their riskladen path to becoming elite sportsmen and women, while simultaneously offering them professional training. The excellent acceptance of this system is evidenced by the fact that nearly all participating athletes remain with the Customs Administration after their sports careers.

With several cadre members ending their active sporting careers in 2016, a total of ten new sportsmen and women were accepted into the sports cadre. There are currently 30 cadre positions – ten each for alpine skiing, Nordic skiing and para-alpine skiing. With the exception of three para-alpine skiing positions, all of these cadre positions are currently filled.

The performance of the sports cadre of the Austrian Financial Administration is outstanding; its greatest athletic success in 2016 was certainly Eva-Maria Brem’s victory in the FIS Giant Slalom World Cup, which also earned her the title of Austrian Female Athlete of the Year.

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3. Gender Mainstreaming and Diversity

Gender Mainstreaming is a strategy in non-discrimination policy that aims to ensure equal treatment of women and men in all political and social matters. This goal is to be achieved through a gender-aware perspective in all areas of politics and decision-making processes with consideration of the specific needs of both women and men.

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**Job Advertisements for Apprenticeships**

Open advertisements for apprenticeships within the Financial Administration can be found in the Austrian Federal Job Exchange and under www.bmf.gv.at/jobs > Jobs & Karriere.
Gender Mainstreaming aims to take the needs of humans and their differences and diversity into consideration, and therefore also recognises potentials for aid to men, for example in the areas of health protection or paternity leave for young fathers.

A working group at the Federal Ministry of Finance is tasked with evaluating possibilities for the implementation of gender mainstreaming and supporting the implementation of gender budgeting at the Financial Administration. The Gender Mainstreaming Working Group was established in September 2015.

The group is composed of an equal number of women and men and is represented in the Inter-Ministry Working Group for Gender Mainstreaming/Gender Budgeting (IMWG GMB) of the Federal Ministry for Health and Women’s Affairs (BMGF).

The Federal Ministry of Finance is committed to an active policy of equal treatment and non-discrimination to ensure equal chances for women and men. The Promotion Plan for Women is designed to support this goal, and gender mainstreaming is included in the Ministry’s Promotion Plan for Women. Among other aspects, the Ministry is working on implementing the strategy of gender mainstreaming within its own area of competence. The goal of introducing gender mainstreaming into all areas of life is supported by various international agreements, measures, federal laws, guidelines etc.
Outlook

The Federal Ministry of Finance sees itself as a driver and initiator of reforms to help master the future and its challenges. The Austrian Financial Administration is a performance- and customer-oriented, efficient and innovative organisation that holds the responsibility for safeguarding the financial interests of the Republic of Austria.

Only permanent development will allow the Tax and Customs Administration to continue to fulfil these responsible duties in the future. Our goal must be to become the best financial administration in the world, and to make the Austrian Financial Administration a best practice example for other administrations at the national and international level.

Ambitious projects are therefore scheduled for implementation in the coming year 2017 as well. For example, citizens who paid too much in taxes in any given year will be reimbursed automatically by their tax office without the need for an application in future. Data on tax-deductible expenses like donations or church membership contributions no longer need to be provided in the tax declaration, but will instead be collected automatically by the tax office and the appropriate deductions will be made.

All these measures lead the Austrian Financial Administration onward into the future following the motto “Simple, electronic, effective”.

Expectations for 2017

- **Automatic payment of tax returns (employee tax assessment) for citizens by the tax office without application**
- **Automatic data transmission on donations and church membership contributions to the Financial Administration**
- **Transparency concerning profit shifting by international corporations**
1. Application-free Employee Tax Assessments

From July 2017, employee tax assessments occur automatically in many cases in the form of so-called “application-free employee tax assessments”. The advantage for taxpayers is that they will no longer need to submit a tax declaration. Excess taxes paid will be calculated by the Financial Administration, the resulting tax returns transferred to the taxpayer’s bank account and a corresponding notification issued.

Application-free tax employee tax assessments will be performed from declaration year 2016 onwards so that persons with low incomes or minimum pensions will receive their tax returns quickly. The automatic tax returns system not only affects these people, however – it benefits everyone with wage-tax-liable income only who is eligible for tax returns.

If the Financial Administration can assume that an application for tax returns will be filed by the taxpayer, e.g. to report additional expenses, an employee tax assessment will not be performed initially.

