The Austrian Tax and Customs Administration
Annual Report 2014
Information from the Ministry of Finance.
## Facts and figures 2014

### 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>EUR 329 bn</td>
</tr>
<tr>
<td>GDP growth, real compared to previous year</td>
<td>0.30%</td>
</tr>
<tr>
<td>Taxes and social security contributions (% of GDP), based on ESA</td>
<td>43.40%</td>
</tr>
<tr>
<td>Inflation (HICP)</td>
<td>1.50%</td>
</tr>
<tr>
<td>Unemployment rate (according to Eurostat)</td>
<td>5.00%</td>
</tr>
<tr>
<td>Consumer price index (2010 = 100)</td>
<td>109.7</td>
</tr>
<tr>
<td>Budget deficit (% of GDP) Maastricht criteria</td>
<td>-2.40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tax and customs revenue</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (budget Chapter 16)</td>
<td>EUR 78.50 bn</td>
</tr>
<tr>
<td>thereof</td>
<td></td>
</tr>
<tr>
<td>VAT, incl. customs import VAT</td>
<td>EUR 25.47 bn</td>
</tr>
<tr>
<td>Wage tax</td>
<td>EUR 25.94 bn</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>EUR 5.91 bn</td>
</tr>
<tr>
<td>Excise duties on mineral oil</td>
<td>EUR 4.14 bn</td>
</tr>
<tr>
<td>Income tax</td>
<td>EUR 3.38 bn</td>
</tr>
<tr>
<td>Insurance tax (incl. engine-related insurance tax)</td>
<td>EUR 3.23 bn</td>
</tr>
<tr>
<td>Investment income tax</td>
<td>EUR 2.77 bn</td>
</tr>
<tr>
<td>Excise duties on tobacco</td>
<td>EUR 1.71 bn</td>
</tr>
<tr>
<td>Real estate transfer tax</td>
<td>EUR 0.87 bn</td>
</tr>
<tr>
<td>Austrian Gambling Act taxes</td>
<td>EUR 0.49 bn</td>
</tr>
<tr>
<td>Standard fuel consumption tax</td>
<td>EUR 0.44 bn</td>
</tr>
<tr>
<td>Customs duties</td>
<td>EUR 0.24 bn</td>
</tr>
<tr>
<td>Alcohol and other excise duties</td>
<td>EUR 0.37 bn</td>
</tr>
<tr>
<td>Family allowance payments</td>
<td>EUR 3.13 bn</td>
</tr>
<tr>
<td><strong>Tax offices (TO)</strong></td>
<td><strong>Values</strong></td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>FinanzOnline users</td>
<td>3.32 m</td>
</tr>
<tr>
<td>Number of phone calls</td>
<td>6.17 m calls</td>
</tr>
<tr>
<td>Average waiting time per call</td>
<td>28.49 seconds</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>General assessment</strong></th>
<th><strong>Values</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>FinanzOnline share of employee assessments (L1)</td>
<td>62%</td>
</tr>
<tr>
<td>Employee assessments completed (L1)</td>
<td>3.73 m returns</td>
</tr>
<tr>
<td>Employee assessment processing time</td>
<td>22 calendar days</td>
</tr>
<tr>
<td>Family allowance applications completed</td>
<td>586,770 cases</td>
</tr>
<tr>
<td>Family allowance processing time</td>
<td>23 calendar days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Business assessment and auditing</strong></th>
<th><strong>Values</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>FinanzOnline share of business assessments</td>
<td>86%</td>
</tr>
<tr>
<td>Assessments completed (UEK)</td>
<td>2.08 m returns</td>
</tr>
<tr>
<td>Business assessment processing time (UEK)</td>
<td>20 calendar days</td>
</tr>
<tr>
<td>Tax audits and special VAT audits</td>
<td>26,656 cases</td>
</tr>
<tr>
<td>Additional revenue from tax audits and special VAT audits</td>
<td>EUR 549.44 m</td>
</tr>
<tr>
<td>Other audit measures</td>
<td>38,936 cases</td>
</tr>
<tr>
<td>Additional revenue from other audit measures</td>
<td>EUR 182.15 m</td>
</tr>
<tr>
<td>Joint audits of wage-dependent taxes</td>
<td>11,341 cases</td>
</tr>
<tr>
<td>Additional revenue from joint audits of wage-dependent taxes</td>
<td>EUR 125.39 m</td>
</tr>
<tr>
<td>Penal procedures completed</td>
<td>6,630 cases</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tax collection</strong></th>
<th><strong>Values</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrears with issued notices</td>
<td>EUR 1,670 m</td>
</tr>
<tr>
<td>Total arrears</td>
<td>EUR 7,653 m</td>
</tr>
<tr>
<td><strong>Customs offices (CO)</strong></td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>--</td>
</tr>
<tr>
<td><strong>Goods traffic</strong></td>
<td><strong>Values</strong></td>
</tr>
<tr>
<td>Clearances</td>
<td>4.04 m clearances</td>
</tr>
<tr>
<td>Controls (declarations)</td>
<td>170,780 cases</td>
</tr>
<tr>
<td>Licences - customs</td>
<td>7,932 licences</td>
</tr>
<tr>
<td><strong>Customs audits and controls</strong></td>
<td></td>
</tr>
<tr>
<td>Audits completed</td>
<td>1,027 cases</td>
</tr>
<tr>
<td>Additional revenue</td>
<td>EUR 9.87 m</td>
</tr>
<tr>
<td>Controls (customs supervision)</td>
<td>5,388 cases</td>
</tr>
<tr>
<td>Mobile controls</td>
<td>2,729 cases</td>
</tr>
<tr>
<td><strong>Excise duties</strong></td>
<td></td>
</tr>
<tr>
<td>Declarations (incl. alcohol distillation)</td>
<td>59,234 m declarations</td>
</tr>
<tr>
<td>Supervision</td>
<td>8,150 cases</td>
</tr>
<tr>
<td>Licences - excise</td>
<td>8,994 licences</td>
</tr>
<tr>
<td><strong>Travellers</strong></td>
<td></td>
</tr>
<tr>
<td>Controls (travellers)</td>
<td>257,647 travellers</td>
</tr>
<tr>
<td>Tax refunds (U34)</td>
<td>1.90 m</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>365 seizures</td>
</tr>
<tr>
<td>Cash controls</td>
<td>94 discoveries</td>
</tr>
<tr>
<td>Counterfeit goods</td>
<td>1,293 seizures</td>
</tr>
<tr>
<td>Drugs</td>
<td>89 seizures</td>
</tr>
<tr>
<td>Reports to other administrations</td>
<td>1,106 reports</td>
</tr>
<tr>
<td>Cigarette smuggling cases</td>
<td>3,316 discoveries</td>
</tr>
<tr>
<td>Cigarettes discovered</td>
<td>2.91 m</td>
</tr>
<tr>
<td>Penal procedures completed</td>
<td>3,640 cases</td>
</tr>
<tr>
<td>No. of staff (FTEs) 1 January 2015</td>
<td>Total</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Tax offices</td>
<td>6,349</td>
</tr>
<tr>
<td>Tax investigation unit</td>
<td>134</td>
</tr>
<tr>
<td>Large company audit unit</td>
<td>455</td>
</tr>
<tr>
<td>Financial police</td>
<td>458</td>
</tr>
<tr>
<td>Customs offices</td>
<td>1,495</td>
</tr>
<tr>
<td>Total</td>
<td>8,891</td>
</tr>
</tbody>
</table>

**Large company audit unit (LCA)**

<table>
<thead>
<tr>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits/special VAT audits</td>
</tr>
<tr>
<td>Additional revenue from audits and special VAT audits</td>
</tr>
<tr>
<td>Foreigner VAT audits</td>
</tr>
<tr>
<td>Additional revenue from foreigner VAT audits</td>
</tr>
<tr>
<td>Collections and follow-ups</td>
</tr>
<tr>
<td>Additional revenue from collections and follow-ups</td>
</tr>
</tbody>
</table>

**Tax investigation unit (TI)**

<table>
<thead>
<tr>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI cases</td>
</tr>
<tr>
<td>Confiscated cash</td>
</tr>
<tr>
<td>Additional revenue from tax investigation</td>
</tr>
</tbody>
</table>

**Tax office for fees, transaction taxes and gambling**

<table>
<thead>
<tr>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits</td>
</tr>
<tr>
<td>Additional revenue</td>
</tr>
</tbody>
</table>

**Financial police (FP)**

<table>
<thead>
<tr>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies checked</td>
</tr>
<tr>
<td>Employees checked</td>
</tr>
<tr>
<td>thereof illegal employees</td>
</tr>
<tr>
<td>Gambling controls</td>
</tr>
<tr>
<td>Tax collection</td>
</tr>
</tbody>
</table>

**Budget in EUR m**

<table>
<thead>
<tr>
<th>Preliminary success 2014</th>
<th>Budget 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses TO/CO/LCA/TI/FP</td>
<td>526.09</td>
</tr>
<tr>
<td>Material expenses TO/CO/LCA/TI/FP</td>
<td>93.39</td>
</tr>
</tbody>
</table>
# Facts and figures 2014 - Overview

**A. Introduction** 8  
Organisational structure 8

**B. Our key responsibilities** 10  
Overview of strategy and objectives 11  
Objective I. Customer relationship management 12  
Objective II. Risk-oriented auditing and control activities 19  
Objective III. Timely and accurate tax collection 27  
Objective IV. Protecting society and the economy 31

**C. Internal development** 37  
Objective V. Employee orientation 37  
Objective VI. Organisation development 45

**D. Social responsibility** 49  
1. Fair Play: an initiative for compliance and ethical tax behaviour 49  
2. Investment in the future: information for youth and those remaining young at heart 50  
3. Sports 50

**E. International cooperation** 53  
1. Cooperation with foreign (investigating) authorities 53  
2. Cooperation across borders 54  
3. Administrative assistance in tax matters – C.L.O. (Central Liaison Office) 58  
4. TAIEX 58  
5. EU administrative partnerships 58  
6. Comparative analysis of tax administrations 60

**F. Outlook** 61  
1. The path forward: cooperation across borders 61  
2. Customer relationship management – work programme 2015 61  
3. Comprehensive administrative assistance in the area of income tax 61

**G. Facts and figures - Comparison** 63
A. Introduction

Budget consolidation, tax reform and the creation of jobs and growth are the three main goals we jointly pursue. These are solidly built on the foundation formed by our main responsibility: safeguarding the financial interests of the Republic of Austria and the European Union by collecting taxes and contributions. This annual report of the Austrian tax and customs administration provides an overview of the Austrian financial administration, its responsibilities, organisational structure and objectives, and the successes achieved in 2014.

Organisational structure

The Austrian tax and customs administration consists of 52 federal offices managed in accordance with the principles of new public management\textsuperscript{1} and good public governance\textsuperscript{2}. It is one of the most innovative and successful administrations in Europe.

The financial administration is comprised of the following organisational units:

- The Austrian Federal Ministry of Finance (divided into sections, groups and departments), including the Tax and Customs Coordination Office, which is responsible for managing and assisting the following subordinate organisational units:

- 39 tax offices (divided into management and the following team areas: organisation, infocentre, general assessment, business assessment and auditing, tax collection, specialist unit incl. criminal matters) with 69 locations and approximately 7000 employees

\textsuperscript{1} NPM is an approach used in administrative reform and government modernisation that is based on private-sector management methods. The aim is to make the administration a modern service provider by increasing its performance and outcome orientation.

\textsuperscript{2} Good governance, or public governance is defined as improved political management of performance, greater democratic participation by citizens, more transparency, and gaining new partnerships; www.bka.gv.at
- 1 tax office for fees, transaction taxes and gambling (divided into management incl. official gambling experts and the following team areas: organisation, infocentre, customer team for fees, transaction taxes and gambling, federal concession audit, tax collection, specialist unit incl. criminal matters)

- 9 customs offices (divided into management and the following team areas: organisation, customer team, business audit, customs, customs investigation, tax collection, specialist unit; some customs offices also have special competence centres, such as intellectual property rights in connection with counterfeit goods) with 65 locations and approximately 1600 employees

- 1 large company audit unit (divided into management and the following team areas: organisation, audit teams, collections, specialist unit)

- 1 tax investigation unit (divided into management and the following team areas: organisation, audit teams, collections, specialist unit)

- 1 financial police unit (divided into management and the following team areas: organisation, financial police teams, specialist unit)

**Note:**
Information on all locations of the Austrian financial administration including opening hours is available at www.bmf.gv.at > Offices.
B. Our key responsibilities

Our main responsibility is to safeguard the financial interests of the Republic of Austria and the European Union by collecting taxes and contributions. These taxes and contributions are for the good of everyone, they are used to provide funding for government structures. The tax administration is responsible for collecting the taxes and contributions required by Austrian federal law and for issuing family allowances and other payments.

In accordance with the principal of equal taxation, we ensure that a fair competitive environment exists in the economy and provide Austrian citizens and businesses with assistance in tax matters. The customs administration acts as part of the European Customs Union. In addition to customs clearances and levying Community taxes, one of the key responsibilities of the customs administration is to support the economy and the smooth flow of international trade using the controls required to protect the health and safety of citizens. Financial police regulatory enforcement activities (for example, illegal employment, compliance with gambling bans, etc.) and veterinary measures and controls for the protection of endangered plant and animal species round off the tax and custom administration’s area of responsibility.
Overview of strategy and objectives

The medium and long-term objectives of the Austrian Federal Ministry of Finance are stated in the ministry’s strategy and include the following 5 areas:

- **Tax strategy:**
  Strengthen the business sector to ensure future tax revenues

- **Budget and economic policy strategy:**
  Achieve success via growth and stabilisation

- **Efficient administration:**
  Use innovation to be one of the best

- **Financial and capital market strategy:**
  Use stable finances to support the upswing

- **Global engagement:**
  The international perspective

This strategy forms the basis for setting the annual targets and performance mandates for the offices. The detailed structure of the objectives is determined in a joint process by the Federal Ministry of Finance and the tax offices, customs offices and federal units responsible for operational implementation. The measures implemented to achieve the objectives can be freely chosen in accordance with applicable frameworks and standards.

The targets consist of six key objectives that are specified in detail using main priorities and performance and development targets. The performance targets concern the main priorities for routine duties, while the development targets provide stimulus for organisation and further development of responsibilities and activities. Defined measurement variables are used as indicators to decide whether targets have been achieved.

The principle of outcome orientation always applies when setting targets and represents a key element in the Austrian federal budget reform. Outcome orientation is assessed using the six objectives below, and by regularly monitoring a number of performance indicators.

### Management objectives for key responsibilities:

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Customer relationship management to improve ethical tax behaviour</td>
</tr>
<tr>
<td>II.</td>
<td>Risk-oriented auditing and control activities</td>
</tr>
<tr>
<td>III.</td>
<td>Timely and accurate tax collection</td>
</tr>
<tr>
<td>IV.</td>
<td>Protecting society and the economy</td>
</tr>
</tbody>
</table>

### Objectives for internal development:

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>V.</td>
<td>Employee orientation</td>
</tr>
<tr>
<td>VI.</td>
<td>Organisation development</td>
</tr>
</tbody>
</table>

### Our motto for 2014: Effective Networking

Many projects and measures from previous years were continued under this motto and new priorities were set. Networking across offices, for example, continued to be a priority in 2014. In addition to the expansion of cooperations and networks in the interest of good public governance, cooperation across offices was also promoted.
Objective I. Customer relationship management

Customer relationships should be managed so that citizens and businesses submit their tax returns and customs declarations voluntarily, in the correct amount and at the proper time, satisfy their other obligations, and, last but not least, exercise their rights.

