

# The Austrian Tax and Customs Administration Annual report 2017

Information by the Austrian Federal Ministry of Finance.

2014

2015

2016

2017

2018

2019

2020



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Owner, editor and publisher:  
Federal Ministry of Finance  
Johannesgasse 5, 1010 Vienna  
bmf.gv.at

Responsible for the contents:  
Federal Ministry of Finance, Division I, Directorate I/A – Corporate Management

Photos: Fotolia

Layout: printing facility of the Federal Ministry of Finance  
Vienna 2018



- printed in accordance with the Printing Products Directive of the Austrian  
Ecolabel, printing facility of the Federal Ministry of Finance, Ecolabel No. 836

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# Tax and Customs Administration

The Austrian Tax and Customs Administration is among the most innovative and successful in Europe. As a modern and service-oriented institution we continuously endeavour to simplify our services as much as possible for our citizens. We see our role as that of a partner for taxpayers and are driven by the principles of attention to service and efficiency.

This focus on service includes a target group-appropriate tax compliance strategy that enables honest companies and taxpayers to meet their tax obligations easily and unburdensomely, thereby increasing planning reliability and legal certainty for businesses.

The annual report of the Austrian Tax and Customs Administration provides an insight into its tasks, organisation, ongoing projects, objectives and achievements in 2017.

## Tasks, Core Activities and Objectives

### Tasks

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

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

Following the principle of neutrality of taxation, the Austrian Tax and Customs Administration secures the framework conditions for fair competition in the economy. In keeping with the notion of "fair play", the Tax and Customs Administration supports those who pay their taxes in full and on time, while pursuing those who do not act in accordance with the law. This applies to companies and citizens.

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

### Core Activities and Objectives

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

Six strategic objectives are defined for the tax offices, customs offices and federal departments (Tax Office for Duties, Transfer Taxes and Gambling, Audit Unit for Large Traders, Tax Investigation Unit and Financial Police) within a target agreement and concretized through core areas and performance goals. The target agreement must always take into consideration the principle of impact orientation, which is an important element of the reform of federal budget law. In order to evaluate this impact orientation, certain key indicators are monitored continually.

The target agreements are in line with the quality and performance standards defined in the Charter of the Tax and Customs Administration for relationships between the Administration and citizens, which are based on transparency, trust and cooperation as well as the regulations in the organisational handbook and in supplementary decrees.

### The Charter of the Austrian Tax and Customs Administration

You can find the Charter of the Austrian Tax and Customs Administration at [english.bmf.gv.at](http://english.bmf.gv.at) > Publications.

Objectives for Controlling Core Tasks	
Objective I	Development of Customer Relations to Improve Tax Compliance
Objective II	Risk-Oriented Audit and Control Activity
Objective III	Timely and Correct Levy of Taxes and Duties
Objective IV	Protection of Society and the Economy

Objectives for Internal Development	
Objective V	Employee Support
Objective VI	Organisational Development

## Organisation, Strategy and Mission

### Organisation

The Austrian Tax and Customs Administration is a modern, efficient and service-oriented institution. Flat hierarchies, flexible forms of employment as well as performance and impact orientation characterise its organisation. Proximity to the public is the focus of our daily work.

The Financial Administration consists of the following organisational units:

- Federal Ministry of Finance, including the Tax and Customs Coordination Office, which is responsible for controlling and supporting the subordinate organisational units
- 39 Tax Offices (at some tax offices certain special competences)
- 1 Tax Office for Duties, Transfer Taxes and Gambling
- 9 Customs Offices (at some customs offices special competence centres)
- 1 Audit Unit for Large Traders
- 1 Tax Investigation Unit
- 1 Financial Police

For efficient control and support, our tax authorities (tax and customs offices) are divided into five regions. The regional areas of responsibility extend for

- the central region, to the federal states of Upper Austria and Salzburg,
- the eastern region, to Lower Austria and Burgenland,
- the southern region, to Styria and Carinthia,
- the western region, to Tyrol and Vorarlberg and for
- the Vienna region, to the federal state of Vienna

Agencies with nationwide competence (Tax Office for Duties, Transfer Taxes and Gambling, Audit Unit for Large Traders, Tax Investigation Unit and Financial Police) have offices in all five regions.

#### **Locations of the Austrian Tax and Customs Administration**

You can find the locations of the Austrian Tax and Customs Administration with information on opening hours at [english.bmf.gv.at](http://english.bmf.gv.at) > Offices.

### **Strategy and Mission**

The strategy of the Federal Ministry of Finance includes the medium to long-term strategic goals of the Financial Administration. The contents are compiled by inter-departmental work groups, agreed and approved by the head of department. As an internal document, it forms the basis for the annual department-wide target agreement process for all managers and employees.

The Austrian Financial Administration is supposed to be a national and international best practice example for other administrations. Our strategic focus on the road to this goal is to improve the attractiveness of the Financial Administration as an employer, ensure sustainable public finances and good governance, structure the organisation of the Financial Administration in a service-oriented and efficient manner, increase locational quality and take an active role on the international stage.