If no application has been filed within two years of the corresponding fiscal year, however, an automatic employee tax assessment will always be performed if the taxpayer is eligible. Example: If a taxpayer has not filed an application for tax returns for the year 2016 by 31 December 2018 and is eligible for tax returns, an automatic employee tax assessment will be performed.

Note:
All taxpayers for whom employee tax assessments are performed automatically will receive an information letter from their tax office during the second half of 2017.
2. Data Transfer for Special Expenses

Starting in 2017, an automatic data exchange concerning donations, church membership contributions and voluntary continued insurance in the compulsory pension insurance, including the purchase of additional insurance times, will be established between the receiving organisations and the Financial Administration. This will entail a significant easement for affected citizens, for they will no longer need to provide data on these special expenses in the course of their tax declaration. The Financial Administration can transfer the received data into the declaration automatically with the taxpayer’s permission.

Starting in 2018, these special expenses like donations and church membership contributions must be reported to the Tax Administration automatically by the receiving organisation. This means that starting with the fiscal year 2017, such special expenses will also be considered for the automatic employee tax assessments. The requirement for this is that the respective organisation (e.g. a charitable organisation receiving donations) possesses the personal data of the payer including first name, last name and date of birth. Taxpayers will be able to verify that the respective organisations have reported the correct amounts to the Financial Administration via FinanzOnline. The amounts are also specified in the income tax assessment.

Only the following categories of special expenses are affected by this change:

- Compulsory contributions to churches and religious communities,
- Voluntary donations according to § 4a Income Tax Act (Einkommensteuergesetz), especially donations to eligible recipients and fire brigades,
- Contributions to the endowment of a charitable foundation,
- Contributions to the Innovation Foundation for Education according to the Innovation Foundation for Education Act (Innovationstiftungs-Bildung-Gesetz), and
- Payments for voluntary continued insurance, including purchases of insurance times, in the compulsory pension insurance as well as comparable payments to care and support programmes by the chambers for the self-employed.

The requirement in all cases is that the receiving organisation has a permanent facility within Austria. Contributions to foreign churches and religious communities without permanent facilities within Austria or tax-deductible donations to foreign organisations are not automatically reported. Naturally, such payments will remain deductible as special expenses, but they will have to be declared manually by the taxpayer as usual from 2017 onward. The obligation of the taxpayer to produce supporting documents will be restricted to these cases.
3. Security Mechanism for Cash Registers

In order to improve tax equity in Austria, the obligation to operate a cash register for secure documentation of revenues combined with the obligation to issue a sales receipt to each customer was introduced. Individual sales are registered in the data log of the cash register and are thus verifiable. These obligations represent effective measures to prevent failure to record or incorrect recording of revenues. A further risk is the manipulation or deletion of revenue data after their recording in electronic systems. In order to combat this problem effectively, an additional obligation to implement technical anti-manipulation measures in the electronic recording system was introduced on 1 April 2017.

This manipulation protection system works by way of chaining the cash transactions using an electronic signature created by the mandatory signature creation unit. The chaining is achieved by incorporating selected data from the previous recorded transaction, including the used signature value, into the next created signature. This means that every new record contains some information on the previous record, which makes any alteration of deletion of one or more records traceable.

The system requires no permanent Internet connection, instead providing security through the electronic signature that is added to the record of each individual transaction. The user of the cash register receives an appropriate certificate from a trusted site for this purpose.

Verification of compliance with the security regulations is simple: In the course of an inspection on location, the cash register user is asked to enter a transaction with a cash value of zero and issue a corresponding receipt. This receipt is checked for compliance with the legal technical requirements by scanning its QR code with a special testing application. An automatic verification programme can quickly check the submitted data log and the chain of signatures for every transaction included therein for correctness and completeness.

The transaction register concept of the Austrian Financial Administration with all its measures, including the obligations for operation of a cash register, individual recording of transactions, issuance of receipts and manipulation protection through a digital signature process, is already being described as a showcase solution by international experts.

Note:
Further information on the required technical security mechanisms and the Cash Register Security Regulation can be found under www.english.bmf.gv.at > Taxation > Cash Register.