Main priorities:

- Development and implementation of measures to increase tax and customs compliance and improve ethical tax behaviour
- Optimisation of customer contact with a special focus on telephone contact (optimal availability, service orientation, information quality)
- Development and expansion of networks with other administrations, interest groups, citizens and businesses in the interests of good public governance

Student project on tax compliance

For the third time, students at the HTL Donaustadt higher technical and commercial school earned “Tax Compliance Certificates” at their final presentation in June 2014. The students presented what they had learned about Austrian tax law during their optional “Tax Compliance” course before a committee consisting of representatives of the school and the Austrian Ministry of Finance. In addition to allowing the students of HTL Donaustadt graduating class to show what they had learned, this year’s event offered something new, the presentation of a web-based information system for business start-ups that was developed by two students at the TGM technical school for their graduation project. This platform is unique in Austria and provides an interactive “Guide for business start-ups” that combines the information needed for business start-ups and makes it available in a form tailored to individual situations. The compliance project began under the patronage of the Ministry of Finance in 2011, and gives students an understanding of the social need for taxes, the resulting duty to pay taxes, and ways to create economically and environmentally sustainable tax policies. This cooperation between the HTL Donaustadt and the Ministry of Finance
allows the tax compliance of young people to be promoted and strengthened.

**Service-oriented customer communications**

As a service-oriented and customer-oriented administration, communications with citizens and businesses is an important factor for the success of our organisational units. The Austrian tax and customs administration wants to break away from an image and mentality of complex official channels by implementing wide-ranging reforms to steadily improve the services it offers. The organisation as a whole is therefore also using good public governance to meet customer expectations. A major part of the contact between citizens and the tax and customs administration takes place in connection with employee assessments and processing times. An average of 22 calendar days was required to perform an employee assessment in 2014, i.e. from receipt of the return to issue of the notice. Telephone calls are the most frequent type of customer contact. A great deal of attention is therefore paid to such calls and the average call waiting time and dropout rate are continuously analysed. There were 6,160,000 telephone calls in 2014. The highest monthly number was recorded in March 2014, which had more than 712,000 calls.

*Telephone project: technical support for improved service and employee relief*

The increasing volume of telephone calls presents major challenges for tax office employees and equipment. More than **3.5 million telephone calls** are handled annually at the 1st level alone in the tax offices, and the trend is increasing. The seasonal distribution presents another challenge, with more than 40% of the calls taking place in the initial months of the year. In metropolitan areas in particular, existing personnel are often no longer able to handle the call volume in a satisfactory period of time. Since the beginning of 2014, tax offices have therefore been distributing calls to other tax offices during peak periods, leading to a massive reduction in dropout rates and waiting times. This allows us to serve our customers better, while at the same time reducing the burden on our Infocentre employees. Of course, regional and national distribution means that telephone work is no longer a matter for each individual tax office. Management across tax offices is now just as necessary as preparing employees better for new situations. Although seminars on communication skills were conducted successfully in the past, it was not yet possible to implement comprehensive training for all of the personnel involved. A training campaign began in this area in 2014 with the aim of implementing sustained changes. Above all, those in direct contact with the employees concerned have the authority to convey knowledge directly to employees. As a result, instead of simply taking part in a seminar and then independently implementing the training at the workplace, training now means continuous coaching by team leaders.

**FinanzOnline**

It is good (including from an environmental perspective) that many citizens have made use of the customer-oriented services that the government offers via FinanzOnline. With more than 3.3 million users and 15.6 million employee assessments submitted electronically since introduction of the application in 2003, FinanzOnline is one of the best established and most modern e-government solutions in the world. The mobile-phone signature app also recorded a considerable increase from 106,754 users in 2013 to 176,721 in 2014.

*Note:*
Information on FinanzOnline is available at [www.bmf.gv.at > E-Government and in the folders at www.bmf.gv.at > Publications > Brochures and Guides]
Pölten. It is now being evaluated, and if the results are positive it will be rolled out at other large tax offices across the country.

**Note:**
Information concerning the area of Family & Taxes is available at [www.bmf.gv.at/familie](http://www.bmf.gv.at/familie)

---

### Apps

Mobile applications (apps) permitting quick and easy access to information recorded a particularly large number of downloads. The Ministry of Finance app has already been downloaded 58,858 times, the newer customs app 29,987 times.

**Note:**
Information on apps and downloading: [www.bmf.gv.at > App](http://www.bmf.gv.at>

### “Families in the Fast Lane” pilot project

The Minister of Family and Youth and Minister of Finance presented the “Families in the Fast Lane” pilot project in September 2014 at the tax office in St. Pölten. The project is aimed at reducing waiting times for parents with children. Lengthy waiting times are particularly difficult for mothers and fathers with small children. To make the services offered by the Austrian financial administration more attractive to them, families will be put into the “fast lane” at Infocentres when needed. If the waiting time at Infocentre counters is longer than five minutes, a separate counter will be opened for families in order to provide faster service when needed. This pilot project by the Ministry of Finance is similar to the “Family Lane” in some Vienna district offices, and the family check-out lane offered by a supermarket chain, and moves the Ministry of Finance and Ministry of Family and Youth a long way towards achieving their common goal of creating a more family-friendly environment.

The “Families in the Fast Lane” pilot project initially ran only until April 2015 at the tax office in St. Pölten. It is now being evaluated, and if the results are positive it will be rolled out at other large tax offices across the country.

---

### Broad range of information events

Providing a broad range of information to citizens is very important to the Austrian tax and customs administration and helps maintain the high level of ethical tax behaviour in Austria. A large number of events were also held for a variety of target groups and topic areas in 2014.

**Tax Office Information Days (Finanzamt Informationstage – FIT)**

Information days were held at all tax offices in Austria to better address the needs of citizens. Experts from the financial administration provided valuable tax tips in the area of “Family & Taxes” and employee assessments. In May 2014, information specific to seniors was also provided at the offices of the senior citizens interest group Seniorenbund.

**Service days at the Seniorenbund**

For the fourth time, employees of the Infocentre team went to the offices of the Vienna Seniorenbund senior citizens interest group on four days in May 2014 to answer questions about employee assessments. Many citizens once again took advantage of this service from the financial administration. Many pensioners subject to wage tax are unaware of a large number of expenses they can claim for their employee assessment. Aside from helpful tips on completing forms properly, attention was therefore also given to unusual expenses, in particular health care costs. The information days not only underscore the financial administration’s service-orientation and close ties to citizens, but also make an important contribution to customer satisfaction. This campaign also included information events for seniors about FinanzOnline. The goal was to make seniors more aware of the benefits and advantages of FinanzOnline. The information event provided a step-by-step expla-
nation of how to use FinanzOnline for employee assessments along with important information on registration, entering data and data protection.

**Note:**
Information concerning the area of Seniors and Taxes is available at [www.bmf.gv.at > Publications > Brochures and Guides](www.bmf.gv.at > Publications > Brochures and Guides)

**Trade fairs**

The Austrian Federal Ministry of Finance made many presentations to the broad public at a variety of trade fairs in 2014 (18 events throughout Austria) as part of its efforts to provide comprehensive service by offering information and assistance to citizens and businesses.

- At career information events such as the “Youth and Career” fair in Wels or the “Best³” event in Graz, “BeSt Klagenfurt” and “Gewinn Info Day 2014”, the focus was primarily on students. Among other things, the Ministry of Finance provided information on the working environment in the financial administration during the “Gewinn Info Day 2014” event. Interested students could talk with experts, obtain information, and ask many questions. The fair is the largest business fair for students older than 16, was held on 25 November in the Messe Wien congress centre and drew around 5,300 visitors from throughout Austria. Internships in the financial administration and the “tax assistant” trainee programme attracted particular interest at all of the events.

- At the annual Young Entrepreneur Day in Vienna, new business founders could personally obtain important information on successfully running a business.

- Seniors and people with special needs were once again the focus of the “55plus” and “No limit” fairs, which were held for the first time in Graz in 2013, and again in November 2014 with a two-day fair programme.

**Wide-ranging cooperations**

Although it is important to perform risk-oriented audits of companies as a general preventative measure, it is also possible to work together towards success as partners by providing services aimed at specific target groups – with the long-term goal of improving tax compliance.

**Finding common ways**

This motto is used by a network consisting of the Vienna 4/5/10 and Vienna 8/16/17 tax offices, and cultural associations from Bosnia, Tunisia, Turkey and Asia. Potential barriers and conflicts between people with an immigrant background and the financial administration are discussed at regular meetings, and measures are developed in common to eliminate them, thereby also creating a win-win situation by making the work of our employees easier.

The Ministry of Finance has long followed a strategic approach of initiating cooperations with a range of different interest groups, such as schools and pensioners associations. Targeted
information is provided to enable people to easily and properly take advantage of their rights and fulfil their obligations. Due to the demographic circumstances, immigration is also a topic in the area of Vienna. With assistance from Vienna Magistratsabteilung 17 (MA 17 - the administrative department responsible for integration and diversity), on-site information events were held as a pilot project on topics important to the associations. Thanks to the support of committed employees a basis of trust was created, thereby laying an important foundation for further improvements in how we live together. A series of other measures are planned to bring specific information on selected topics to target groups, and will be implemented in stages to economise as far as possible on the number of personnel needed. Cooperation agreements, for example, have been reached with the Austrian Integration Fund and Vienna MA 17 (Integration and Diversity) that include workshops on topics such as employee assessments, FinanzOnline and associations.

The benefits to the financial administration are also clear to see. Providing citizens with good, targeted information helps to increase the FinanzOnline usage rate (FON rate). That leads to fewer phone calls and personal visits to Infocentres, but also to higher quality tax returns and applications. The initial results show that mutual understanding and respect in our dealings with one another must be the stated goal in order to make our day-to-day work more easily manageable in times of scarce resources.

**Horizontal monitoring (HM)**

The horizontal monitoring pilot project that was started in November 2011 continued successfully in 2014. Horizontal monitoring gives large companies the opportunity to request supervision on an advisory basis in partnership with the Austrian tax and customs administration. Representatives from the Austrian Federal Economic Chamber (Wirtschaftskammer – WKÖ), Federation of Austrian Industries (Industriellenvereinigung – IV), Austrian Chamber of Public Accountants and Tax Advisors (Kammer der Wirtschaftstreuhänder – KWT) and the University of Vienna were involved in development of the project. HM uses a tax control system that is based on risk analysis and maintained on a cooperative, partnership basis. Cooperative development of the tax control system is the focus of regular meetings during the HM process. One of the key objectives of HM, namely timely and legally accurate collection of taxes, can be best pursued in this fashion. 11 companies have now signed the “Declaration for Participation in the HM Project”. These are currently at a variety of different stages in the HM process. For companies, participation in HM increases planning and legal security and reduces compliance costs. In addition to timely and legally accurate tax collection, the tax and customs administration is also making efforts to shift personnel to risk areas over the medium term. To this end, in 2014 the management of the tax and customs administration offered a particularly talented student at the University of Vienna the opportunity to broaden his “horizons” during a 12-month administrative internship. This would allow him to benefit from both the experts at the University of Vienna and the know-how available in the financial administration. The pilot project will be evaluated as it progresses, with the University of Vienna available as a partner for this purpose.
Corporate Governance Code

Due to national and international developments, the Austrian Working Group for Corporate Governance has amended the Austrian Corporate Governance Code. The main focus of the code revisions concerns implementation of the EU Commission recommendation of 9 April 2014 on the quality of corporate governance reporting (“comply or explain”) and changes based on the new statement issued by AFRAC (Austrian Financial Reporting and Auditing Committee) on the preparation and review of corporate governance reports in accordance with § 243b UGB (Austrian Commercial Code).

Contact committee

A large number of contact committees are established every year, for example with the Austrian Chamber of Public Accountants and Tax Advisors, the Austrian Chamber of Labour (Arbeiterkammer – AK), Austrian Federal Economic Chamber and Federation of Austrian Industries. The goals of the contact committees range from the exchange of information, strategic development and identification of enforcement problems, to coordination of information policies.

Note:
Important tax information for entrepreneurs is available in the “Self-Employment Guidebook” (Selbstständigenbuch) published by the Federal Ministry of Finance at www.bmf.gv.at > Publications > Brochures and Guides

Note:
The January 2015 version of the Austrian Corporate Governance Code is available at http://www.corporate-governance.at
Summary

The measures performed in the year just ended made a significant contribution to customer relationship management and increasing tax compliance under the motto of „Effective Networking“. The measures implemented ranged from improved telephone availability for the approximately 6.2 million calls received to a variety of measures related to individual companies and sectors. These include the more than 1,600 companies mentored as part of the “First Entrepreneurial Year” initiative and the companies receiving their official first visits. The goal of this approach is to build customer relationships that benefit both businesses and the administration. Businesses obtain legal certainty promptly, and the tax and customs administration is able to make targeted use of its resources. The projects and advisory days also contribute to transparency and an understanding of the activities of the administration.

Many citizens made a decision to use the electronic FinanzOnline service for the first time in 2014. As a result, more than 3.3 million citizens are now taking advantage of the possibilities offered by this modern form of customer relationship.

Even though there were once again around 3.73 million returns in the year just ended, employee assessments were performed in an average of 22 calendar days.
Objective II. Risk-oriented auditing and control activities

Implementing uniform, risk-oriented auditing and controls ensures equal taxation, combats the shadow economy and protects honest business operators.

Main priorities:
- Further development of risk management (compliance risk management, risk indexing, data mining, sector audits, local risk management, customs control strategy)
- Integrated efforts to combat tax evasion and tax fraud (from detection, assessment, levying and collection, to criminal prosecution), possibly making use of international administrative assistance
- Optimisation of general prevention and special prevention by using a wider range of audits (use of situation-oriented and target group-oriented supervision and control measures)

Target: further development of risk management

The Austrian Ministry of Finance, together with a number of other EU member states, such as the United Kingdom, Netherlands and Belgium, is taking part in a project organised by the EU to prepare a compliance risk management strategy paper for the Bulgarian tax administration. The first event took place in November 2014. The financial administration is regularly confronted with new challenges due to new and changed areas of responsibility, a rapidly changing environment and organisational and personnel-related requirements.

The Federal Ministry of Finance must follow a strategy of timely identification and monitoring of high-risk areas and systematically transform resources in these areas. The goal is to ensure equal taxation, avoid distortions to competition and ensure future tax revenues. A general risk management concept was developed in order to meet these requirements. A risk map is the first major step in this direction. The risk map provides the management of the financial administration and the anti-fraud unit a comprehensive overview of existing risk areas, both internal and external.
Internal risks primarily concern gaps in internal processes that allow taxpayers to use false returns and applications to avoid controls and obtain tax benefits (lower tax burden, unjustified payments, delayed tax payments). External risks relate to taxpayer behaviours that are aimed at reducing the government’s tax claims or using fraud to obtain unjustified payments that have a negative effect on the budget.

**New positioning: projects**

**Investment income tax refund project**

The Bruck Eisenstadt Oberwart Tax Office (BEO TO) focused more of its resources on refunds of investment income tax in 2014, due to a major fraud case concerning unlawfully refunded investment income tax being investigated by the Public Prosecutor’s Office for Combating Economic Crimes and Corruption. The BEO TO receives approximately 15,000 refund applications each year, with around 80% concerning refunds of investment income tax. The team responsible is sending requests for information with better, more effective questions aimed at discovering potential cases of fraud. Office and field staff activities had generated around EUR 50 million in additional revenue (AR) by the third quarter of 2014, which was broken down as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denies by office staff</td>
<td>€ 19,570,000</td>
</tr>
<tr>
<td>Cancelled by office staff</td>
<td>€ 3,450,000</td>
</tr>
<tr>
<td>Denied due to audits</td>
<td>€ 21,790,000</td>
</tr>
<tr>
<td>Cancelled due to audits</td>
<td>€ 1,950,000</td>
</tr>
<tr>
<td>Incomplete audits (AR expected)</td>
<td>€ 1,180,000</td>
</tr>
<tr>
<td>Incomplete applications (AR expected)</td>
<td>€ 8,260,000</td>
</tr>
</tbody>
</table>

Due to intensive efforts by experts from the specialist unit and audit unit of the tax office and Directorate General IV of the Federal Ministry of Finance, the project was successfully completed in June 2014. The goal was ensuring comprehensive taxation of online gambling providers participating in the Austrian gambling market. The structures needed to enable taxes to be levied and collected efficiently, even for providers with registered offices outside of Austria, were to be established. In addition to taxation, the project also focused on regulatory measures, in particular concerning player protection.