### **Mission of the Tax and Customs Administration**

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

At the same time, we are an acknowledged partner of Austrian industry and one of the intrinsic factors in the long-term protection and strengthening of Austria as a business centre.

Through inspection, monitoring and auditing activities, we contribute significantly to protecting the honest economy, society and the environment, as well as to enforcing neutrality of taxation.

We focus in particular on service-orientation, transparency and proximity to the public.

We are actively involved in shaping international decisions and cooperate closely with other agencies at national and international level.

## **Employees**

The Austrian Tax and Customs Administration employs comprehensively trained staff whose strengths are secured through well-founded technical and social vocational training and education. The skills development of tax and customs specialists is supported by our own educational institution, the Federal Academy of Finance. The experts of the Austrian Financial Administration are recognised internationally and also work in other countries in a supportive capacity.

For a knowledge-based organisation such as Tax and Custom Administration the know-how, motivation and commitment of staff forms the cornerstone of its success. Developing the organisation and its employees through obligatory training and specialisation and familiarisation with the digitalisation of the working world enables them to work even more efficiently.

Career options and opportunities are highlighted and structured transparently in the Financial Administration. Through continuous training our employees remain up to date with IT-supported working methods.

## Performance, Facts and Figures

The performance of the Tax and Customs Administration is primarily reflected in the federal tax revenues

General economic data	Values
Gross domestic product (GDP) at current prices	€ 369.90 billion
Real GDP growth compared to previous year	2.6%
Tax and contribution ratio - taxes and social security contributions	41.8%
Inflation rate (HICP)	2.2%
Consumer price index (CPI 2015)	103.0%
Unemployment rate acc. to Eurostat definitions	5.5%
Public deficit as percentage of GDP	-0.8%

Tax revenues	Values
Federal tax revenues (budget chapter 16) (preliminary success)	€ 84.82 billion
of which:	
Income and property taxes	€ 41.85 billion
Excise duties and transfer taxes	€ 41.92 billion
Fees and other charges	€ 1.05 billion
in detail (extract)	
Value added tax (VAT) incl. import VAT	€ 28.35 billion
Wage tax	€ 25.35 billion
Income tax	€ 3.95 billion
Corporation tax	€ 7.90 billion
Mineral oil tax	€ 4.44 billion

Other transactions	Values
Disbursed family allowance payments	€ 3.42 billion
Customs duties (EU own resources)	€ 0.26 billion

In addition, the following figures illustrate the extent of the work carried out individually.

- More than 4.5 million FinanzOnline users
- Around 5 million employee tax assessments with an average processing time of 24 calendar days
- Of which approximately 800,000 application-free employee tax assessments
- Around 2.3 million business assessments with an average processing time of 23 calendar days
- More than 68,000 audit measures at small, medium-sized and large businesses
- Around 28,000 business controls by the Financial Police
- Around 4 million import and export customs declarations
- More than 1,100 external tax audits by the customs authorities
- Around 7.2 million detected cigarettes
- 593 audits and enforcement measures by the Tax Investigation Unit
- 390 audits by the Tax Office for Duties, Transfer Taxes and Gambling

#### **Facts and Figures**

You can find more facts and data in the practical data folders “Facts and Figures” of the Austrian Tax and Customs Administration at [english.bmf.gv.at](http://english.bmf.gv.at) > Publications.



# Development of Customer Relations to Improve Tax Compliance

For a service-oriented and customer-focused administration especially contact and communication with citizens and companies is a critical success factor.

When shaping its customer relations the Austrian Tax and Customs Administration primarily strives to encourage citizens and businesses to file their tax and customs declarations voluntarily, correctly and on time, meet their other legal obligations and assert their rights. We try to live up to this claim within the scope of our tax compliance strategy.

Under certain circumstances annual employee tax assessments are performed on an application-free basis to reduce the paperwork for citizens. The Community e<sup>3</sup>lab was created to become better acquainted with the population's concerns.

In the course of introducing the cash register obligation manipulation protection for electronic signature systems was also enshrined in law from 1 April 2017 as a mandatory requirement. The Federal Ministry of Finance has developed the Document Check app to ease technical implementation and determination of proper functioning for companies. It is available for download free of charge.

## Application-Free Employee Tax Assessments

Under certain circumstances taxpayers have received a tax refund since the second half of 2017 as a result of the application-free employee tax assessment, regardless of whether they have filed an application for an employee tax assessment. This applies to taxpayers who had not filed a tax return for the 2016 tax year by June 2017. In this way any overpaid wage tax is automatically refunded or a single earner's/single parent's tax credit or social security is reimbursed.

In the period July to October 2017 employee tax assessments ("tax settlement") were carried out automatically without application for the first time in the case of approximately 850,000 citizens. The advantage for taxpayers is that they will no longer need to submit a tax return. Excess tax paid is calculated automatically by the Tax Administration, the resulting tax credit transferred to the taxpayer's bank account and a corresponding notification issued.