4. Transfer Price Documentation for Multinational Corporations

Prevention of tax base erosion and profit shifting (BEPS) by multinational corporations is a global concern. The improvement of transparency for tax administrations can contribute significantly in this context, especially if sufficient information for the performance of risk estimations and audits in questions relating to transfer prices is provided. The OECD/G20 nations have therefore agreed upon guidelines for the documentation of transfer prices and country-specific reporting within the framework of an initiative against BEPS. These guidelines aim to achieve the following goals in the documentation of transfer prices:

- Ensuring that the tax subjects pay appropriate attention to the transfer price requirements in their tax declarations,
- Disclosure to tax administrations of all necessary information to allow them to perform well-informed risk estimations concerning transfer pricing, and
- Disclosure to tax administrations of useful information to allow them to perform appropriate and thorough evaluations of transfer pricing practices.

To meet these goals, a three-step approach to transfer price documentation will be introduced. This three-tier reporting structure consists of a Master file, a Local File and a Country-by-Country Report. A core element of the package of BEPS
measures is the fact that the country-specific reports are transmitted between the affected countries in an automatic exchange process. A corresponding change to the EU Mutual Assistance Directive will ensure that the standard for country-specific reporting agreed at the OECD/G20 level is implemented consistently within the European Union.

Austria has already implemented the new standard for transfer price documentation in national law with the Transfer Price Documentation Act (Verrechnungspreisdokumentations-gesetz, VPDG) and the associated VPDG execution regulations. The new regulations will be applied for taxation periods starting with 1 January 2016.

5. Legal Aid

With the Duties Change Act 2016 (Abgabenänderungsge-setz 2016), legal aid for duties proceedings at administrative courts was introduced and will enter into force on 1 January 2017. Under certain circumstances, tax subjects can be granted legal counsel for appeals procedures free of charge by the administrative court.

The application for such legal aid must contain the following:

- the underlying official notification,
- the reasons why this notification is considered unlawful,
- the decision by the applicant whether a tax consultant (Chamber of Chartered Public Accountants and Tax Consultants) or a lawyer (Chamber of Lawyers) should be appointed, and
- a presentation of the income and asset situation of the applicant and the economically involved persons.

The administrative court evaluates whether all requirements for the granting of legal aid are met. Besides a lack of financial assets to meet the costs of litigation, it must also determine whether the legal issues in dispute exhibit extraordinary complexity or difficulty and whether the appeal was not lodged wantonly or despite obvious futility.

The costs for this legal aid are initially assumed by the Chamber of Chartered Public Accountants and Tax Consultants respectively the Chamber of Lawyers. Both chambers will then be reimbursed for their services with appropriate flat-rate payments by the Federal Ministry of Finance.
Facts and Figures
in Comparison

Numbers are the foundation of the world of taxes and customs, and this section therefore provides various interesting internal data including performance indices and more. It is intended to provide an overview of the various fields of activity of the Financial Administration.