The cooperation mechanisms needed for enforcement (Cyber Crime, Federal Criminal Police Office) were established as part of the project. Using the structures designed and developed in the project (procedures, requests for information, including in the English language, forms, information sheets and legal proceedings), a number of the large online gambling providers and those with a major media presence in the Austrian gambling market were induced to “cooperate” (self-reporting,

**Online gambling project**

The tax office for fees, transaction taxes and gambling started the “Online Gambling” project in 2013.
disclosure of tax-related information). This is quite an achievement in such a challenging area as online gambling, where obtaining information and pursuing responsible parties is extremely difficult. Results as of the end of 2014: self-reporting by eight online providers, disclosure of tax bases and payment of approximately EUR 23.5 million in gambling taxes.

**Forward-looking: solvency test**

The financial administration uses a solvency test on a case-by-case basis for tax collection to quickly obtain extensive detailed information on a taxpayer’s current income and assets that can be used to determine his or her ability to pay. The focus is on maintaining the viability of tax sources. An insolvency petition is only unavoidable in cases of permanent insolvency/excess debt, in order to prevent liabilities to the government and other creditors from increasing further. However, an early petition to the insolvency court also gives taxpayers a chance to use insolvency to realign and reposition their businesses in the market (restructuring/continuation of business). In addition to the tax collection unit, the results of the solvency test are also used by other units, such as business assessment and the financial police, as a basis for decisions in complex cases (stay of execution, determination of date of insolvency, insolvency petition, additional time, etc.). Although the legal authorisation to perform solvency tests always existed, the test was first introduced as a pilot project in 2011 and put into full operation nationwide in 2013. In spite of some regional differences, the test is often viewed positively even by the taxpayers themselves, as many of them become aware of the seriousness of their financial situation as a result of the test. This leads them to rethink their situation and in some cases achieve a turnaround before it is too late. Operating figures can be used to negotiate higher instalment payments or shorter instalment periods. The solvency tester approaches the situation as a neutral and objective third party. Due to the neutrality of the testing, the tester gives the taxpayer the benefit of the doubt, which generates a great willingness to cooperate. This is particularly beneficial in cases where the tax collection unit and taxpayer are deadlocked, and its value should not be underestimated. Arrears were reduced considerably in only a short time in some cases. More than 300 cases across Austria were concluded in 2014.
Networking of tax and customs:

Controls of foreign firms at trade fairs, markets and events

Foreign companies that make sales in Austria and do not assume the liability for taxes are required to register with the Graz-Stadt tax office and submit VAT advance returns and annual returns in Austria. In order to examine the tax conduct of these foreign firms in an international context, in 2014 specially trained employees of the Graz-Stadt tax office and Graz customs office once again visited a large number of events, trade fairs and markets where these companies can be found. “Mail order business” was a key element of these controls, as in many cases foreign companies take orders at trade fairs and markets and then send the goods to Austria. Foreign businesses are often unaware of the provisions of the UStG (Austrian Value Added Tax Act) and that when the limit of EUR 35,000 is exceeded (no limit in the case of goods subject to excise duties) and other requirements are satisfied they are required to pay value added tax in Austria, and an assessment must take place at the Graz-Stadt tax office. Aside from the general and specific preventative effects of the on-site controls, office staff processing of these and other cases generates a considerable amount of VAT assessments and payments by foreign companies each year. The controls at the Tulln trade fair, for example, generated around EUR 160,000. The controls during the Austrian Formula 1 Grand Prix at the Red Bull Ring in Spielberg were another highlight, generating around EUR 700,000. The Graz customs office also set up a temporary office at the Zeltweg military airport during the Grand Prix in order to enable on-site customs clearance of travellers and goods.

Action days (tattoos and veterinarians)

Selected priorities are chosen for anti-fraud action days. The selection is based on a number of factors, such as current economic developments or changes in the law for certain sectors. The tax offices have had anti-fraud coordinators (AFC) since the middle of 2013. The AFCs in regional management and the tax offices are responsible for combating fraud in their areas of responsibility and coordinating action days. These action days are preceded by high quality regional risk analyses and a foundation is prepared for effective anti-fraud measures. The tax offices often carry out action days in cooperation with other organisational units of the financial administration, such as the financial police, or even other ministries, such as the police or regional health insurance funds. The AFCs prepare the planning, process description and execution of the action days together with representatives from the other anti-fraud units involved. Guidelines and practical checklists are prepared. Specific audit focuses are set for the action days based on information from internal databases, Internet research and auditor experience. 45 teams were in operation at the same time during the “TATOO” action day, resulting in an abundance of records, special appointment calendars and income documentation, including in the area of healthcare, as well as immediate findings, such as tax underpayment, since the small
business income limit was often exceeded. The “TATOO” action day was followed by a “VETERINARIAN” action day, in which many veterinary practices were audited.

**Risk control of real estate transfer tax self-assessment**

Legal representatives (lawyers, notaries) have the right to self-assess legal transactions that are subject to real estate transfer tax. In the past, these legal representatives have often and, in some case, massively violated the statutory provisions for real estate transfer tax self-assessment. For example, legal representatives often collected the tax from their clients, but did not pay it to the tax authorities, instead misusing trust accounts for the real estate transfer tax to cover private expenses, employee salaries, etc. In some cases, an entry was registered in the land register even though a real estate transfer tax self-assessment was not performed. In addition to the losses to the tax authorities, the damage suffered by honest citizens is even worse if they have to pay taxes again that cannot be collected from their legal representative and then file a civil lawsuit for damages. And honest legal representatives also suffer damages, since such practices are capable of discrediting the entire profession. The cases that have come to light in previous years have resulted in the area of real estate transfer tax self-assessment being officially classified as high risk. The following anti-fraud measures were implemented in close cooperation with InfoCentres, tax collection and anti-fraud coordinators (AFCs):

Reported data and account data are periodically analysed to detect the initial signs of irregularities, at which time the legal representatives are promptly and verifiably informed in writing about the provisions of the law. If further irregularities occur, personal contact is made to provide specific assistance with the self-assessment procedure on FinanzOnline and compliance with deadlines. Increased attention to arrears of legal representatives who have been identified makes prompt enforcement possible, preventing tax losses and claims against the clients. In addition to repeated extensive counselling, visits to law offices in the last six months resulted in the collection of EUR 234,568.43 in self-assessed real estate transfer tax that had not been paid to the tax authorities. In the case of continued non-observance of deadlines and/or non-payment of arrears, the final step that can be taken, after providing prior warning in writing, is revoking the right to perform self-assessment. This step has already been necessary in ten cases.
Many cooperations with the Austrian Federal Ministry of the Interior

The Austrian Federal Ministry of Finance and Austrian Federal Ministry of the Interior have had numerous cooperations and joint projects for many years in the fight against illegal gambling, money laundering, corruption and illegal immigration and for stricter controls for the standard fuel consumption tax. The cooperation between the two ministries includes the coordinated use of special task forces and targeted operations, as well as employee training and advanced training in the fight against organised crime.

Network cases of social security fraud

A cooperation between the Ministry of the Interior and Ministry of Finance led to what are called network cases. A network case involves an offender or group of offenders who create cover invoices or fictitious invoices that they pass on to other companies in return for payment. The invoice buyers use the cover and fictitious invoices for fraudulent accounting purposes. Cover and fictitious invoices can be “ordered” based on the buyer’s needs directly from the principal offender or through “intermediaries” for a commission that depends on the invoice amount. This model allowed the principal offender to be identified and prosecuted. The principal offenders in the network cases to date formed new companies specifically for this purpose or used companies that already had no assets, but for which insolvency proceedings had not yet been initiated. In some cases, invoices were also forged using invoice forms for existing, unsuspecting companies, which were then entered into the accounts of the invoice recipient. They also enriched themselves from profitable sales of social security registrations. The responsible tax offices took further steps in terms of audit measures as a result of the investigations performed. 837 cases have been concluded across Austria since 2010. The audits to date have generated more than EUR 42 million in additional revenues. This coordinated nationwide approach allowed the financial administration to take a firm stand against organised social security fraud.

Close cooperation between the tax investigation unit and the Public Prosecutor’s Office for Combating Economic Crimes and Corruption

The tax investigation unit is involved in the fight against systematic and organised tax fraud and the detection of commercial tax evasion by proactively identifying and combating fraud patterns and fighting against international tax and social fraud. Enforcement measures, such as building searches, telephone monitoring, observation and seizure are often needed to perform these duties. These enforcement measures are performed on behalf of and in close cooperation with domestic and foreign public prosecutors. Close cooperation exists, in particular, with Austria’s main public prosecutor for economic crime, the Public Prosecutor’s Office for Combating Economic Crimes and Corruption (Wirtschafts- und Korruptionsstaatsanwaltschaft). The tax investigation unit has implemented and continues to implement a variety of measures to further strengthen this cooperation. Case-based meetings take place regularly to discuss both particular cases and specific investigatory measures. Public prosecutors use the investigation findings to decide on further measures, such as interventions restricting fundamental rights and freedoms. At times, the public prosecutors actively take part in operations by the tax investigation unit. This shows that the best possible investigation results can only be obtained with close case-based cooperation. In addition, the findings and fraud patterns gained from the cases are discussed in training and informational events, and strategies for joint anti-fraud measures are developed.
International success in the battle against VAT carousel fraud

An international VAT carousel was discovered and broken up due to close cooperation between the tax investigation unit and Vienna financial crime authority. Preliminary estimates of the damages exceed EUR 15 million. As a result of routine internal controls (personal observation of individuals repeatedly involved in VAT carousels), the financial administration’s attention was drawn to the sale of a company in October 2013. The main suspect had sold his company to a buyer who officially had no assets. In spite of this, the company made close to EUR 5 million in intra-Community purchases during the next few months. The tax office, however, had not received any reports of transactions. Investigations by the tax investigation unit (Linz team) and outstanding cooperation by the Vienna financial crime authority and the public prosecutor’s office allowed an international group of criminals to be discovered. The fraud group, currently consisting of 12 offenders, formed 17 companies in Austria and abroad. They controlled these companies (so-called “missing traders”) under a joint agreement, and primarily used them to bring electronic products (game consoles, iPads and software) into the country from abroad, which were then marked down by approximately 20%. Under the joint agreement of the criminal group, the companies did not report or pay to the tax authorities the majority of the VAT they collected. To offset the transactions that were reported, they used fictitious invoices including VAT charges that were claimed as input tax. None of the companies were exposed to any business risk from their dealings in carousel products, as the criminal group had already set the path to be followed by the goods, and the buyers and purchase prices before the goods were received. Telephone surveillance authorised by the public prosecutor’s office finally provided proof that substantiated suspicions of tax fraud in the millions. The suspects incriminated themselves seriously in the intercepted conversations. Enforcement teams (tax investigation unit, tax office, financial police, police and public prosecutor’s office) subsequently looked for evidence during building searches at 23 locations across Austria. Two offenders were arrested during the multi-department operation, and confessed during questioning when confronted with the evidence. It was determined that 17 companies were involved in this carousel and the tax fraud amounted to more than EUR 15 million.

Note:
The brochure „Information on the Value Added Tax Number“ provides extensive information for entrepreneurs on the topic of VAT numbers and foreign and domestic deliveries. Available at www.bmf.gv.at > Publications > Brochures and Guides.

Ten years in prison for heroin smuggling

Officers at the Linz Wels customs office made the seizure in April 2014. In September 2014, the hearing took place in the regional court. A Bulgarian was charged with smuggling 21.7 kilograms of heroin and sentenced to a mandatory ten years in prison. The attention of the customs officers had been drawn to an empty auto transporter with a British licence plate on the Innkreis highway in the vicinity of the Suben border crossing. The driver, a Bulgarian, said he was on his way to Germany to buy cars. During a careful inspection at the Suben customs office, employees found 21.7 kilograms of heroin in 41 packages weighing one half to one kilogram each in the right pillar of the vehicle. This was the third-largest find of heroin by the Upper Austria customs investigation unit. The drugs had a sales value of around EUR 2 million. The driver was handed over to the police and held in pre-trial custody until the hearing. He denied to the police and during the hearing that he had anything to do with the drugs. His testimony was, however, frequently contradictory or could be refuted. For example, he had telephone calls during his trip. He claimed that he had talked with a friend, but the public prosecutor classified the phone calls as monitoring calls by the person who had hired him. The hearing ended with a conviction and the Bulgarian was sentenced to ten years in prison out of a maximum of 15 years.

Anti-fraud teams in the battle against tax and social security fraud

As a result of close cooperation between employees at the St. Veit Wolfsberg tax office, large company audit unit and tax investigations unit, a court imposed large fines against three managers of a printing company. It was thanks to the good cooperation between organisational units of the financial administration that the tax misconduct was discovered and dealt
with. Close examination of a printing company in Carinthia uncovered fictitious invoices from a Slovakian company and other unexplained commission payments. The managers used the funds that were withdrawn from the company for illegal employment payments and their own enrichment. Close to EUR 1.5 million in taxes and social security contributions were either not paid or incorrectly paid in this way. The court ruling was based on the results of the building searches, numerous interrogations, seizures and business and wage tax audits by the large company audit unit and tax office. The court imposed fines totalling EUR 740,000 against three accused parties. In addition, the group was sentenced to pay a fine of EUR 104,000.

Long-term cooperation with social insurance institutions

The tax and customs administration and social insurance institutions have cooperated for many years on joint audits of all wage-dependent taxes, in which a single audit is used for all wage-dependent taxes. The tax and customs administration performed 11,341 audits in calendar year 2014, and took advantage of the synergies from the cooperation to develop a completely new auditing software program for day-to-day auditing activities.

Summary

The Austrian tax and customs administration expanded its risk management in the area of risk-oriented auditing and control activities and made a major contribution to ensuring equal taxation and in particular the fight against the shadow economy and tax fraud by creating new positions for anti-fraud coordinators in the tax offices. The tax offices and customs offices performed a total of 90,217 field audit measures in 2014. These included business audits, special VAT audits, collections, follow-ups, official first visits, joint audits of wage-dependent taxes, foreign company VAT audits, transaction tax and gambling audits and customs audits. Audit measures were also performed by the large company audit unit and tax investigations unit, and tax supervision measures were performed by the financial police. The cooperation between the Austrian Federal Ministry of Finance and Austrian Federal Ministry of the Interior is a good example of effective networking in the tax and customs administration. This and other networking projects have shown how cooperation can increase the effectiveness of audit and control measures. This is just as true for external and international cooperations as for internal cooperations.
Objective III. Timely and accurate tax collection

Timely and accurate assessment, levying and collection of taxes ensures equal application of the law.