This service especially supports persons on low incomes or minimum pensions who often did not submit a tax return in the past. However, the automatic tax settlement system not only benefits these people, but in general anyone with wage-tax-liable income only who is eligible for a tax credit. If the Tax Administration can assume that an application for tax settlement will be filed by the taxpayer, e.g. to report additional expenses, an automatic employee tax assessment will not be performed initially. However, if no employee tax assessment has been carried out within two years of the corresponding taxable period, an automatic tax settlement will always be made if the taxpayer is eligible for a tax credit. Thus, in 2017 approximately 180 million euros of tax credits were paid automatically for the first time.

From the tax year 2017 certain special expenses such as donations, church membership contributions and voluntary continued insurance will also be included automatically.

### Video on Application-Free Employee Tax Assessments

You will find key information on application-free employee tax assessments in a video at [english.bmf.gv.at](http://english.bmf.gv.at) > Video Clips.

## Document Check App for Companies

With the aid of the Document Check app entrepreneurs can determine at all times using their smart phone or tablet whether the security mechanism for their cash register is

working properly and therefore check the validity of the documents produced by their cash register. Use of the Document Check app is intended solely for a company to check its own documents and cannot be used by private individuals to verify documents.

Prior to initial use the Document Check app must be activated by entering an authentication code from the FinanzOnline Registration System. When checking a document the machine-readable code (QR code) on it can be scanned with the Document Check app. The result of the check is immediately displayed on the screen of the mobile device used (e.g. smart phone) with a tick on a green background (= correct) or a cross on a red background (= incorrect).

The Document Check app can be used to check the initial document and to check the annual documents. In addition, entrepreneurs can satisfy themselves of the efficacy of the security mechanism at all times through the document check.

Entrepreneurs can download the Ministry of Finance's Document Check app from the iTunes Store and from the Google Play Store free of charge.

#### **Information on our Apps**

Further information on all our apps is available at [www.bmf.gv.at](http://www.bmf.gv.at) > App.

## **Tax Compliance Strategy**

In the course of implementing the Tax Compliance Strategy project the sub-areas Compliance Strategy, Evaluation of Horizontal Monitoring and Reform of Financial Criminal Law were dealt with separately. Following a comprehensive assessment of the existing compliance measures and the development of a compliance strategy fields of action and recommendations were identified and prioritised according to the following criteria: importance in terms of content, time required, use of resources. These compliance measures were assessed and evaluated in a standardised manner in work packages.

The "Horizontal Monitoring" pilot project has been evaluated on a process-related basis. The evaluation report relating to this sets out recommendations for implementing horizontal monitoring within the Austrian Tax Administration. The adjustment of sanctions systems, the question of the division of responsibilities between the judiciary and the financial criminal authorities and the adjustment of financial criminal offences were analysed for the sub-area financial criminal law.

### Horizontal Monitoring Evaluation

You can find the Evaluation Report on the Horizontal Monitoring Pilot Project at [www.bmf.gv.at](http://www.bmf.gv.at) > Publications > Reports and Statements.

## Community – e<sup>3</sup>lab



**EINFACH. ELEKTRONISCH. EFFEKTIV.**  
Deine Finanzverwaltung der Zukunft

The e<sup>3</sup>lab Co-Creation Platform was established in 2017 to deal with the requests, requirements and suggestions of our customers. Citizens are given the opportunity to actively participate in the development of new and also existing financial services. This led to a new form of collaboration between Tax Administration experts and users of our financial administration services, providing a customer-centric 360 degree “feedback loop”. All ideas are read and evaluated and have a direct influence on the development and improvement of our services.

At [www.e3lab.at](http://www.e3lab.at) a community of just under 1,000 members has now formed, which has taken part in several idea challenges in the last few months. Further challenges will be launched shortly. In total several hundred ideas have been generated, many of which have been singled out to include them in plans for developing financial management services. A large number of these ideas are already being implemented, such as suggestions for improvements and, above all, the intuitive usability of FinanzOnline.

### Co- Creation-Platform

At [www.e3lab.at](http://www.e3lab.at) you will find the current challenges and the ideas for the existing campaigns.





# Risk-Oriented Audit and Control Activity

Tax honesty and compliance are affected by various factors, including risk-oriented audit and control activity. The probability of audit and control activity and the associated likelihood of being discovered increase tax revenue through their preventative effect to an extent that far exceeds the direct additional revenue from auditing measures.

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

The Austrian Tax and Customs Administration actively supports international efforts to fight tax fraud and tax avoidance.

## Inspection of the Security Mechanism for Cash Registers

Manipulation protection has also been introduced in conjunction with the cash register obligation. This forms the cornerstone of electronic tax recording security in Austria. By means of a certificate on a smartcard the electronic cash register entries for the completed transactions are signed, digitally chained to each other in sequence and can then no longer be altered or deleted in the electronic recording system without being detected, as this was previously possible in many cases.

The purpose of the security system is primarily to ensure tax fairness. Digitally fixing the revenue postings stops tax-avoiding companies having a competitive advantage. At the same time, legitimate traders can prove the originality and integrity of their digital recording and benefit from the trust and confidence placed in them because the recording is correct.