<table>
<thead>
<tr>
<th>Tax/Customs Revenues in Millions of Euros</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value added tax (VAT) incl. import VAT</td>
<td>24,866.7</td>
<td>25,471.5</td>
<td>26,013.2</td>
<td>27,055.7</td>
</tr>
<tr>
<td>Wage tax</td>
<td>24,597.1</td>
<td>25,942.3</td>
<td>27,272.4</td>
<td>24,645.9</td>
</tr>
<tr>
<td>Income tax</td>
<td>3,119.9</td>
<td>3,383.9</td>
<td>3,617.3</td>
<td>3,902.9</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>6,018.0</td>
<td>5,906.1</td>
<td>6,320.4</td>
<td>7,431.7</td>
</tr>
<tr>
<td>Capital yields tax</td>
<td>2,589.9</td>
<td>2,769.5</td>
<td>3,863.1</td>
<td>2,355.1</td>
</tr>
<tr>
<td>Customs duties</td>
<td>214.3</td>
<td>243.0</td>
<td>261.9</td>
<td>262.6</td>
</tr>
<tr>
<td>Import turnover tax customs</td>
<td>269.5</td>
<td>269.2</td>
<td>295.7</td>
<td>331.8</td>
</tr>
<tr>
<td>Real estate transfer tax</td>
<td>789.4</td>
<td>868.6</td>
<td>1,019.4</td>
<td>1,117.6</td>
</tr>
<tr>
<td>Excise duties on mineral oil</td>
<td>4,165.5</td>
<td>4,135.0</td>
<td>4,201.1</td>
<td>4,312.6</td>
</tr>
<tr>
<td>Excise duties on tobacco</td>
<td>1,662.1</td>
<td>1,713.2</td>
<td>1,776.3</td>
<td>1,834.9</td>
</tr>
<tr>
<td>Disbursed family allowance payments</td>
<td>3,162.8</td>
<td>3,127.1</td>
<td>3,379.9</td>
<td>3,444.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget (preliminary) in Millions of Euros</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses</td>
<td>514.8</td>
<td>526.1</td>
<td>545.8</td>
<td>559.2</td>
</tr>
<tr>
<td>Material expenses</td>
<td>92.2</td>
<td>93.4</td>
<td>93.2</td>
<td>92.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Audit Unit for Large Traders</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business audits and special VAT audits</td>
<td>3,290</td>
<td>3,133</td>
<td>3,030</td>
<td>3,403</td>
</tr>
<tr>
<td>Additional revenue in millions of Euros</td>
<td>690.2</td>
<td>847.0</td>
<td>902.2</td>
<td>654.6</td>
</tr>
<tr>
<td>Audits of VAT foreigners</td>
<td>417</td>
<td>347</td>
<td>318</td>
<td>351</td>
</tr>
<tr>
<td>Additional revenue in millions of Euros</td>
<td>126.2</td>
<td>27.6</td>
<td>119.0</td>
<td>50.4</td>
</tr>
<tr>
<td>Other inspection measures</td>
<td>828</td>
<td>1,088</td>
<td>1,093</td>
<td>1,113</td>
</tr>
<tr>
<td>Additional revenue in millions of Euros</td>
<td>6.8</td>
<td>3.1</td>
<td>11.3</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Financial Police</strong></td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>---------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Examined businesses</td>
<td>36,467</td>
<td>33,610</td>
<td>29,513</td>
<td>30,439</td>
</tr>
<tr>
<td>Examined employees</td>
<td>73,599</td>
<td>70,428</td>
<td>58,047</td>
<td>54,579</td>
</tr>
<tr>
<td>of which illegal employees</td>
<td>11,310</td>
<td>13,143</td>
<td>11,961</td>
<td>12,962</td>
</tr>
<tr>
<td>Number of examinations of games of chance</td>
<td>661</td>
<td>602</td>
<td>1,075</td>
<td>730</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tax Investigation Unit</strong></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits and enforcement measures</td>
<td>136</td>
<td>150</td>
<td>152</td>
<td>142</td>
</tr>
<tr>
<td>Additional revenue in millions of Euros</td>
<td>27.5</td>
<td>7.1</td>
<td>13.4</td>
<td>8.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tax Office for Duties, Transfer Taxes and Gambling</strong></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits</td>
<td>532</td>
<td>585</td>
<td>478</td>
<td>426</td>
</tr>
<tr>
<td>Additional revenue (in millions of Euros)</td>
<td>91.6</td>
<td>57.9</td>
<td>136.7</td>
<td>140.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Customs Offices</strong></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traffic of Goods</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declarations (in millions of cases)</td>
<td>4.05</td>
<td>4.04</td>
<td>4.08</td>
<td>3.94</td>
</tr>
<tr>
<td>Controls (declaration cases)</td>
<td>188,192</td>
<td>170,780</td>
<td>162,275</td>
<td>161,521</td>
</tr>
<tr>
<td><strong>Customs Audits and Controls</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed audits</td>
<td>1,132</td>
<td>1,027</td>
<td>1,102</td>