**Main priorities:**
- Optimising claims management to reduce tax arrears, in particular by timely and appropriate use of existing instruments, such as arrears analysis, expediting seizure measures and cross-team and cross-office cooperation
- Further development of quality and knowledge management
- Expansion of the internal control system

**Contractor liability**

The “HFU” list (contractors are not liable for the social security contributions of subcontractors on this list) has had an average of slightly more than 18,000 companies over the last 12 months. Around 370 applications for inclusion on the HFU list are submitted each month. Around 1,000 applications for inclusion on the HFU list were denied in the last 12 months due to unpaid contributions. Approximately 260 companies were removed from the HFU list in the last 12 months due to unpaid taxes and contributions. Between entry into force of the BBKG (Austrian Anti-Fraud Act) (1 July 2011) and 31/10/2014, a total of close to EUR 170 million was transferred to the Austrian Federal Ministry of Finance by the Service Centre of the Wiener Gebietskrankenkasse (Vienna Regional Health Insurance Fund). The web service provided for contractors recorded an average of close to 280,000 accesses in the last 12 months, a total of somewhat more than 3 million. The 2. SVÄG 2013 (Austrian 2nd Social Security Amendment Act of 2013) amended the requirements for inclusion of construction companies in the HFU list. The list was created as a result of introduction of general contractor liability in the construction industry. The HFU list was newly opened to sole proprietors that are natural persons, provided they are covered by compulsory insurance in accordance with the GSVG (Austrian Social Insurance Act for Self-Employed Persons in Trade and Industry) and do not have any unpaid contributions either personally or as a former employer. These amendments entered into effect in 2015.

**Elimination of the backlog: full assessment for agricultural and forestry land**

Full assessment of land values for agriculture and forestry was started in 2014. Agriculture and forestry assessment values – which were last set in 1988 – are highly important, as they form the basis for a number of taxes and government aids and for calculating social insurance contributions for farmers. A national task force was formed of experts from the headquarters of the Federal Ministry of Finance, the Tax and Customs Coordination Office and the tax offices to manage the enormous workload. The task force primarily provided assistance to the tax offices and information transfer. Service-orientation plays a major role. Sophisticated IT solutions are being used to pre-fill returns and schedules as far as possible. The parties involved only have to check or update assessed areas and certain data from operations, such as currently assessed alpine areas. Eliminating the backlog is a top priority for the full assessment (Hauptfeststellung), as this creates a basis for the accuracy of the return and notice data for the full assessment and is the only way that pre-filled returns can be sent out. Due to special circumstances in Lower Austria and Burgenland, more than half of all Austrian assessment files are in the East region. In order
to meet the target required by law, a special „East Region Task Force“ was formed, with members from regional management and the tax offices that had the highest numbers of assessment files. This allowed an exchange of information based on practical experience and the development of new ideas and approaches for quick and efficient – but still legally correct – completion of the files. As a result of the neighbourly assistance of other organisational units, major employee commitment and the measures taken by the task force, the ambitious goal of preparing to send notices was achieved in the end. Around 600,000 full assessment notices must be prepared for economic units and businesses with leased land starting in 2014. The new land assessment values became effective for tax purposes on 1 January 2015, and will become effective for social insurance purposes on 1 January 2017.

**Note:**
Further information on the full assessment of land values is available at: www.bmf.gv.at > Publications > Brochures and Guides > Taxes

### Further development of quality management

Process maps and quality circles were introduced in the offices of the tax and customs administration as implementation measures under the project for further developing the quality management system of the tax and customs administration. Assistance was provided by representatives of the Federal Ministry of Finance and regional management of the Tax and Customs Coordination Office (including the internal heads of organisation development and of quality and knowledge management) right from the start of the pilot project.

**Quality management process map**

A process map based on quality risks is used for planning the use of QM instruments and measures in each office. The process map allows risky work flows to be identified and appropriate QM instruments to be planned and implemented. Responsibilities and work flow descriptions are analysed and evaluated when creating the quality management process map in order to determine the quality assurance measures that need to be developed and introduced.

**Quality circle pilot project**

Quality circles are working groups established in an organisational unit (administrative office) to improve the quality of performance, deal independently with problems and find solutions in their own areas of responsibility. Quality circles focus on the objectives of increasing independent responsibility in their area, identifying problems in their own working area and finding solutions independently, facilitating cross-team and cross-hierarchy communications and establishing a continuous improvement process for quality and productivity.

**Pilot project to test new quality management tools**

The launch events for the quality management pilot project were held in the spring in the Bregenz, Neunkirchen Wiener Neustadt, Klagenfurt, Salzburg-Land and Vienna 1/23 tax offices, the Innsbruck and Salzburg customs offices and the tax investigation unit, and were attended by internal organisational development experts. This was followed by meetings with top management of the units and information events with all managers. The goal of the project was to introduce a process map as a basis for planning the use of quality assurance measures and establishing quality circles. The pilot project was also used to gain initial experience with the new tools and evaluate the results for later use.

The analysis of duties and work areas began in the first phase. Small teams of three to four employees analysed duties and process descriptions taken from the organisation manual for each work area. In addition to using frequency, external effects and urgency as criteria, error rates were also carefully examined. The analysis allowed team leaders to identify critical areas of activity and which areas needed special attention for quality assurance.

The results of the process map analysis help the head of the specialist unit plan measures for the coming year. Training events, support and quality assurance, for example, can be planned systematically.

“Quality circles” were introduced in the second phase of the pilot project. These are small groups composed of members
from different teams and areas that are created to address current problems in a wide variety of areas. This allows problems to be simultaneously addressed from a variety of perspectives to find appropriate solutions. Repeated periodic meetings can create a continuous improvement process.

At the end of the pilot project, the specific benefits for each office were identified in meetings with the head of the office and head of the specialist unit, and feedback on the process was collected. The relevance and importance of the new quality management tools were clear from the responses of the pilot offices, and these quality management tools will be rolled out nationwide in all tax offices, customs offices, the large company audit unit, tax investigation unit and financial police in the coming year.

From risk analysis to forward-looking measures

The targets set for the tax and customs offices specify ongoing quality assurance measures for the „timely and accurate tax collection“ objective, with case selection performed based on both national priorities and office-specific criteria. The following areas were chosen as priorities: accuracy of return auditing, taxation of personal motor vehicle imports, recapture of foreign losses and building tax benefits granted upon business closure („Gebäudebegünstigung bei Betriebsaufgabe”), methods of avoiding double taxation, appeal processing, statements of reasons for official notices, notices of deletion and liability, notices to district administrative authorities, gambling machine revenues and, in customs, the area of excise duties and customs inspections. Processing time is an indicator of the timeliness of tax collection. Processing time is the time from receipt of a return to issue of the assessment notice. The performance-oriented management information system and appropriate measures can be used to continuously analyse processing times and ensure that processing times are almost the same nationwide.

Finding common ways: strategic orientation of specialist units

The first conference of the heads of the specialist units for the tax offices, customs offices, large company audit unit, tax investigation unit and financial police took place in December 2014 in the Federal Academy of Finance. The goal was to determine the strategic orientation of the specialist units for the coming year and strengthen networking between the heads of the specialist units. The programme included current topics from the specialist sections of the Ministry of Finance, as well as an exchange of information and joint work on main priorities. In addition to information on current proposed legislation for the 2. AbgÄG 2014 (2nd Austrian Tax Amendment Act of 2014), controversial topics in the area of enforcement were also discussed in order to reach agreement on a common approach. The information and opinion exchanges also included opportunities for a lively exchange of information on topics such as the full assessment for agriculture and forestry, and electronic clearance of tourist exports intended to ensure the continued high quality of our work. The second day was fully devoted to work on the main priorities. Work was done, for example, on planning for training topics and updating work aids.
Summary

The key responsibilities of the customs and tax offices include timely and accurate assessment, levying and collection of taxes to ensure equal application of the law. A remarkable 9,263 quality assurance measures were performed as a result. In addition to activities related to current proposed legislation for the 2. AbgÄG 2014 (2nd Austrian Tax Amendment Act of 2014), controversial topics in the area of enforcement were also discussed in order to reach agreement on a common approach. An analysis of the ratio of outstanding enforceable and processable tax liabilities to tax revenues shows that the administration was once again able to ensure timely levy and collection of taxes in 2014. The Austrian financial administration is one of the administrations with the lowest ratio of enforceable arrears to tax revenues and is also one of the few administrations that has been able to reduce this ratio over the long term. An international comparative study that compares the cost of administration to revenues shows that the Austrian financial administration is one of the administrations with the lowest administrative costs.

---

3 cf. OECD (2013), Tax Administration 2013: Comparative Information on OECD and Other Advanced and Emerging Economies, Table 6.16
4 cf. OECD (2013), Tax Administration 2013: Comparative Information on OECD and Other Advanced and Emerging Economies, Table 5.3
Objective IV. Protecting society and the economy

The tax and customs administration is also responsible for enforcing competition rules for the free movement of goods and performing controls for the protection of people, animals, plants, the environment and cultural assets.

**Main priorities:**
- Comprehensive controls implemented as general preventative measures in the area of tax supervision and regulatory policy based on financial police powers
- Targeted measures to prevent violations of prohibitions and restrictions (including cash) falling within the powers of the customs administration
- Promotion of effective anti-fraud measures by, for example, optimising cooperation within the tax and customs administration and between ministries
"New Federal Concession Audit Unit" project

The meeting to launch the new Federal Concession Audit unit project (new FCA) was held on 17/6/2014 in the tax office for fees, transaction taxes and gambling. Its goal is to combine supervision of all casino and lottery concessions, licensed non-profit lotteries and state-licensed gaming machines under a single team and include a description of the team in the organisation manual. The previous activities of FCA employees in the area of gambling concessions give them a great wealth of experience and specialised knowledge, and making use of these existing assets was the most practical solution. The responsibilities of the FCA unit will, in particular, be significantly expanded by assuming the current responsibilities of the fees, transaction taxes and gambling team related to supervision of state-licensed gaming machines. In order to ensure efficient, effective execution of supervisory measures and tax audits of gambling concessions and licences, an appropriate new team structure was therefore also needed. Individual responsibilities are being analysed to determine the number of job positions and their value. At the same time, the FCA has to prepare guidelines for auditing state gaming machines that are connected to the system. In addition to issuing tokens (needed for communicating with the gaming machine control system) and machine vignettes (the visible external indicator of connection to the control system), the FCA will acquire supervision of licence holders as a new responsibility. This is because during the project regular reconciliation of monthly taxes paid and statements prepared using data from the control system proved to be the most practical method for tax auditing. In the final configuration, all gaming machines in Austria, both those in casinos of federal concession holders and those that are state-licensed, whether set up in salons or individually, and the video lottery terminals of Austrian Lotteries (Österreichische Lotterien GmbH) will be connected to this control system.

Working/sniffer dogs

In autumn 2014, the top working dog handler and training manager in the Ministry of Finance was invited to Norway for an exchange of information. The working dogs in the Austrian financial administration have an excellent reputation, and Norway is also known as a leader in the area of working dogs. Practical exercises were performed on-site with the dog handlers for four days. The experts from the Austrian Ministry of Finance were able to observe and evaluate the working methods used. Daily discussions took place with the Norwegian training managers, and conclusions were reached as to how the working methods could be made more effective. The Ministry of Finance working dog handler has 36 years of professional experience and is considered an expert in European working cynology. Empathic training methods and in-depth knowledge resulted in a performance increase for the Austrian working dog team that is highly recognised by dog-using authorities both in Austria and abroad. The Ministry of Finance training manager also acts as a judge in a number of European competitions for drug detection dogs. The working dog team of the Austrian financial administration once again received recognition in many European countries in 2014.

Federal competitions for customs detection dogs

The federal customs detection dog competitions also took place in 2014. Starting with truck and car searches, the programme then continued with luggage search and obedience. The programme ended with a detection and protection dog...
demonstration by the Austrian tax and customs administration, followed by the award ceremony. Searches were made for drugs, cash and protected species.

**Counterfeit goods**

The Austrian customs made a respectable 195,689 seizures of counterfeit goods during the year just ended, an increase of more than 100% over 2013. The goods had a value of EUR 5.5 million, based on the price of the original. Although counterfeit goods were mainly seen in the area of luxury goods twenty years ago, children’s toys, sports articles, software, mobile phones, music, movies, automobiles and replacement parts, food and beverages, machinery, factory equipment, airplane parts and medicine are now also being counterfeited. When faced by what looks like a good bargain, the risks to health in particular that is associated with counterfeit goods in these product groups are often not taken seriously. The potential injuries that could caused by counterfeit products simply cannot be ignored. These range from allergies due to cheap, toxic dyes in counterfeit clothing, eye injuries due to counterfeit sunglasses without UV protection, chemical skin burns from counterfeit washing detergent or counterfeit personal care products, injuries from exploding mobile phones and counterfeit batteries, and injuries to children from counterfeit children’s toys that do not meet applicable safety requirements and quality standards. The risks associated with counterfeit products are at times quite serious and make the purchase of counterfeit goods much more than the minor offence it is often considered to be. Counterfeit medicine continues to be a product group with many seizures. In 2014, customs made more than 5,400 seizures of counterfeit medicine. Counterfeit medicine is not a bargain, it damages your health. Product counterfeiting is harmful to both people and the economy. Apparent bargains on the Internet are enticing but could have serious health effects in the end. This makes it even more important to seize these dangerous counterfeit medicines when they are imported.

**Note:**
More information is available in the annual counterfeit goods report at [www.bmf.gv.at > Customs > Counterfeit Goods](http://www.bmf.gv.at)
**Protection of endangered species**

Most people have to travel to exotic countries in order to experience a red puma, coral, snake wine, Chinese three-keeled pond turtles, Indian costus root, chameleons, ivory or orchids. Employees working at the customs office at the Vienna Airport, however, receive such things delivered „free workplace“, as all of this and more was seized in recent years due to violations of the CITES convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora). The illegal trade in living plants and animals, trophies and products like crocodile-leather watch bands continues to boom, however, due to strong demand and high profit margins.

**Note:**
More information on endangered species is provided in the „Endangered Species on Holidays“ (Artenschutz im Urlaub) report prepared each year in cooperation with the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, and the „Customs Info“ (Zoll-Info) report prepared by the Austrian Federal Ministry of Finance, both of which are available for download at www.bmf.gv.at > Publications > Brochures and Guides

**Networking: effective anti-fraud measures**

"Christophorus“ cross-regional anti-fraud campaign

Two large-scale cross-regional and cross-organisational road traffic campaigns took place at the beginning of July and end of August 2014. They were carried out by the operational customs supervision units of the Vienna, Eisenstadt Flughafen Wien and St. Pölten Krems Wiener Neustadt customs offices and a number of financial police teams. The goal was to enforce competition rules for the free movement of goods while performing controls for the protection of people, animals, plants, the environment and cultural assets. The focus was on controls of individuals and vehicles to discover illegally transported goods, and the prevention of lost taxes and duties. Vehicles were stopped and checked at eleven control points in both of the campaigns. Customs inspected trucks and vans for illegally transported goods and the financial police performed tax supervision. The results were a success: twelve motor vehicles were seized, around EUR 126,000 in tax arrears were collected immediately and around EUR 700,000 in claims were attached. Good cooperation between organisational units is one of the keys for effective anti-fraud efforts, so further joint cross-regional campaigns like this are also planned for the future.
Concerted action in the battle against wage and social dumping

Businesses in the eastern part of Austria are greatly exposed to the negative effects of firms in neighbouring countries following EU expansion. Differences in wage levels continue to create an incentive for criminal elements in the business world to commit wage and social dumping to the detriment of taxpayers and their own employees. The financial police work on this with, in particular, the Economic Chamber of Lower Austria and Burgenland and other competent authorities, such as the business registration authorities in these states.