In the course of tax surveillance measures the employees of the fiscal authority can easily detect whether a cash register has a functioning security mechanism. After printing out a receipt with a cash value of zero the supervisory body scans the QR code printed on it with its official smartphone and receives feedback on whether all the technical and legal digital signature requirements have been met. If any purely technical defects occur, it is up to the company to have them rectified as quickly as possible. Content-related deficiencies in the recording process can also be detected during the inspection by observing the input behaviour if, for instance, individual transactions are not entered or no receipts or no proper receipts are issued despite a functioning security mechanism. Cash register users can expect corresponding legal consequences where an offence has been committed.

## Central Account Registry Queries

### Central Account Registry

Since the central account registry was launched in October 2016 tax authorities, fiscal criminal authorities, public prosecution authorities and criminal courts have been able to query accounts and safe custody accounts held with banks operating in Austria.

The main focus in the first year was to continuously improve data quality. In cooperation with the Austrian Federal Ministry for the Interior, the Austrian statistical office, the responsible department in the Federal Ministry of Finance, Bundesrechenzentrum GmbH, the Chamber of Commerce and the data centres of credit institutions a continuous rise in

the data quality of the Central Account Registry and in connection with the management of basic data was achieved.

In 2017 a total of 5,436 queries were made in the Central Account Registry by the tax authorities. The queries were mainly in the area of safeguarding revenue, i.e. the collection of enforceable tax debts (3,036 cases), and on-site audits (1,438 cases). In the area of administrative fiscal court proceedings there were 430 queries during this period.

The queries in the Central Account Registry are subject to constant monitoring and assessed by the legal protection officer of the Federal Ministry of Finance for compliance with legal and decree-based requirements.

### **Account Inspections**

The tax authorities are also authorised to carry out account inspections in tax proceedings after obtaining judicial approval from the Federal Financial Court (BFG). When an account inspection takes place in particular account balances and account movements are queried.

In 2017 the tax authorities requested permission from the Federal Financial Court to carry out account inspections twelve times. In these tax proceedings where an account inspection was carried out additional revenue of around 300,000 euros was generated. The use of this new instrument is to be increased further through additional training measures and by raising awareness amongst the tax authorities' bodies.

## **Predictive Analytics for Case Selection**

Predictive Analytics is an innovative method for dealing with case selection. It attempts to recognise patterns from already examined cases with considerable additional revenue that are indicative of similar cases. Therefore, it pursues the aim of providing a set of standard measures that can be used nationwide for specific types of cases.

### **Case selection for Joint Audits of wage-related Taxes**

As part of the central case selection 4,400 cases were selected for the joint audit of wage-related taxes and assigned to the annual audit plan 2017. The focus is specifically on minimising selected cases with no or a low audit result, known as "zero cases".

In the case of the central case selection a success rate of 25 percent could be achieved for cases with additional revenue of more than 10,000 euros. At the same time the number of zero cases could be reduced to around 20 percent.

### **Case Selection for on-site Audits**

In the case of on-site audits in 2017 the focus of the central case selection was on capital inflow and outflow notifications. The purpose of the Capital Outflow Reporting Act (Kapitalabfluss-Meldegesetz) is to disclose the outflow of capital from Austrian accounts and inflow of capital from Swiss and Liechtenstein to Austrian accounts in order to reveal possible tax loopholes.

Since the corresponding historic data were not available for the modelling in this case, the case selection is not based solely on purely predictive analytics methods.

### **Case Selection for Customs Audits**

Central case selection using predictive analytics methods was also carried out for the first time for customs audits in 2017. From the three segments Customs/Import Turnover Tax Audits, Excise Duties and Act on the Remediation of Contaminated Sites 370 cases were selected from 440 fields.

As a basis for the customs central case selection it was necessary to generate a corresponding database with the necessary information and to input the e-customs audit information in the predictive analytics platform. In addition, the individual customs declaration data were processed in such a way that a risk value such as under-invoicing, origin, tariffing, goods channels, etc. can be determined in the future for each declaration. This ambitious project was already completed by the end of 2016 and therefore the first central case selection for customs audits could be started.

## **Controls Required under Customs Law**

In addition to seizures and the resultant fiscal court proceedings, customs investigations focus on identifying networks of smugglers and receivers of stolen goods. The aim is to bring the persons responsible to justice and to collect the evaded taxes and duties and the imposed financial penalties.

When carrying out their work the investigators work very closely with foreign investigative authorities and with the European Anti-Fraud Office (OLAF) and EUROPOL. Frequently the results and successes of the work undertaken by Austrian investigators are not felt directly in Austria, but in other countries.

Mostly the discovery of illegal production sites is only possible as a result of long-term and very close cross-border cooperation, since the production materials for cigarettes are freely circulated in the Community and are not subject to any restrictions or monitoring and are traded legally. In the most recent Austrian cases it took up to two years

of investigations and cross-border observations without a single seizure during this period. The production sites are typically organised and operated by criminal networks that also have the appropriate amount of capital.

The fiscal damage for the national budgets of the Member States is considerable and affects both the countries where the illegal factories are based and the countries in which the cigarettes produced in these factories are sold on the black market without paying taxes.