<td>1,102</td>
</tr>
<tr>
<td>Additional revenue (in millions of Euros)</td>
<td>25.3</td>
<td>9.9</td>
<td>23.8</td>
<td>38.9</td>
</tr>
<tr>
<td>Controls (customs surveillance)</td>
<td>5,514</td>
<td>5,388</td>
<td>5,891</td>
<td>5,222</td>
</tr>
<tr>
<td>Mobile controls (operations)</td>
<td>2,870</td>
<td>2,729</td>
<td>2,706</td>
<td>2,244</td>
</tr>
<tr>
<td><strong>Excise duties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declarations (incl. distillation of alcohol)</td>
<td>57,943</td>
<td>59,234</td>
<td>55,441</td>
<td>49,940</td>
</tr>
<tr>
<td>Controls (supervision)</td>
<td>7,963</td>
<td>8,150</td>
<td>7,390</td>
<td>7,766</td>
</tr>
<tr>
<td><strong>Travellers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls (travellers)</td>
<td>291,532</td>
<td>257,647</td>
<td>230,900</td>
<td>234,794</td>
</tr>
<tr>
<td>Tax refund statements (U34) (in millions of cases)</td>
<td>1.72</td>
<td>1.90</td>
<td>2.23</td>
<td>2.09</td>
</tr>
<tr>
<td><strong>Tax Offices</strong></td>
<td><strong>2013</strong></td>
<td><strong>2014</strong></td>
<td><strong>2015</strong></td>
<td><strong>2016</strong></td>
</tr>
<tr>
<td>----------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>General Assessment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FON quota of employee tax assessments (L1)</td>
<td>60%</td>
<td>62%</td>
<td>65%</td>
<td>66%</td>
</tr>
<tr>
<td>Processing time for employee tax assessment (receipt to notification) in calendar days</td>
<td>17</td>
<td>22</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td>Processing time for family allowance payments (receipt to notification) in calendar days</td>
<td>20</td>
<td>23</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>Processed employee tax assessments (L1) (in millions of cases)</td>
<td>3.69</td>
<td>3.73</td>
<td>3.78</td>
<td>4.21</td>
</tr>
<tr>
<td>Processed requests and evaluations of family allowance payments</td>
<td>574,909</td>
<td>586,770</td>
<td>598,947</td>
<td>659,030</td>
</tr>
<tr>
<td><strong>Safeguarding of Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax debts with issued notifications (in millions of Euros)</td>
<td>1,821.8</td>
<td>1,670.7</td>
<td>1,644.3</td>
<td>1,617.7</td>
</tr>
<tr>
<td>Total tax debts (in millions of Euros)</td>
<td>7,674.1</td>
<td>7,653.8</td>
<td>7,908.3</td>
<td>8,108.7</td>
</tr>
<tr>
<td><strong>FinanzOnline</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of users in millions of persons</td>
<td>3.07</td>
<td>3.32</td>
<td>3.98</td>
<td>4.24</td>
</tr>
<tr>
<td><strong>Business Assessment and Auditing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FON quota of business assessments</td>
<td>85%</td>
<td>86%</td>
<td>87%</td>
<td>88%</td>
</tr>
<tr>
<td>Processing time for business assessments (receipt to notification) in calendar days</td>
<td>19</td>
<td>20</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Completed assessments in millions of cases</td>
<td>2.04</td>
<td>2.08</td>
<td>2.08</td>
<td>2.13</td>
</tr>
<tr>
<td>Business audits and special VAT audits</td>
<td>27,595</td>
<td>26,656</td>
<td>29,252</td>
<td>27,485</td>
</tr>
<tr>
<td>Additional revenue in millions of Euros</td>
<td>643.0</td>
<td>549.4</td>
<td>747.9</td>
<td>718.1</td>
</tr>
<tr>
<td>Other audit measures (incl. inaugural visits)</td>
<td>42,074</td>
<td>38,936</td>
<td>26,682</td>
<td>26,664</td>
</tr>
<tr>
<td>Additional revenue in millions of Euros</td>
<td>145.9</td>
<td>182.2</td>
<td>67.5</td>
<td>29.8</td>
</tr>
<tr>
<td>Joint audits of wage-dependent taxes</td>
<td>11,594</td>
<td>11,341</td>
<td>11,798</td>
<td>10,441</td>
</tr>
<tr>
<td>Additional revenue in millions of Euros</td>
<td>149.0</td>
<td>125.4</td>
<td>161.5</td>
<td>148.8</td>
</tr>
</tbody>
</table>
**Imprint**
Editor, owner and publisher: Federal Ministry of Finance, Johannesgasse 5, 1010 Vienna
Responsible for the contents: BMF, I/C - Austrian Tax and Customs Administration
Photos: BMF/Arnd Oetting, colourbox.de
Layout and design: printing facility of the Federal Ministry of Finance,
Vienna, September 2017
www.bmf.gv.at

- printed in accordance with the guidelines „Druckerzeugnisse“ of the Austrian Eco-Label,
  printing facility of the Federal Ministry of Finance, UW-Nr. 836