Note:
Extensive information and additional facts and figures on the financial police are available in the brochure „Financial Police – More Security and Fairness“ (Finanzpolizei – Mehr Sicherheit und Fairness), available at www.bmf.gv.at > Publications > Brochures and Guides

Withholding tax - personnel leasing

Employees from tax office business assessment units and the financial police worked very successfully together in the regional “Withholding Tax - Personnel Leasing” campaign in Middle region. The results: assessment of EUR 617,844 in withholding taxes and EUR 64,707 in municipal taxes. The focus was on “personnel leasing to Austria”, which involves employees of foreign companies being provided to Austrian companies. The fees paid to the foreign company are subject to withholding tax under § 99 EStG (Austrian Income Tax Act). Payment of the withholding tax discharges the tax obligation for the leased personnel. Employees from the business assessment units and financial police checked 27 companies in Middle region. This joint operation using “mixed teams” produced impressive results. Findings were made in 18 of the companies, revealing EUR 682,551 in taxes that had not been paid for employees working in Austria. The tax offices assessed EUR 617,844 in withholding taxes. The municipalities concerned were informed about the unpaid municipal taxes and will assess EUR 64,707 in municipal taxes.

Money laundering

„Money laundering“ refers to the movement of money from illegal sources into legal economic and financial circles. The phenomenon is international and can only be successfully fought by good international cooperation between authorities. Suspected money laundering must be reported. Reporting requirements exist, for example, for banks, insurance companies, notaries, lawyers, auditors and others. Government authorities are also subject to a reporting requirement under § 78 StPO (Austrian Code of Criminal Procedure). It is located at the Austrian Federal Criminal Police Office (Bundeskriminalamt – .BK) in Vienna and in addition to money laundering also
combats terrorist financing. The .BK analyses the reports and forwards them internationally to Europol and Interpol. As the Austrian Financial Intelligence Unit (A-FIU), it is also a member of the Egmont Group, the association of EU money laundering units. Since 2011, criminal law no longer allows bank secrecy to be misused to conceal serious tax fraud and subsequent money laundering. Cash controls are an important factor in discovering money laundering. Individuals entering or leaving the EU with EUR 10,000 or more in cash must report this to customs.

Offshore financial centres have been particularly attractive for decades due to lucrative and, above all, „safe“ options for investing assets. As a result, the Austrian customs administration was already aware that regular massive flows of capital were also going to neighbouring countries, such as Switzerland and Liechtenstein. Cash transfers were particularly prevalent, but could not be stopped due to the lack of foreign exchange provisions. The obligation to declare cash amounts in excess of EUR 10,000 does not appear to have changed the situation much. Unbelievable amounts of cash continue to be transported across the borders into Switzerland and Liechtenstein every day. This last remaining EU external border for road traffic is unique in Austria, since cash amounts otherwise only need to be declared at airport customs offices. Commercial transports completely dominate the cash declarations, with unbelievable amounts of cash being transported over this short stretch of border around 40 kilometres in length for banking (foreign currency returns) and business purposes.

For example, a citizen of Hungary wanted to enter Austria at the Tisis customs office in December 2014. During a customs control he declared, when asked, that he was not carrying any dutiable goods or cash. This declaration, however, turned out to be false. The customs officials were astonished to discover USD 250,000 in cash in a sports bag he was bringing with him from Hungary. “The money is revenue from my company in Liechtenstein”, the traveller stated into the record. Because he did not declare the cash, the traveller is now facing a penal procedure. Ten percent of the cash, around EUR 20,000, was collected as security. This was the largest cash smuggling violation discovered at the EU external border with Switzerland and Liechtenstein in 2014.

Unlike the statistics in earlier years, the number of discoveries in the area of cash controls by customs at the EU external border to Switzerland and Liechtenstein has decreased. There were, however, more than 2,700 declarations for a total amount of EUR 3.2 billion in 2014. These were mainly declarations by official cash couriers who were transferring these amounts across the border as part of the currency flow between official banking institutions. In spite of the decrease in discoveries from cash controls, our customs personnel achieved a respectable result of 25 cases totalling slightly more than EUR 1 million in 2014.

Such discoveries also form the basis for further tax investigations of Austrian residents. Cash controls are extremely important from a fiscal point of view and will remain one of the main priorities of control activities at the EU external border in the future.

**Note:**
Information on cash controls is available at www.bmf.gv.at under “Customs”, “Travellers” – “Cash controls”

### Summary

The Austrian tax and customs administration must perform a broad range of duties in order to protect society and the economy. For this reason, it is particularly important to expand and apply effective networking in this area. The successes achieved, for example, by cooperation between the tax investigation unit and Public Prosecutor’s Office for Combating Economic Crimes and Corruption, and in the fight against fraud confirm the value of this approach. These successes in the fight against fraud networks, detection of drug plantations and in the international protection of endangered species would not have been possible without effective cooperation. Significant results were also recorded in 2014 in the areas of counterfeit goods, money laundering and terrorist financing and in operational gambling audits.
C. Internal Development

The tax and customs administration considers human resources development and creation of a modern workplace to be key requirements of a responsible employer. This includes, for example, training to become a tax assistant, and organisation development measures that are discussed in more detail in the following two objectives.

Objective V. Employee orientation

The promotion of employee commitment, motivation and qualifications makes a significant contribution to the performance capabilities of the financial administration.

Main priorities:
- Ensuring needs-appropriate assignment of staff
- Promotion of optimal, cross-organisation cooperation
- Promotion of measures for the equal treatment of men and women
- Promotion of occupational health and safety

Transparency in training leads to quality!

The Austrian Federal Ministry of Finance considers itself a knowledge-based organisation and commits to an administrative culture of knowledge-sharing and learning in its strategy papers. Employees represent the most important factor for success in this expert organisation. Training and advanced training is an important way to keep employees fit for the international interplay between business and administration. The Federal Academy of Finance plays an important role in this, particularly for basic and job training.

Training and advanced training activities are an investment in the personal and professional development of employees that is aimed, in addition to other training policy objectives, at countering the impending shortage of skilled personnel.
The financial administration offers a broad portfolio of training options, ranging from trainee programmes to academic studies.

### Talent Management

<table>
<thead>
<tr>
<th>Trainee Programmes</th>
<th>Basic Training New</th>
<th>Job Training</th>
<th>Advanced Training</th>
<th>Academic Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Innovative teaching methods for basic and survey knowledge</td>
<td>Transparent requirements for specialised expertise</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Stages of training in the Ministry of Finance (Source: in-house chart)

**Tax assistant trainee programme**

The Austrian tax and customs administration makes its contribution to youth training. The financial administration once again filled 80 trainee positions for tax and administrative assistants in 2014. This gives interested youth the opportunity to enter a trainee programme with one of the most modern administrations in Europe. In addition to training received in tax offices and vocational schools, around 160 tax assistants also successfully completed trainee week (Lehrlingswoche) at the Federal Academy of Finance in 2014. For the first time, tax assistants from the private sector also took part in this special advanced training event (together with the financial administration trainees). The tax assistant trainee programme belongs to the family of commercial administration training programs. In addition to the area of commercial administration, training also focuses on Austrian tax law. This broadly diversified training opens doors for the trainees in both the public and private sectors, in particular at auditing and tax consulting companies.

In October 2014, the Austrian Federal Ministry of Science, Research and Economy honoured the Middle region for the success and long-term achievement of its trainee programmes by acknowledging all of the tax offices in the region as “state-recognised training establishments” (Staatlich ausgezeichneter Ausbildungsbetrieb) in accordance with § 30a BAG (Austrian Vocational Training Act).

**Note:**
The Austrian Federal Ministry of Finance document „Now You Are at the Steering Wheel!” (Jetzt bist Du am Steuer!) provides more information on trainee programmes at the Ministry of Finance and is available at www.bmf.gv.at > Publications > Brochures and Guides.

Basic training provides basic and survey knowledge. Knowledge of interconnections and a familiarity with the organisational culture of the ministry form the basis for employment in the tax, customs or general service areas of the administration. The training phase for new employees ends with a final administrative services examination.
Job training uses a special combination of practical and theoretical training related to specific areas of the administration and job positions to add to the basic and survey knowledge learned in basic training. Job training prepares each employee for specific responsibilities and positions, so they can satisfy workplace requirements in both theory and practice.

The job training directive issued in December 2011 reflects the financial administration’s efforts to create a training management system that is efficient, forward-looking and transparent. This is also in line with the basic intent of the last amendment to the Grundausbildungsverordnung (Basic Training Regulation) (2009), namely basic training focused on teaching basic and survey knowledge that subsequently helps promote job-specific training.

A new system was implemented for job training to ensure uniform quality standards and satisfy the requirements of a modern human resources development system. The new system creates new standards for training transparency and helps managers and employees clarify mutual expectations at the start of job training.

From definition of responsibilities, to specification of requirements and preparation of major training programme contents.

The focus of job training is on key employee requirements, which are derived from the activities or responsibilities of the position (step 1). The requirements (target qualifications) can be broken down into specialised and general requirements, with the general requirements defined in their entirety. The requirements are used to define learning objectives and training programme contents (step 2), which then form the basis for job training for the position in question (step 3).

Once they have completed job training, employees have the job-related qualifications (actual qualifications) needed to fulfil their responsibilities (step 4). To check that the learning objectives have been achieved and training programme contents have been learned, actual and target qualifications are compared during the annual employee review (step 5). Additional development measures are employed if any discrepancies are found (step 6).

Advanced training

Life-long learning is not simply a buzzword in the financial administration, it is a part of everyday life. The consolidation and rapid rate of change in the working world requires that knowledge be kept continuously up-to-date. Knowledge, skills and abilities have to be continuously deepened, expanded or renewed in order to keep our employees up-to-date and ensure that the financial administration is capable of performing its duties. Management and leadership programmes for our managers round off this area.

Academic training and degree programmes

At the top level of training, the financial administration offers its employees the opportunity to earn a Bologna Process-compliant bachelor’s or master’s degree in public management.
or tax management. The first of these offers a broad education in management, while the second, tax management, offers in-depth specialised education in the area of tax law and national and international accounting.

**Generationally-oriented work in the Ministry of Finance ("15/65" project)**

The Minister of Social Affairs and Minister of Economics jointly awarded the NESTOR Gold seal of quality for the third time in November 2014. The award was received by eight companies and organisations with a special commitment to lifecycle-oriented age-equality and sustainable generation management. For the first time, one of the recipients was an office of the Federal Ministry of Finance, namely the Hollabrunn Korneuburg Tulln tax office – the pioneer office in the Ministry of Finance with respect to generationally-oriented work ("15/65" project). This means the tax office can consider itself the equal of major Austrian companies and organisations. The NESTOR Gold seal of quality provides guidelines for age-equality in workplace design for all generations and checks the effectiveness of initiatives and measures using 27 indicators. The seal of quality is awarded for a period of three years, with re-certification possible after that. The aim of the seal of quality is to maintain employees’ ability to work and increase the de facto date they enter retirement. However, to improve generational-equality it is just as important to ensure that youth enjoy a good entry in the working world. The companies and organisations receiving the award provide a good example in this regard. In addition to their day-to-day work, for the past three years employees of the tax office have been addressing the conditions for employees between 15 and 65. When mutual understanding exists and respect and appreciation are taken seriously, employees remain in their jobs longer. And they remain healthy longer if employees assume personal responsibility based on the recommendations of the project working group.

**Home & Mobile Office Day**

The flexibility to work at any time or place improves the work-life balance and company productivity, thereby making Austria a more attractive location for business. In the middle of November, Internetoffensive Österreich therefore announced the second Austrian Home & Mobile Office Day. The Federal Ministry of Finance supports the initiative and is a pioneer in this area itself. The focus of this year’s Home & Mobile Office Day is the “New World of Work Readiness Index”, which is currently in the pilot phase. Interested companies were invited to participate. The index shows a company’s current status in terms of best practices in the area of home and mobile offices. The index also provides information on an employer’s attractiveness and indicates areas where improvements could be made. The Ministry of Finance’s innovative e-Government applications save companies time and money and help them do their work at any time and location. Many years of experience and modern technology also provide Ministry of Finance employees the ability to perform mobile work easily and securely. The large number of field employees in customs, the financial police and business audit unit required flexible solutions to be adopted very early on. Modern communications tools and equipment have made it easier to use home and mobile offices, as the IT applications needed for work can be accessed from any location. Web conferences and simultaneous editing of documents from any location are already possible in the Ministry of Finance. An optional availability indicator, which can
also be used for home and mobile offices, makes communications easier for all employees not present in the office. In the future, the Ministry of Finance plans to provide all employees with virtual computer workplaces based on “thin clients” that are made available using centralised location-independent hardware and software.

Using talent management for human resources development

Ministry-wide roll-out of the “Talent Management in the Financial Administration” concept began in 2014. This concept is aimed at ensuring employees have the necessary special and general skills, maintaining employee motivation and providing support for professional development. Career profiles were developed to allow career development options and personal career paths to be shown. Career profiles are broken down into three to five career stages, depending on requirements and responsibilities.

By including “professional development” as a topic in the annual employee review, both employees and managers deal regularly with professional development needs and potential. This

allows optimal planning of career paths. From the perspective of human resources development, this allows more attention to be placed on goals such as increased mobility, more targeted training management and strategic management of human resources.

In addition, the career profiles allow an overview of the range of employment opportunities available in the Ministry of Finance to be easily presented – for example at career fairs.
Promoting the working ability of employees

Continuous promotion of working ability, i.e. commitment and motivation, skills and training – but also including in particular support for the physical and mental health of employees – is not just a strategic aim of the Ministry of Finance human resources management department. Given the increasing complexity and compression of work, it is an absolute necessity for ensuring that the Austrian financial administration can perform its duties.

An annual health promotion report documents activities and the results achieved.

A wide range of options are offered on-site by highly dedicated health moderators at each office. Only the options in widespread use are mentioned below:

RecoveryCheck

An Internet-based tool developed by the Institut für Begleitforschung in cooperation with the University of Graz reflects a person’s state of stress or recovery, thereby allowing an assessment to be made as to whether the person is currently in dynamic balance between stress and recovery. This tool can be used to provide mental health support, as both performance potential and critical mental conditions can be identified.

The results of close to 3000 measurements performed to date (in tax offices, customs offices, the Tax and Customs Coordination Office and large company audit unit) confirm the WAI findings and indicate an urgent need for action in “age-critical” areas of activity in particular. The overall results for “stress” and “recovery” are significantly higher than the external benchmark. The performance potential of around 30% of all employees is shown to be in danger.
Work Ability Index (WAI) – measurement using work ability coaching

This statistical measure of working ability is defined as an outcome orientation in Chapter 15, and a measurement is therefore taken at regular intervals.

The current average Work Ability Index value in the Ministry of Finance is 37.6 points, just high enough to still be in the good range. It is a drop of 0.5 points from the previous measurement.

Work analysis

A sophisticated analysis of work flows and working conditions is used to reduce preventable stress and optimise the handling of stress. A more detailed analysis of all Ministry of Finance organisational units and team types (e.g. general assessment, business assessment, tax collection, etc.) will be performed systematically in the next three years. Work analyses examine work assignments and the conditions under which they are performed, as well as job activities and their requirements, resources and stressors. By monitoring behaviour in the workplace and supplementing this with interviews and surveys, a workplace-specific result can be determined that depends on the workplace and job activities and not a specific person. The work analysis leads to design recommendations for optimising stress by changing equipment, the work setting, work organisation and cooperation and/or the way work is performed. This a significant step in the direction of workplace improvement.

Workplace assessment process for mental stress

When the B-BSG (Austrian Federal Employee Protection Act) was amended, the Ministry of Finance introduced a nationwide standardised process for performing this assessment. Three instruments are used for data collection: the ORGFit questionnaire, employee surveys and work analysis. The results of the three instruments have been made available to all administrative authorities, and the internal process for reducing any risks due to work-related mental stress in the workplace has already begun.