So far four such cigarette factories have been discovered in Austria. In a further case, an illegal cigarette factory which mainly produces certain illegal cigarettes for the Austrian market was discovered in Slovakia as a result of long-term investigations and very close cooperation with German and Slovakian investigators.

In addition, findings made by Austrian customs investigators played a key role in the discovery of other illegal production sites in other EU Member States.



# Timely and Correct Levy of Taxes and Duties

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

The Tax and Customs Administration faces the challenge on the one hand of effectively and efficiently combating newly emerging patterns of fraud, complex global tax-structuring models and tax fraud in the area of mass actions and, on the other hand, of increasing voluntary tax honesty through targeted incentives. These targeted incentives can be legislative and organisational simplifications and also measures which increase planning, reliability and legal security for companies and therefore make Austria more attractive as a business centre.

By evaluating, communicating and utilising the findings from customer complaints information can be gleaned about which developments or practices frequently lead to errors and therefore reduce citizens' satisfaction with the services of the Tax and Customs Administration. Efficient complaint management acts as a support and enables lessons to be learnt about improving internal processes or structures.

## Quality Management

The Tax and Customs Administration uses an all-encompassing quality management system in line with total quality management that successfully and sustainably safeguards the services and the quality of the work. It is a comprehensive quality policy that is based on meeting the expectations of all the stakeholders, including citizens, society, politics, business, and also the needs of executives and employees.

Quality in financial administration means fulfilling set requirements and meeting legitimate expectations. The requirements are in particular determined by the principles of the rule of law, legislation, regulations and decrees, and the strategy and effective goals of the Federal Ministry of Finance. Fair and equal taxation is the primary objective, in terms of both legislation and enforcement. Quality in the Austrian Tax and Customs Administration is primarily based on the following criteria:

### Quality Criteria

- Legal correctness
- Consistency in legal application
- Uniformity and regularity of taxation
- Traceability
- Timeliness
- Commensurability

In addition to technical and legal quality, subjective criteria such as security, reliability and respectful etiquette play an important role as well.

We verify compliance with the said quality criteria through ongoing quality assurance measures in all legal matters in which the tax and customs authorities are engaged. Our quality management system tools serve to support the teams and are intended to provide security for the technical and/or legal performance of the tasks. Through constant development we consolidate the principle of the learning organisation and strive for a continuous improvement process.

## Reduction of Tax Debts

As at 31 December 2017, the total volume of debts for all taxes and duties stood at 7.98 billion euros. This number includes all duties that had been determined by official notification, but were not yet due for payment. However, the vast majority of the total arrears are already due for payment (6.93 billion euros). Also included are taxes whose collection has been suspended in connection with appeals, where collection has been

prevented due to facilities of payment or enforcement dunning procedures, or for which further enforcement procedures were not considered expedient at the time (e.g. due to insolvency proceedings).

In total, the due tax debts were reduced year on year by more than 200 million euros - with rising tax revenue and annually increasing levied tax volume. Tax debts which are suspended due to appeals procedures (1.95 billion euros) make up around a quarter of the total arrears. Tax debts which are paid in instalments based on a deferred payment agreement stand at a long-term level of approximately 468 million euros.

## **Audit Accompaniment by a Specialist Department**

The specialist departments of the tax offices support the teams with enforcing external audit measures. The support starts with participation in preparing the audit plan and goes further during the audit process if it involves a difficult legal question and ends not least as an audit-accompanying quality assurance measure. Audit accompaniment on external audits is about ensuring and increasing quality and therefore the principle of uniformity of taxation.

Difficult legal subject-matter, connections with other cases or complex legal structures may be an indication that an audit should be accompanied by a specialist department. In addition to clarifying legal questions and participation in meetings with representatives of the parties or taxpayers the accompanied audit above all supports the investigation of the relevant facts for the purposes of preserving evidence in the audit proceedings and the legal evaluation of the established facts. Accompanied audits also extend to participation in reporting or the final meeting and accompanying appeals proceedings.

## **Basic Determination for Agriculture and Forestry**

The project for the basic determination of assessed values for the agriculture and forestry sectors was completed by the steering committee in April 2017 with over 97 percent notices issued. The task of issuing any remaining notices or dealing with complaints was therefore assigned to line managers at the tax offices.

To be able to carry out the basic determination in the planned form the tax offices had to deal with more than 100,000 outstanding and all incoming documents received by the closing date 1 January 2014. This preliminary work was vital in order to be able to subsequently issue the basic determination notices.

Of the around 571,000 assessed values of agricultural land and forestry nationwide only 23 percent were linked to the land register database.