Employee Survey 2014

Another ministry-wide employee survey took place in 2014. The survey is performed every three years and is concerned with pinpointing strengths and areas of development, identifying changes and developing needs-oriented measures for improving working conditions with managers. 6,300 employees, or 57%, took part in the 2014 employee survey, representing an increase over the previous survey in 2011. This shows the great commitment of employees to work together to maintain strengths and achieve improvements.

Based on the provisions of the B-BSG, the employee survey was expanded this time to include a workplace assessment for mental stress. After the result reports are prepared and sent, implementation workshops take place across the ministry to plan and implement detailed implementation measures based on the results.
Summary

The Ministry of Finance offers its employees a continuous training programme extending from the tax assistant trainee programme all the way to a Bologna Process-compliant bachelor’s and master’s of arts in business tax management. Our extensive range of training opportunities is aimed at all employees in the ministry, ensuring that we achieve the best progress possible as a knowledge-based organisation. More than 289,000 advanced training hours (i.e. not including basic training or job training) were completed in the Ministry of Finance in 2014, corresponding to an average of around 26 hours of advanced training per employee. Our organisation has a special commitment to lifecycle-oriented age-equality and sustainable generation management and was awarded the “NESTOR Gold” seal of quality in 2014 for generation-oriented work in the Ministry of Finance (“15/65” project). Last but not least, numerous measures, such as recovery checks and WAI measurements, were also used to address the needs of employees and promote employee work ability, motivation and commitment over the long term.
Objective VI. Organisation development

An innovative, outcome-oriented and efficient organisation ensures that it can optimally perform its duties and is prepared for the challenges of the future.

**Main priorities:**
- Ensure continued implementation of the 2nd stage of the budget reform
- Further improvements in the fight against fraud and the area of financial crime
- Uniform IT support for all anti-fraud units
- Improvement of cross-organisation cooperation

**Job Reform project**

Our employee workload has been rising steadily for years. This is mainly due to extremely restrictive hiring opportunities, the high number of retirements and increasing demands associated with the provision of services. The “Job Reform 2014” project is aimed at pinpointing areas leading to a reduction in workload, thereby ensuring the long-term working ability of our employees and/or optimising the provision of services in the financial administration.

**Project objectives**

- Identify potential areas of optimisation in all organisational units and areas
- Efficient and effective performance of core and support responsibilities
- Workload reduction
- Increased efficiency of personnel deployment
- Simplify administration for enforcement and taxpayers
- Assess efficiency of locations

**Identification of potential areas**

Directorate General IV identified potential areas lying within its area of responsibility during the directorate general retreat and central steering meeting in February 2014. These were then assigned to the “Control and management processes”, “Organisational structure” and “Externally provided services” work packages of the Job Reform 2014 project and additional potential topics – networking events, reporting requirements and internal personnel deployment processes – were identified:

- Control and management processes:
  - Networking events, reporting requirements, internal personnel deployment processes
- Organisational structure:
  - Tax and customs coordination (area of responsibility of Directorate General IV), organisation teams
- Externally provided services:
  - Opening times, family services, tax office location analysis including regional cooperations, customs office location analysis

**Analysis results**

“Control and management processes” work package

- Networking events:
  - Analysis complete; continuous critical examination of every
“ad hoc” and new event is an absolute MUST, continue ongoing consciousness-raising with respect to event costs

- Reporting requirements:
  Analysis complete; implementation 1st quarter 2015

- Personnel deployment processes:
  New process developed, implementation 2015

Organisational structure” work package

- Product management (PM):
  Analysis complete; movement of IT coordinators from RM to PM, according to note from the Austrian Federal Chancellery, the PM must be tapered down from 24 to 15 employees, therefore no adjustment necessary; increased involvement of office practitioners in project work necessary in the future

- Technical analysis institute (TAI):
  Analysis has determined that current situation of the TAI (in-house solution) should be maintained.
  Next steps: Re-evaluate entire TAI, increase personnel, renew technical equipment

- Regional management (RM):
  Analysis complete; responsibilities and human resources remain unchanged except for IT coordinators

- Risk, information and analysis centre (RIA):
  Analysis complete; tapered reduction in the area of customs personnel in the risk, information and analysis centre

- Nationwide specialist unit:
  Identification of four main priorities:
  Leverage from drafting legislation (involvement of specialist units), improvement of quality assurance (assisting audit process), promotion of specialisation in office specialist units, analysis of Austrian Federal Finance Court proceedings for possible improvements in the constitutional framework; results 1st quarter 2015

- Organisation teams:
  Analysis complete; recommend tax centres be optimised similar to team areas in Vienna organisation; continue status quo outside tax centres; with respect to tax centres, next year objective/project for each region similar to the Wien Mitte Tax Centre

Externally provided services:

- Tax office (TO) location optimisation:
  Currently no location closures planned, however not every location needs a “full TO”; detailed analysis and concept preparation with respect to concentration of business assessment teams and tax collection teams still incomplete; analysis/concept preparation by regional management (RM) during “Management by Objectives (MbO) 2015”, analysis results end of 3rd quarter 2015, implementation decision 4th quarter 2015

- Customs office (CO) location optimisation:
  Detailed analysis recommended closure of 9 tax offices, decision reached in central steering meeting November 2014 and final coordination has been performed with Department I/3 (Purchasing and Facility Management). Implementation 2015 by regional managers (RM) and heads of offices, with involvement of the manager of infrastructure, economy and procurement

- Needs-oriented opening hours:
  Pilot project for opening hours including “state telephony” and appointment hotline started in Upper Austria on 3 November 2014. Infocentre focus groups have started work. Pilot project to May 2015, followed by evaluation and potentially nationwide implementation

Family services

- Automatic family allowance:

- School textbook campaign:
  Transfer agendas to Federal Ministry for Family and Youth: incomplete

- Free transport to school and back:
  Compilation at AVOG offices (Austrian Tax Administration Organisation Act offices): incomplete
Efficiency improvement: move into new building

The new building for the Perg tax office was completed in March 2014. The previous building had been built around the beginning of the 20th century and was the home of the district court. The financial administration took over the building in 1958. After decades of use, the building was in high need of renovation. The basement also showed clear signs of the flooding in 2002. The owner (the municipality of Perg) therefore decided to demolish it and construct a new building on the same site. In March 2014, the financial administration returned to its new offices on the first floor (this is where the Infocentre is located) and the entire second floor of the new mixed-use administrative, residential and commercial building. The official opening took place on 4 July 2014, with the Ministry of Finance pointing out the new office concept and barrier-free access in the Infocentre, among other things. Energy efficiency was also an important factor, and was successfully achieved.

Energy management

In order to incorporate sustainability into our environmental management system (EMS), we decided to have the Ministry of Finance headquarters certified in accordance with ISO 14.001 as the initial step. When the initial ISO 14.001 certification expired after 3 years, the headquarters was recertified in October 2014. This certificate is valid until 2017, provided the annual monitoring cycle of internal audit - management review - external audit is maintained. Experience with our environmental management system allowed us to identify energy as the area offering the greatest potential, and our ministry was certified under ISO 50.001 Energy Management in 2013.

Note:
Further information is available at: www.bmf.gv.at > Energy Management

Forward-looking: further infrastructure modernisation

Many infrastructure measures were implemented in 2014 in order to provide modern, up-to-date conditions for employees.

Modernisation was performed in the following projects and locations:

- Safety in the financial administration:
  Started in 2014, concept project completed, project contract already awarded, some elements already implemented (for example, emergency call buttons, qualification training in cooperation with the Security Academy (SIAK) of the Federal Ministry of the Interior).
- Salzburg cafeteria:
  Tender completed, currently planning for necessary conversion work.
Innsbruck tax centre
Started, currently in planning phase. Continued use of Hinterere Zollamtstrasse 2b, 1030 Vienna: use continues.

Kufstein:
Lease termination and optimisation of space efficiency taking place.

Klagenfurt:
Location consolidation completed, search for prospective parties in progress.

Wiener Neustadt:
Renovation continues.

Financial police infrastructure:
Ongoing adjustments.

Traffic inspection points:
Schrick and Bruck/Leitha, started.

Deployment training location:
In progress, decision on location leasing made in 4th quarter.

Barrier-free access:
Reutte Infocentre barrier-free access completed.

Summary

2014 was an eventful year in terms of organisation development. The organisation development changes in the previous year were not only an issue at the local level, but also at the responsibility level due to the concentration of special responsibilities aimed at making use of synergies and optimising space and energy efficiency.
D. Social Responsibility

The goal of the financial administration is to work with all parties concerned to ensure economic order and an economic climate that provides a solid foundation for social interaction. The tax and customs administration helps to ensure a fair competitive environment and eliminate dishonest practices. Equal taxation and equal treatment are important principles; citizens are given guidance on satisfying their tax obligations.

The financial administration is also aware of its social responsibility and tries to act as a model in this regard. Among other things, efforts are made to achieve lasting effects by using moral education of children and providing support for team sports. The support for disadvantaged Austrian athletes stands out in particular with respect to the rest of Europe. The success of this programme can be seen, for example, in the large number of participants at the Winter Paralympics. Their hard work and our commitment allowed them to fulfil their (Olympic) dreams.

1. Fair Play:
An initiative for compliance and ethical tax behaviour

To continue safeguarding the financial interests of the country of Austria and its businesses and citizens in the future, the financial administration must change its way of thinking and customary working methods and “break new ground”. Cross-administration cooperation, legal certainty and prompt assistance for taxpayers, instead of ex-post audits, are the order of the day.

New values of cooperation have to be established for the long term, based on mutual respect, openness and transparency. Growing levels of trust and responsibility for all parties concerned will create a basis for successful cooperation in the future and further increase ethical tax behaviour.

However, there is one thing that cannot be ignored when the discussion turns to tax compliance, namely the fight against “aggressive tax planning”. The aim of this practice is to pay zero or very little tax. Multinational companies, for example, take advantage of tax loopholes created by the lack of coordination between different national tax systems in order to shift their tax burden to low-tax countries. It is, however, not just large corporations. Some small and medium-sized companies also often shamelessly exploit the limits of what is permissible under the law. Under the guise of fictitious self-employment, they circumvent the payroll tax and social insurance requirements of the law. These are only two examples – the range of tax evasion practices is broad, and often highly complex.

The public is currently undergoing a polarisation. While many companies are acknowledging their social responsibility and making ethical tax behaviour a top priority, organised tax fraud is flourishing as never before. Taxes are a cost factor and tax planning is one of the most important strategic topics for companies. The boundaries between legal tax planning, aggressive tax structuring and intentional tax evasion are, however, often not clearly defined. The traditional instruments of auditing and penalties are no longer adequate in such cases. In addition to proven auditing and anti-fraud measures, further development and combination of existing risk management tools and use of the latest technologies are also important factors for success. Increased cooperation with other authorities and internatio-
national organisations – judicial system, police, OECD, European Anti-Fraud Office – is also steadily growing in importance to allow efficient and needs-appropriate deployment of existing resources in known risk areas.

Tax advisors and experts, for example, often make fine, hair-splitting arguments, while claiming that it is either legal or illegal, but that aggressive tax planning is not involved. The European Commission and OECD have nevertheless taken a clear position and presented action plans to counter such practices in order to maintain a fair competitive environment outside of Austria as well.

2. Investment in the future: information for youth and those remaining young at heart

School visits – discussions with future taxpayers

During school visits, interactive presentations and discussions are used to discuss questions of all kinds related to taxes with future taxpayers. The target group is youth in the final years of school. The school visits deal with many topics, including in particular the following questions: “Why do taxes exist?” “What happens to the money?” or “How much do certain public services cost?” The students are always very interested, and many things that are taken for granted, such as free schooling and doctor’s visits, suddenly appear in a different light as a result of the visits.

Girls’ Day 2014

On 24 April 2014, interested girls aged 15 to 16 took advantage of the opportunity to learn about the different responsibilities of employees in the financial administration. Employees in the Vienna 8/16/17 tax office and Vienna customs office offered the girls a wide-ranging programme for Girls’ Day 2014. The visitors received a brief overview of the different activities of Infocentre employees at the Wien Mitte Tax Centre. This was followed by a “World Cafe” with discussion sessions that allowed the students to learn more about the different responsibilities and areas of the tax administration. The second part of the programme took place at the Vienna customs office, where the different responsibilities of the customs administration were presented. Among other things, the presentation focused on endangered species protection and customs law applicable to travellers. The event ended with a demonstration by two working dogs.

Facebook and video portal at www.bmf.gv.at

The Austrian Federal Ministry of Finance also networks with outside target groups via its Facebook page at www.facebook.com/finanzministerium. Citizens can communicate directly with Ministry of Finance here and receive up-to-date news and information on services. The Ministry of Finance Facebook page already has more than 25,400 fans. Video is also increasingly being used as a communication medium. The video portal, which can be accessed via the ministry’s home page at www.bmf.gv.at, has video clips on a variety of topic areas that provide information on current events (such as reports on meetings of the EU finance ministers) and explanations of technical matters (for example, the informational video “Where do my tax euros go?” (Wohin fließt mein Steuereuro?).

3. Sports

Support for top athletes

The basic idea of the programme is to provide support for talented young ski athletes on the way to the top in Europe and the world. The athletes receive adequate time for sports training and competitions, while at the same time being trained in the tax and customs administration, which prepares them for a
future position in the financial administration („career after the career”). The possibility of entering the financial administration at the end of their sports career provides support for both the Austrian Ski Federation in its efforts to maintain its top position in the world, and for the athletes themselves as they follow their exceptional career path. In order to become a member of the finance ski team, athletes must belong to a team in the Austrian Ski Federation (Österreichischer Skiverband) in the categories of alpine skiing, cross-country, biathlon or nordic combined. Due to the limit on the number of positions supported, there are no plans to expand the programme to other types of sports.
Carinthian customs employee Daniel Mesotitsch, who has been a member of the finance sports team for more than a decade, provided outstanding performance that earned him a medal in the Olympic Games at Sochi. Customs employee Eva-Maria Brem celebrated her first World Cup victory after winning the Grand Slalom in Aspen in November 2014. There were many other noteworthy results and successes achieved by the members of the finance team. The Ministry of Finance has been supporting employees in alpine and nordic high performance and competitive sport since 1952, while at the same time offering them the opportunity of a professional career in the financial administration.

**Support for athletes with disabilities**

In addition to the alpine and nordic ski teams, the Ministry of Finance has also provided targeted support for athletes with disabilities since 2008. Noteworthy results have also been achieved in this area. The disabled alpine athletes on the finance team are among the best in Austria, as shown by the three Olympic medals Markus Salcher and Roman Rabl each earned in Sochi. Two of Markus Salcher’s medals were gold, so that it was no surprise when the 23 year old Carinthian was chosen as the disabled athlete of the year for 2014.

**5th FSC National Indoor Football Championship**

The Oberwart section hosted the national championship of the Finance Sports Club (FSC) in November 2014 for its 40th anniversary. There was an extensive programme of accompanying events, and the 20 teams coming from every state in Austria provided exciting competition play.

The Styrian team, with members from the Graz-Umgebung and Deutschlandsberg Leibnitz Voitsberg tax offices and the Oberwart tax office made it to the final. Although the hosts provided superior play in the final game, they were unable to use all the opportunities given to them. A well-earned opening goal was followed by an equaliser, and the game moved into sudden death to decide the title winner. Both teams lost one player each minute, and when there were only two players left on the field the Styrian team scored the winning goal of the 2014 National Championship. The players and FSC are now looking forward to the 2015 championship, which will be hosted by the Carinthian finance sports club.
E. International Cooperation

The great importance of international cooperation, especially with neighbouring countries, was recognised by a large number of projects in 2014, and gained additional scope in EU projects. An international administrative assistance network for optimising communication and cooperation in the interests of good public governance covers many areas:

1. Cooperation with foreign (investigating) authorities

**Joint Mineral Oil Investigation Team**

A number of cases of mineral oil fraud came to a conclusion at the beginning of 2014 with the sentencing of two former company managers. The Vienna Regional Court sentenced both of the managers to mandatory prison sentences for serious fraud in connection with low-cost diesel fuel. They were each fined EUR 20 million for the tax losses they had caused. In the area of mineral oil taxes alone, the steady increase in fraud is generating estimated losses of EUR 20 million a year in mineral oil excise duties, plus an estimated annual loss of EUR 10 million in value-added tax. The working area is extremely complex and requires investigators with specialised knowledge. The number of fraud scenarios continues to grow and presents a problem throughout Europe. Austria is not only a target for fraud, but is also used as a hub for fraud scenarios in other EU member states. Due to the steadily increasing number of fraud cases related to mineral oil handled by the criminal courts, and the two deaths that occurred in the present case (“grenade death in Vienna”), a “Mineral Oil Investigation Team” was founded in January 2014 at the initiative of the Secretary General of the Ministry of Finance.

**Organisational structure**

The investigation team combines resources from the tax and customs administration. Participants handle cases from their own workplaces under the direction of the investigation team. Not all mineral oil cases are handled, only selected scenarios that indicate the presence of organised crime and cross-office structures. Participants are currently recruited from six customs offices (customs investigation units) and the tax investigation unit, and regular contact is maintained with foreign investigating authorities.

**Measures and successes to date**

The investigation methods used – if necessary by means of an order by the public prosecutor’s office – have included telephone monitoring, building searches, observation, location of mobile phones and data, analysis of seized data and information, requests for administrative assistance and examination of suspects and witnesses. In September 2014, in a case where a rust protection agent (“Olej Rust Cleaner”) was sold as diesel fuel, the principal offender was sentenced to four years in prison and the accessories to three and a half years and two and a half years in prison. This was the harshest sentence ever awarded in the area of financial crime. In another case of suspected tax fraud in excess of EUR 1 million, the tax investigation unit performed a building search that led to seizure of EUR
300,000 and an arrest order following the suspect and witness examinations. Seven other cases are currently in progress at a variety of different stages.

**Tax loss in the millions prevented by international cooperation**

In 2014, an international network of fraudulent companies was broken up in cooperation with foreign tax authorities. The losses to the Czech Republic are estimated to be in excess of EUR 85 million. The attention of employees in the Czech financial administration was drawn to a network of companies specialising in mineral oil trading. Soon, there was justifiable suspicion that the network was guilty of tax evasion in the millions. The Europe-wide purchasing headquarters of the company network had its registered office in Vienna, from where the perpetrators billed the purchased mineral oil to more than 80 different companies in the Czech Republic. 50 million litres of mineral oil was allegedly delivered to the fraudulent Czech firms each month. When the mineral oil was subsequently sold to end users, the sales were not properly declared and the taxes were not paid to the tax authorities. In a concerted joint operation, Austrian and Czech tax investigators searched 25 buildings almost simultaneously – including the Vienna purchasing headquarters of the fraud network. This led to the arrest of 15 suspects in the Czech Republic, including one of the Austrian company managers, with 13 of them being taken into pre-trial custody. The tax investigators also seized two servers, 17 standalone devices and more than 200 files from the Vienna location. An estimated EUR 85 million in taxes was evaded in the Czech Republic. Close cooperation with the tax authorities in other member states helps the financial administration to fight international tax fraud more effectively.

**Family allowance and residence fraud**

Illegal collection of family allowances – residence fraud: Applicant B., a registered resident of Vienna, collected family allowance for her two children until the beginning of 2014. When a scheduled check of her family allowance entitlement was performed, it was found that according to the residence that was registered, the family had moved to Linz. When questioned, the landlord of the Vienna apartment stated that the family had left Austria in 2004 and moved to the Netherlands. This meant that the family allowance recipient had not had her normal residence in Austria since July 2004 and was therefore not entitled to family assistance since that date. The damages (claim for recovery of family allowance and supplementary child allowance) totalled EUR 45,915. The case has been reported to the public prosecutor’s office and the Netherlands authorities have been contacted.

**2. Cooperation across borders**

**Summit meeting of the “G 28” EU member states**

The Austrian Federal Ministry of Finance hosted the annual summit meeting of EU directors general for taxes on 17 September 2014. The motto for the conference was “Economy and Taxation without Borders”. The focus of the conference was on international cooperation, taking into account the point of view of the administration, as well as business and academic viewpoints.

Top experts and representatives from the European tax administrations discussed in detail a wide range of possibilities for cooperation. The network of cooperation between national administrations and current international organisation initiatives were discussed at the beginning. Representatives of the European Commission and the Netherlands coordinator for multi-lateral controls reported on the effectiveness of international controls in a variety of fraud areas. This was followed by a talk on the same topic by the head of International Cooperation and Tax Administration at the Organisation for Economic Cooperation and Development (OECD). His talk dealt with the action plan of the OECD G20 finance ministers for simplifying data exchange, particularly in connection with tax losses due to profit shifting by multinational corporations (BEPS – Base Erosion and Profit Shifting). International coordination is needed to fight these international tax planning strategies effectively. The speaker presented a number of key areas where the OECD feels that action is particularly needed.

The next topic of the conference concerned examples of cooperation platforms that already exist. An expert from Germany gave a presentation on the International Tax Centre recently
established by the Bavarian Ministry of Finance as an internal information platform for the German federal tax administration. The tax administrations of a number of countries, for example the USA, Great Britain and Canada, formed the Joint International Tax Shelter Information Centre (JITSIC) in 2004 to improve cooperation and simplify information exchange. Other countries, such as France, Germany, Australia and a number of Asian countries, have also now joined this association. The methods that JITSIC uses to help tax administrations in the fight against tax fraud include identifying and passing on best practice models, developing new methods for early identification of fraud scenarios, and rapid information exchange. Impressive initiatives, successes and additional goals of JITSIC were presented. The University of Vienna gave an impressive presentation on the academic aspect of the cooperation between taxpayers and tax administrations. A presentation by an expert dealt with the effects that customer-orientation, close relationships with citizens and respectful and transparent administration had on business tax behaviour. The horizontal monitoring model used in Austria was singled out as particularly efficient. The speaker also mentioned the confidence that businesses have in administrations with effective anti-fraud strategies, leading businesspeople to develop a positive attitude towards tax compliance. The afternoon of the conference was fully dedicated to business. Two well-known Austrian companies with international business relationships were present. The two listed companies spoke about their experiences with tax authorities and their expectations for cooperative tax administration in the future. All these contributions were discussed in the following podium discussion in which all of the speakers participated. Everyone agreed that the path being followed by the Austrian financial administration – supporting honest taxpayers, while battling intensely against tax evasion and tax fraud – would have a long-term positive effect on business attitudes towards fulfilling their tax obligations.
A joint communiqué was approved at the end of the conference, expressing the intention of all of the countries present to establish closer cooperation between tax administrations in the interests of fairness and competition, and to increase efforts in the fight against tax and business fraud.

The participants expressed their appreciation for the professional organisation of the conference, especially the choice of topics and speakers.

**V6 countries**

In the spring of 2014, a meeting was held in Vienna by representatives of the tax and customs administrations of the “V6 countries” (in addition to Austria, these are Slovakia, Slovenia, the Czech Republic and Poland). The goal of the meeting was to find a common basis for regional cooperation at the operational level. The participants first presented the latest organisational changes to their tax and custom administrations and modifications made to tax and customs law in the last few months. The representatives then presented successful cooperative projects established in the last few years. Potential areas for cooperation in border areas, such as information exchange and anti-fraud measures, were explored in detail. At the end of the meeting, the participants agreed to draw up a memorandum of understanding that would make operational cooperation at the regional level easier for tax and customs offices in border areas.

**South Bohemian Region**

Good neighbourly contact has existed for many years. On 27 June 2014, an Austrian delegation arrived at the Budweis tax office in the South Bohemian Region of the Czech Republic for an information exchange. The Austrian guests came from regional management of the Middle region and the Linz large company audit unit. They spoke, among other things, on bank secrecy and horizontal monitoring, and answered questions about transfer pricing problems. The host described a specific case of transfer pricing with Slovakia, and its solution. A current case of value-added tax and income tax evasion by a Czech businessman connected with Austria, and possibilities for cross-border cooperation were also discussed extensively. Another invitation has already been given: the next meeting will take place in Gmunden, in the southern part of Upper Austria.

**South Moravian Region**

In the middle of September 2014, the regional manager of East region and heads of the Austrian Gänsersdorf Mistelbach and Hollabrunn Korneuburg Tulln tax offices visited the new Südmähren tax office recently established in Brno, Czech Republic. The goal was to maintain and optimise existing contacts to allow multilateral audits to be approached more efficiently right at the outset, for instance when a case is selected. The participating tax offices agreed to appoint contact persons, establish rapid channels of communication for mutual assistance, and advise other offices in the East region when needed. Special importance was placed on the language skills of the contact persons. The Südmähren tax office covers a large part of the territory of the former Brno tax headquarters and includes the former Znojmo, Mikulov and Brecklav offices along the border to the Weinviertel quarter of Austria as branch offices. The Czech financial administration has reduced its offices from the original 199 to 15 in previous years, while maintaining most of the locations. Another working meeting took place in Vienna in January 2015 with the financial administration from the Southern Moravian Region. The contact persons discussed the first concrete incidents of cross-border assistance during the meeting.

**Kranj tax office, Slovenia**

The Klagenfurt tax office in Austria has worked in close cooperation with the Kranj tax office in the border area of Slovenia for 5 years. Two meetings are organised each year, alternating between Slovenia and Austria. The working language of the meetings is English, and they are attended by employees whose knowledge of Slovenia can help cross-border cooperation. The Kranj tax office is a pilot office responsible for establishing information centres in Slovenia, and they gained inspiration from the structure and organisation of the Infocentres in Austrian tax offices during their visit to Klagenfurt. The Austrian telephony project is also of great interest to Slovenia. The Klagenfurt tax office has familiarised itself with the current Slovenian tax vocabulary during the visits. This is particularly
helpful for the employees who handle inquiries and requests from members of the Slovenian ethnic community in Carinthia.

“Maribor customs headquarters, Slovenia”

The cooperation between the Graz customs office in Austria and the Slovenian customs authorities (in particular the Maribor customs office in the north-east, and the Koper customs office in the Slovenian part of the Adria region) focuses on the area of customs clearance, procedures and especially anti-fraud activities. These specific areas are to be promoted and improved.

The focus will, for example, be on procedures, anti-dumping and excise duties, in particular for mineral oil and tobacco. The following are some of the cooperative measures that were specified. Half-yearly meetings between the Maribor customs headquarters and the Graz customs office. Contact persons were named on each side, and agreement was reached on a channel for rapid exchange of fraud-related information. Agreement was also reached on cooperation with mobile controls. Under the EU CUSTOMS 2020 programme, a customs officer from the Maribor customs office made a multi-day visit focusing on anti-fraud measures and mobile controls. In October 2014, the area of joint mobile controls, with coordination on time, location and control information, was made a priority in order to achieve maximum possible coverage of a variety of transport routes in the area of responsibility. Great success was achieved as a result in the fight against cigarette smuggling and the illegal transport of medications.

“Tax agreements with Switzerland and Liechtenstein”

Under the tax agreements with Switzerland and Liechtenstein, investment income received by people resident in Austria is reported to the Austrian tax authorities. The veritable flood of cross-check information posed a major challenge for, among others, the Feldkirch and Bregenz tax offices in Vorarlberg. Organisational changes had to be made in the two offices in order to manage the additional workload efficiently and in accordance with the law. The reports of interest income from Switzerland starting in August 2014 were another interesting and extensive challenge for the experts in these tax offices.

The flood of applications for refunds of improperly deducted withholding tax also could not be neglected. The Feldkirch tax office had to process information received on 3,445 tax cases from Liechtenstein and 5,200 tax cases from Switzerland. In order to manage to workload, employees were therefore taken from all general assessment and business assessment teams to form a separate working group. The priority was on cases that were in danger of time-barring, i.e. those from 2004. The cases primarily concerned Vorarlberg cross-border commuters with salary accounts in neighbouring countries. Cases that had not been identified before in Austria, such as Swiss people collecting pensions, were somewhat more interesting from a fiscal point of view. The reports received by the Bregenz tax office
office concerning 233 tax cases from Liechtenstein and 2,260 from Switzerland were also handled in close cooperation by the general assessment and business assessment teams. This team cooperation also had the positive side effect of increasing cooperation between the various teams in the two offices.

3. Administrative assistance in tax matters – C.L.O. (Central Liaison Office)

One of the results of wide-ranging changes and modernisation due to entry into force of extensive statutory amendments concerning the exchange of information on direct taxes is that it is now also possible for credit institutions to provide information in response to requests by member states and third countries. Preparations for automatic information exchange, which makes it possible to exchange information automatically for certain income categories starting in 2015, were another important factor for the Central Liaison Office (C.L.O.). See section F. Outlook.

Information exchange in the area of value-added tax

The number of incoming and outgoing requests for information remained close to the level in the previous year. Around one sixth of the approximately 2650 requests processed by the C.L.O. in 2014 concerned suspicion of fraud. In the area of spontaneous information exchange, exactly 289 international tax reports were received in 2014. The Austrian financial administration in turn sent out 300 spontaneous information reports to other EU member states. This is an increase of more than 20% compared to 2013.

Positive trend in the area of international administrative assistance for enforcement

2014 saw an increase in requests for the enforcement of claims, with both the number of incoming and outgoing requests rising around 10% compared to 2013. It is pleasing to see that the claim amounts collected also rose considerably, both for incoming and outgoing requests. This shows the positive trend occurring in the area of international administrative assistance for enforcement.

4. TAIEX

TAIEX stands for “Technical Assistance and Information Exchange Instrument”, and is an instrument of the Directorate General for Enlargement of the European Commission. TAIEX assists countries with respect to approximation, application and enforcement of EU legislation. TAIEX is mainly demand-driven and combines requests for assistance in order to contribute custom-tailored expertise to address issues at short notice.

TAIEX provides help and assistance to the following country groups:

- Croatia (new member state – transitional)
- Turkey, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Albania, Bosnia and Herzegovina and Kosovo
- Turkish Cypriot community in the northern part of Cyprus
- Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian National Authority, Syria, Tunisia and Ukraine.

TAIEX entrusted the planning and execution of two projects in Kosovo to the Austrian tax and customs administration, under the leadership of an employee in Directorate IV/A of the Austrian Federal Ministry of Finance. The goal was to assist the Kosovo tax administration in further developing the intelligence offices established in 2011 and the central office for risk analysis. The Austrian experts came from Directorate IV/A of the Austrian Ministry of Finance, the risk, information and analysis centre (RIA), the tax investigation unit and two tax offices. Information on the principles underlying efficient processes and instruments for identifying and fighting tax fraud was provided during the projects, both of which were adopted in 2014.

5. EU administrative partnerships

EU twinning

In 1998, the European Commission created an initiative for administrative partnerships as part of the preparations for expansion of the European Union. This instrument – twinning – is aimed at helping candidate countries implement Community legislation (“acquis communautaire”). Administrative cooperati-
on is an important factor in EU accession by candidate countries. Experts from the Austrian Ministry of Finance work with partners in the twinning country to best achieve the objectives of their projects. Croatia was the most intensive twinning partner to date. As Croatia’s biggest trading partner, Austria has a great interest in Croatia’s membership in the European Union and provided major assistance on the administrative level.