#### **Results within the scope of the Basic Determination in Figures**

- 534,000 basic determination notices approved
- 19 steering committees set up
- 78 project leader meetings and 17 core team meetings held
- 20 meetings conducted with the Austrian Chamber of Agriculture and Forestry and the Austrian Social Insurance Institution for Farmers
- 43 project information packages
- 10 specialist publications
- 650 frequently asked questions (FAQ) issued
- 2 organisational decrees and comprehensive specialist information, which was updated several times
- Over 100 ORG/IT training sessions and over 40 specialist training sessions carried out
- 67 text modules provided for notifications, justifications, etc.
- Numerous forms, guides to filling in forms, notifications and reason codes prepared

The tasks facing the tax offices were at any rate challenging: Thus, for example, the process of working off the backlog prior to the basic determination, the processing of over 550,000 economic units of agricultural and forestry property and the provision of information on the land values in connection with the changes to real estate transfer tax led to a significant increase in business with customers in the tax offices' info centres and exchange of information by telephone and in the general assessment teams.





# Protection of Society and the Economy

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

International coordination and cooperation is one of the key factors in combatting illegal employment and moonlighting. The domestic labour market is coming under pressure from companies supplying customers from abroad, since fraud models do not stop at national borders. Law enforcement agencies and financial administrations in all countries therefore need to work together closely and continue to improve their cross-border cooperation and contacts.

Not only are monitoring activities important to protect society and the economy, consumers also need to be informed and educated. Hence, the Federal Ministry of Finance is, for example, informing the public in numerous brochures and via its smart phone app about the dangers of product piracy, safe online shopping, bringing animals into and taking animals out of the country, protection of endangered plants and animals and import bans and restrictions.

## Tax Supervision by the Financial Police

As an arm of the tax authorities, the Financial Police steps in to carry out tax supervision measures and measures for securing revenue and the payment of taxes. Taxation fraud leads to distortion of competition and damages the economy and every individual who has to pay higher tax contributions as a result. Therefore, the Financial Police carries out targeted controls to detect tax evasion, social security fraud and the organised black economy and in doing so protect the financial interests of the Republic of Austria and its citizens.

Within the scope of the tax supervision measures cases of fraud such as the false declaration of foreign fruit as a high quality domestic product have been detected. In this case bogus invoices were purchased from domestic fruit growers (but no fruit) to resell foreign goods acquired without an invoice. The dealer could then pocket the difference between the achievable price for high quality domestic goods and the less expensive foreign fruit without paying any tax.

As part of the tax supervision a large scale tax fraud could also be discovered involving the hiring of labour. A company treated parts of the employees' wages as exempt from tax and therefore did not pay incidental wage costs. Joint audits of wage-dependent taxes did not detect this malversation because the company was liquidated after a short time and the employees were reregistered with succeeding companies and so a regular audit could not be carried out.

## Gambling Controls

Scientific studies and media reports show that gambling addiction is a growing problem in Austria. By controlling illegal gambling offers the Financial Police makes a considerable contribution to protecting society. Its clear aim is to seize illegal gaming machines, officially close gaming houses and prosecute the perpetrators. The Financial Police is building on combining the competences and expert knowledge of all the authorities involved.

To achieve this goal a special commission on gambling was set up in Lower Austria and in Burgenland in 2017. By concentrating the efforts of the investigative and criminal justice authorities controls can be completed quicker and more effectively. Closures of gambling halls announced in the course of the controls effectively prevent further illegal gaming offers. Briefings and debriefings as well as regular training measures optimise the transfer of knowledge between the authorities. The advantages of the new concept convinced the political and administrative leaders in both federal states. In March 2017 the special commission on gambling in Burgenland started its activities, followed by a special commission for gambling in Lower Austria in December 2017.

The concept proved successful in Burgenland. Comparably good results are expected for Lower Austria and other federal states are jumping on this bandwagon. Upper Austria is planning to concentrate gaming agendas on selected district administrations and in Tirol and Vorarlberg there are also concepts similar to the ones in Eastern Austria.

## **Service Dogs and Species Protection**

The service dogs of the Austrian Customs Administration are trained to detect cigarettes and tobacco, cash, narcotics and specimens of protected species and products made from them.

The area of application includes integration into operational customs supervision in passenger and freight traffic on all manner of transport and traffic routes and deployment at airports. In the case of the latter the service dogs find a wealth of opportunities to detect prohibited substances, such as in passenger traffic as well as baggage handling and lost and found, freight or parcel services and the postal distribution centre.

In 2017 the service dog handlers were able to achieve notable successes with their four-legged companions.

### **Protection of Species**

Each year a large number of living animals and plants are imported into the European Union, such as parrots from South America, reptiles from Africa or orchids from South-East Asia. In addition there is considerable demand for products made from animals or plants or which contain parts of flora and fauna, such as shoes or bags made from reptile leather, wood products (e.g. furniture) or dried plants used for medical purposes.

In addition to loss of habitat due to factors such as climate change, industrial agriculture or residential/road construction, trade in endangered species is a big threat that is massively contributing to species extinction.

With the Washington Species Protection Agreement (CITES), the EU Directive on Trade in Animals and the Austrian Species Trade Act trade in the 35,000 endangered wild species currently listed in CITES is strictly controlled and/or restricted or banned completely in order to counteract the species extinction caused by the trade.

### Information on Species Protection

Information is available at [english.bmf.gv.at](http://english.bmf.gv.at) > Customs > Travellers on the key import prohibitions and restrictions.