Croatia has only had a few twinnings as an EU member state. In 2014, the Croatian customs administration was assisted with conception and implementation in the areas of follow-up controls and business auditing. Twinning cooperations create a solid basis for further cooperations with partner countries and make it possible to form an optimal network extending beyond the EU.

### Assisting the Georgian tax administration

Two high-ranking delegations visited Austria in October and November as part of the Austrian financial administration’s twinning project for assisting the Georgian tax administration.

The first working visit was dedicated to current control procedures. Visits with local and regional anti-fraud coordinators and the financial police provided a look into the practical work taking place in this area. Officials at the Vienna customs office conveyed the importance of cooperation between the tax and customs administrations. Representatives of the Austrian Ministry of Finance and the RIA explained strategic approaches.

The second working visit was concerned with complaint procedures and advance rulings. Employees at the Korneuburg location of the Hollabrunn Korneburg Tulln tax office explained all of the possible measures and procedure steps, from sending a notice, to submitting a complaint to the Austrian Federal Finance Court. Responsibilities and procedures were discussed during a visit to the Federal Finance Court, which was established on 1 January 2014, and the Georgian representatives were also able to attend a complaint hearing. The large company audit unit presented the legal principles and procedures for advance rulings, and this study visit was rounded off by a visit to the Austrian Federal Administrative Court.

The representatives in both delegations were very impressed by the procedures and standards in Austria. One or the other will likely also be incorporated in the work in progress and suggestions for improvement on-site in the project.

### Albanian project

On 28 October 2014, the “Implementation of a modern Financial Management and Controls System and Public Financial Inspection in Albania” twinning project started in Tirana. Important representatives of the Republic of Albania, ambassadors from the EU and participating countries, representatives of the ministries and the top managers of the project were present. The managers of the project expressed their pleasure that Austria and France had been chosen for the project and emphasised the special importance of international cooperation. In preparation for possible EU accession, Albania is modifying its public finance system to satisfy the requirements of chapter 32 of the acquis communautaire. Based on the current state of legislation, the Albania Ministry of Finance developed a strategy for a fiscal framework, budget planning and execution, transparent reporting and internal and external controls. The objective of the twinning project is to evaluate the current finance system, assist with annual and medium-term budget planning, and further develop control systems and institutions. The methods range from analysis and management consulting to management training. Austria and France were chosen as project manager and junior partner, respectively, from a large number of international competitors because their concept was best suited for bridging the gap between theoretical requirements and practical implementation. The size and importance of the project is also shown by the fact that in addition to the Albanian Ministry of Finance, the Albanian Ministry of Agriculture, Ministry of Health, Ministry of Education and Sport and four Albanian cities are also involved. Experts from six European countries are being used for this project.
6. Comparative analysis of tax administrations

For a number of years, the OECD has periodically published a comprehensive comparative analysis of tax administrations that is increasingly being used as a reference source. The OECD Comparative Information Series includes important statements and report excerpts concerning the Austrian financial administration in an international comparison. The areas of comparison included the following:

- Organisation and organisational reforms
- Organisational comparisons with respect to responsibilities
- Strategic management – management tools such as business plans, horizontal monitoring
- Human resources development and tax administration
- Resources and related performance measures
- Revenues and related performance measures, service standards, number and additional revenues from audit measures, number of appeals, arrears
- Online services – such as rates of online use by type of tax
- The role played in this by tax intermediaries and services
- Legislative frameworks, e.g. availability of rulings, rights and obligations, compliance and reporting requirements in connection with withholding taxes
We are looking forward to interesting, innovative changes in our challenging areas of activity in 2015. We will continue to implement and extensively expand projects already under way in order to continue creating the best possible conditions for our stakeholders. This section takes a brief look at our objectives and projects.

1. The path forward: Cooperation across borders

In this new environment, events on the topic of realignment of federal-state financial relationships represent another contribution by the Austrian Ministry of Finance and Austrian embassy to “public diplomacy” and the systematic maintenance of international relationships.

Under the title of “Federal-state financial relationships today and in 2020+”, a prestigious expert panel discussion took place in Berlin in December 2014 on the topic of Realignment of federal-state financial relationships – The way forward: more centralisation or increased budget and tax responsibility for states, cities and municipalities? Debate on the distribution of tax revenues between East and West, North and South is particularly intense in Germany. This can be seen from a current example in the media. The aid currently being provided to the east part of Germany, the so-called “solidarity surcharge”, will expire at the end of 2019. A heated and controversial debate is taking place on the question of whether the solidarity surcharge should now be eliminated or the government urgently need it for investments in both the east and west. Realignment of federal-state financial relationships faces Germany with major changes in the distribution of finances and work. The “Schuldenbremse”, or limit placed on debt, will also cause changes in federal-state relationships in Germany.

Guests from business, diplomacy, the federal government, media and academia followed the panel discussion closely. Following the discussion, the expert panel answered well-informed questions from the audience. All of this took place with repeated reference to best practice examples from Austria, Switzerland and the USA.

2. Customer relationship management – 2015 work programme

New technical possibilities and demographic changes require us to continuously evaluate our customer service and make adjustments to meet the needs of the public within the limits of the resources available. The guiding principle is that the best possible support should be provided to all people using or desiring to use our self-service options. Among other things, this should make it possible to make more resources available to assist those who are unable to use the self-service options or require additional assistance.

Medium and long-term changes will be analysed and measures developed during the 2015 work programme that can be used to maintain and even further expand the high quality service currently provided by the Austrian financial administration, in spite of the ongoing reduction in resources.

3. Comprehensive administrative assistance for income tax

Austrian tax law requires “comprehensive” administrative assistance in some cases (e.g. recapture of foreign losses, tax privileges for donations and foreign group members). The following list of countries is being published to clarify the countries and territories with which “comprehensive” administrative assistance exists. The Austrian Ministry of Finance considers the term “comprehensive” administrative assistance to mean a “major” exchange of information that exceeds the amount needed for simple treaty application.
This list shows all of the countries and territories that have agreements for comprehensive administrative assistance with Austria.

“Comprehensive” administrative assistance existed with the following countries and territories as of 1 January 2015: Albania, Anguilla, Algeria, Andorra, Argentina, Armenia, Aruba, Australia, Azerbaijan, Bahrain, Barbados, Belgium, Belize, Bermuda, Bosnia-Herzegovina, Brusilia, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Columbia, Croatia, Costa Rica, Curacao, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Faroe Islands, Finland, France, Georgia, Germany, Ghana, Gibraltar, Great Britain, Greece, Greenland, Guernsey, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea (Republic), Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, Macedonia, Mexico, Moldova, Monaco, Montserrat, Morocco, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Qatar, Romania, St. Vincent and the Grenadines, San Marino, Saudi Arabia, Serbia, Singapore, Sint Maarten, Slovak Republic, Slovenia, Spain, South Africa, Sweden, Switzerland, Tajikistan, Thailand, Tunisia, Turkey, Turks and Caicos Islands, Ukraine, United States of America, Venezuela and Vietnam.
G. Facts and figures

Comparison

Numbers form the foundation of the tax and customs world. The facts and figures section provides interesting internal data, including key performance figures and much more, that give an overview of the different areas of the ministry.

<table>
<thead>
<tr>
<th>Tax and customs revenue in EUR m</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT, incl. customs import VAT</td>
<td>23,391.39</td>
<td>24,602.33</td>
<td>24,870.00</td>
<td>25,470.00</td>
</tr>
<tr>
<td>Wage tax</td>
<td>21,783.87</td>
<td>24,524.14</td>
<td>24,600.00</td>
<td>25,940.00</td>
</tr>
<tr>
<td>Income tax</td>
<td>2,678.21</td>
<td>2,601.95</td>
<td>3,120.00</td>
<td>3,380.00</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>5,277.10</td>
<td>5,326.63</td>
<td>6,020.00</td>
<td>5,910.00</td>
</tr>
<tr>
<td>Investment income tax</td>
<td>2,787.48</td>
<td>2,511.50</td>
<td>2,720.00</td>
<td>2,770.00</td>
</tr>
<tr>
<td>Customs duties</td>
<td>248.34</td>
<td>224.68</td>
<td>210.00</td>
<td>240.00</td>
</tr>
<tr>
<td>Alcohol and other excise duties</td>
<td>322.04</td>
<td>320.53</td>
<td>320.00</td>
<td>370.00</td>
</tr>
<tr>
<td>Excise duties on mineral oil</td>
<td>4,212.52</td>
<td>4,181.38</td>
<td>4,170.00</td>
<td>4,140.00</td>
</tr>
<tr>
<td>Excise duties on tobacco</td>
<td>1,568.38</td>
<td>1,620.79</td>
<td>1,660.00</td>
<td>1,710.00</td>
</tr>
<tr>
<td>Family allowance payments</td>
<td>3,177.07</td>
<td>3,135.67</td>
<td>3,160.00</td>
<td>3,130.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget (preliminary result) TO/CO/LCA/TI in EUR m</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses</td>
<td>454.23</td>
<td>498.05</td>
<td>516.34</td>
<td>524.37</td>
</tr>
<tr>
<td>Material expenses</td>
<td>95.04</td>
<td>100.46</td>
<td>95.11</td>
<td>92.46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Large company audit unit (LCA)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and special VAT audits</td>
<td>3,849</td>
<td>3,720</td>
<td>3,290</td>
<td>3,133</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>1,143.36</td>
<td>1,243.91</td>
<td>690.23</td>
<td>847.03</td>
</tr>
<tr>
<td>Foreigner VAT audits</td>
<td>440</td>
<td>455</td>
<td>417</td>
<td>347</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>70.71</td>
<td>29.37</td>
<td>126.21</td>
<td>27.55</td>
</tr>
<tr>
<td>Collections and follow-ups</td>
<td>1.042</td>
<td>732</td>
<td>828</td>
<td>1,088</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>3.23</td>
<td>5.57</td>
<td>6.82</td>
<td>3.12</td>
</tr>
<tr>
<td>Financial police</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Companies checked</td>
<td>30,015</td>
<td>30,035</td>
<td>36,467</td>
<td>33,610</td>
</tr>
<tr>
<td>Employees checked</td>
<td>65,574</td>
<td>58,069</td>
<td>73,599</td>
<td>70,428</td>
</tr>
<tr>
<td>Illegal employees</td>
<td>13,551</td>
<td>10,026</td>
<td>11,310</td>
<td>13,143</td>
</tr>
<tr>
<td>Gambling controls</td>
<td></td>
<td>762</td>
<td>661</td>
<td>602</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax investigation unit (TI)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits and enforcement measures</td>
<td>150</td>
<td>139</td>
<td>136</td>
<td>150</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>10.17</td>
<td>27.74</td>
<td>27.54</td>
<td>7.08</td>
</tr>
<tr>
<td><strong>Tax offices (TO)</strong></td>
<td><strong>2011</strong></td>
<td><strong>2012</strong></td>
<td><strong>2013</strong></td>
<td><strong>2014</strong></td>
</tr>
<tr>
<td>----------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Fees, transaction taxes and gambling</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audits completed</td>
<td>535</td>
<td>529</td>
<td>532</td>
<td>585</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>97.44</td>
<td>58.38</td>
<td>91.57</td>
<td>57.85</td>
</tr>
<tr>
<td><strong>Tax collection</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrears with issued notices, in EUR m</td>
<td>1,724</td>
<td>1,735</td>
<td>1,822</td>
<td>1,670</td>
</tr>
<tr>
<td>Total arrears, in EUR m</td>
<td>6,904</td>
<td>7,272</td>
<td>7,674</td>
<td>7,653</td>
</tr>
<tr>
<td><strong>FinanzOnline (total)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of users, in millions</td>
<td>2.54</td>
<td>2.81</td>
<td>3.07</td>
<td>3.32</td>
</tr>
<tr>
<td><strong>General assessment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FinanzOnline share of employee assessments (L1)</td>
<td>54%</td>
<td>57%</td>
<td>60%</td>
<td>62%</td>
</tr>
<tr>
<td>Employee assessment processing time (receipt to notice), in calendar days</td>
<td>18</td>
<td>19</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td>Family allowance processing time (receipt to notice), in calendar days</td>
<td>17</td>
<td>17</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Employee assessments completed (L1), in millions</td>
<td>3.43</td>
<td>3.63</td>
<td>3.69</td>
<td>3.73</td>
</tr>
<tr>
<td>Family allowance applications completed</td>
<td>641,356</td>
<td>579,648</td>
<td>574,909</td>
<td>586,770</td>
</tr>
<tr>
<td><strong>Business assessment and auditing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FinanzOnline share of business assessments</td>
<td>84%</td>
<td>84%</td>
<td>85%</td>
<td>86%</td>
</tr>
<tr>
<td>Business assessment processing time (receipt to notice), in calendar days</td>
<td>21</td>
<td>20</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td><strong>Tax offices (TO)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessments completed, in millions</td>
<td>1.77</td>
<td>1.99</td>
<td>2.04</td>
<td>2.08</td>
</tr>
<tr>
<td>Business and special VAT audits</td>
<td>29,857</td>
<td>27,124</td>
<td>27,595</td>
<td>26,656</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>654.66</td>
<td>566.11</td>
<td>642.98</td>
<td>549.44</td>
</tr>
<tr>
<td>Other audit measures (incl. official first visits)</td>
<td>38,812</td>
<td>43,424</td>
<td>42,074</td>
<td>38,936</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>96.40</td>
<td>96.94</td>
<td>145.94</td>
<td>182.15</td>
</tr>
<tr>
<td>Joint audits of wage-dependent taxes</td>
<td>10,863</td>
<td>12,058</td>
<td>11,594</td>
<td>11,341</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>177.92</td>
<td>135.62</td>
<td>149.04</td>
<td>125.39</td>
</tr>
<tr>
<td><strong>Customs offices (CO)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goods traffic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clearances, in millions</td>
<td>4.01</td>
<td>4.01</td>
<td>4.05</td>
<td>4.04</td>
</tr>
<tr>
<td>Controls (declarations)</td>
<td>172,488</td>
<td>171,986</td>
<td>188,192</td>
<td>170,780</td>
</tr>
<tr>
<td><strong>Customs audits and controls</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audits completed</td>
<td>1,072</td>
<td>1,145</td>
<td>1,132</td>
<td>1,027</td>
</tr>
<tr>
<td>Additional revenue, in EUR m</td>
<td>38.74</td>
<td>71.13</td>
<td>25.29</td>
<td>9.87</td>
</tr>
<tr>
<td>Controls (customs supervision)</td>
<td>6,045</td>
<td>5,893</td>
<td>5,514</td>
<td>5,388</td>
</tr>
<tr>
<td>Mobile controls (deployments)</td>
<td>2,307</td>
<td>2,753</td>
<td>2,870</td>
<td>2,729</td>
</tr>
<tr>
<td><strong>Excise duties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declarations (incl. alcohol distillation)</td>
<td>73,631</td>
<td>69,055</td>
<td>57,943</td>
<td>59,234</td>
</tr>
<tr>
<td>Supervision</td>
<td>9,437</td>
<td>8,411</td>
<td>7,963</td>
<td>8,150</td>
</tr>
<tr>
<td><strong>Travellers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls (travellers)</td>
<td>569,378</td>
<td>290,366</td>
<td>291,532</td>
<td>257,647</td>
</tr>
<tr>
<td>Tax refunds, in millions</td>
<td>1.45</td>
<td>1.51</td>
<td>1.72</td>
<td>1.90</td>
</tr>
</tbody>
</table>

Source: Austrian Ministry of Finance, Eurostat, Statistics Austria, WIFO