## Combating Fraud through Customs Investigation

In 2017, 103.45 million euros of import duties, including excise duties, were imposed by Austrian customs investigators. 197 searches were carried out and 517 orders for seizure were issued. 25 persons were arrested and 19 telephone lines were monitored. In 111 cases observations were carried out by court order.

Despite the open borders the Austrian customs authorities are still involved in numerous activities that not only serve to protect the population and the economy. As a tax authority, the customs administration is also responsible for levying customs duties, excise duties, waste disposal levy and for monitoring prohibitions and restrictions.

- Combating smuggling
- Excise controls (alcohol, mineral oils)
- Prohibitions and restrictions (counterfeiting, weapons and war material, medicines, drugs, etc.)
- Protection of species of fauna and flora
- Counterfeit goods

In each customs office there are customs investigation teams (ZOFA) whose main task is combating smuggling and the associated enforcement of the law on financial crime.

The investigations focus on the area of cigarette smuggling at national and international level. Joint operations with customs investigation units from other EU Member States have led in the past to the detection and conviction of many groups of perpetrators operating on a cross-border basis. The fact that smuggling and receipt of stolen tobacco products is under no circumstances seen as a trivial offence is demonstrated by the high fines and imprisonment prescribed by the Act on Financial Crime (FinStrG).

A separate customs investigation team, the internet and cybercrime team with appropriate IT equipment, is involved in combating internet fraud with all its facets. This includes obtaining evidence and restoring deleted data on computers. Observing the market for current trends in e-commerce and operational internet investigations as well as identifying perpetrators are some of the activities of these experts.

## **Operational Customs Supervision (OZA)**

To maintain the compulsory high international standards in the area of fraud prevention and the national ambitions for increased fraud prevention risk-based mobile supervision and monitoring measures have to be executed by the customs offices and/or their bodies.

Thousands of modes of transport carry people and goods to, through and within Austria and the whole of the European Union every day. The removal of customs controls directly on the border with EU Member States, non-harmonised rates of excise duty, different regulations for prohibitions and restrictions regarding the possession, movement or use of goods in traffic over borders require special strategies for the risk-appropriate use of the existing control resources.

This job is done by appropriately trained employees with externally recognisable clothing who are armed in some cases. Employees working in operational customs supervision are responsible for preparing risk analyses and risk profiles based on their own empirical values as well as national and international trends.

### **Information for Travellers**

You can find information for travellers and companies, but also interesting facts about customs operations in Austria and about customs fraud prevention at [english.bmf.gv.at](http://english.bmf.gv.at)



# Employee Support

The Austrian Financial Administration is a responsible and attractive employer. Internal development and the creation of a modern workplace are the management's declared objectives. Comprehensive promotion of commitment, motivation and qualification of staff to maintain their level of performance and employability are a hallmark of the Tax and Customs Administration.

Projects and initiatives from the prior year that pursue the common goal of redefining education management in terms of content, organisation and technology and gradually implementing it in the organisation were further pursued. Our strategic training management is currently undergoing a period of transition to prepare our employees for their professional challenges quickly and efficiently and foster and support them with a flexible training system.

## Practical Training at the Workplace

In 2017 approximately 400 persons were undergoing basic training. In addition to comprehensive theoretical tuition, they also have to complete practical training. Clear rules enable a transparent and standardised approach with regard to practical workplace training in the Tax and Customs Administration. This involves a practical learning and teaching curriculum (“learning by doing”) and specific rotation measures by the trainees.

The most important goals are:

- Familiarisation with the organisational units
- Familiarisation with the work processes
- Familiarisation with cross-organisation interfaces
- Dealing with and solving routine cases to the extent of the defined requirement profiles
- Preparation and post-processing of the theoretical contents of the training modules and corresponding audits

In each team and each organisational unit the relevant conditions for attainment of the training goal are conveyed based on practical examples in conjunction with the legal principles and the applicable staff regulations. Extra attention is also paid to the tasks in the team and the cross-team cooperation.

The duration of the training in the individual teams is within the designated guideline values and is based on the trainee’s future field of activity; the decision regarding the specific training duration in the respective team is made by the training officer in agreement with the competent manager.

Within the scope of the basic training rotations are completed as temporary mobility measures and mainly pursue the goal of getting to know the procedures in other organisational units and promoting mutual understanding.

## Electronic Training Management

Since October 2017 Electronic Training Management (E-TM) has supported the strategic and operational training management of the entire department. With the provision of this IT solution the existing learning management system (LMS) that had been in use in the Federal Ministry of Finance since autumn 2007 was replaced.

As a user-friendly, modern and cost-efficient IT solution for training management, E-TM supports the entire training cycle from training planning to evaluation of training measures for all employees through comprehensible information and processes.

Another positive point worth mentioning is that E-TM is integrated in the existing procedure for the personnel management of the federal government (PM-SAP). This offers the advantage that established functionalities which are already available in PM-SAP (e.g. ESS workflows for approval) can be used and the services and functions of E-TM can be integrated in existing personnel business processes.

At the same time, the integration of several training providers has been made easier by E-TM, e.g. in addition to the Federal Academy of Finance also all tax offices and customs offices, the Federal Financial Court, the State Financial Procurator, thereby ensuring that all organisational units are provided with a standardised, uniform solution for data processing and provision.

## Equal Treatment of Men and Women

The Federal Ministry of Finance is committed to an active equal treatment and equality policy in order to ensure equal opportunities for men and women.

The commitment to an active equal treatment policy forms the preamble to the Action Plan for the Promotion of Women, which will be issued as a decree based on the provisions of the Austrian Federal Equal Treatment Act. The Action Plan for the Promotion of Women contains goals and measures for its implementation. Among the stipulated goals and measures are the following:

- Promotion of the concerns and support of measures for the promotion of women
- Promotion of equal representation of women in all decision-making structures, commissions, boards, podiums and delegations
- Raising of the percentage of women in executive positions
- Acceptance of the exemplary position of the Ministry of Finance and adoption of an active role in the presentation of the topic of equal treatment towards the outside world
- Preferential treatment of women in regard to hiring and promotion within the organisation, if they are at least as suitable as the best male competitor and the quota of 50% has not yet been reached
- Applications by employees on maternity leave must be treated equally to other applications
- Existing disparities in the working conditions for men and women are to be eliminated

## Workplace Health Promotion

Workplace Health Promotion (WHP) has a long tradition in the Financial Administration. Proof of the success of these measures is, e.g. the “Seal of Approval for Workplace Health Promotion”, which was awarded to several regions in 2017. At the same time employees give very good marks for the health promotion offers within the scope of the staff survey: They are largely familiar with the offers at their workplace and see WHP as an investment that pays off.

Building on WHP, steps have now been taken to move from Workplace Health Promotion to Workplace Health Management (WHM). To achieve this goal a policy has been created to implement WHM in the Financial Administration, whereby health will be enshrined as a core value within the company.

Basic models and central health-related action fields will be combined with the existing management and control structures in the organisation. In the form of a management cockpit managers are to be provided with information in order to implement systematic workplace health management. The fact that measures for maintaining employability are particularly relevant in the Financial Administration can be reinforced by the following points:

- The considerably higher average age of the workforce requires health to be maintained for as long as possible and the promotion of employability.
- An increase particularly in mental disorders in the public service sector requires the continuous analysis of workplace-induced stress situations.
- The emerging skills shortages require the employer’s image to become more appealing, to which WHM can make a valuable contribution.
- Long absences due to illness lead to increased work pressure in the workforce and reduce the employability prognosis. Forward-looking presence management can have a preventative effect in this case.
- A dynamic and digitalised working world presents new challenges for health and performance of employees.

## **Workplace Evaluation for Mental Strains**

The workplace evaluation for mental strains conducted on the basis of the Federal Employee Protection Act (B-BSG) has resulted in a number of guidelines for creating optimum working conditions for employees. The suggested measures or subject areas collected at the end of the evaluation in workshops were examined in the competent organisational units of all the hierarchy levels and assessed with a view to possible implementation or a change in the existing situation. Numerous measures which are intended to support managers and staff (e.g. talks on the subject of resilience) were agreed.



# Organisational Development

The permanent development of the organisation is a necessary prerequisite for an innovative, impact-oriented and efficient administration in order to be optimally equipped to deal with future requirements.

As a modern financial administration we are expanding existing online services in a citizen-centric way and in so doing increasing their use. This means that the work processes can be speeded up considerably and organised more efficiently. Not only the Tax and Customs Administration will benefit from this, but ultimately also each and every taxpayer.

As a result of the technical advancement and increase in data volume (big data) the Austrian Tax and Customs Administration is also pursuing new avenues here. Measures for improved automation and digitalisation go hand in hand with innovative methods of analysis and modern risk management instruments.

## External Audit Experts

The quality of external audits is crucially important. Owing to the increasing complexity of tax law, auditors can no longer cover every subject area with the same technical expertise. However, tax consultancy firms have experts specialising in a variety of legal fields. To ensure the high quality of external audits additional professional support has been created by setting up the specialist audit division.

At the tax offices a new expert function has been created in the specialist audit division for external audits. This role can only be performed by individuals who have years of experience in external audits and have the corresponding training for working in the specialist audit division (university degree). The tax offices are generally topped up with highly qualified personnel through the creation of this new function to be able to deal with tax consultants on equal terms on external audits.

## Financial Services Centre Pilot

The volume of calls made to tax offices as well as the complexity of the calls and the expectations of customers have been steadily rising for many years. The Federal Ministry of Finance is meeting this challenge in a new way by piloting a financial services centre scheme, whose main task will be to provide information by phone.

The pilot was launched on 1 October 2017 and will continue for one year. The aim is to find out whether enquiries can be dealt with more easily and more efficiently in a financial services centre. Received calls are to be dealt with as exhaustively as possible. The aspired to reduction in referred calls will bring advantages for customers and ease the strain on tax offices. The pilot scheme will be rolled out in three teams in Villach, St. Veit and Vienna.

## Fleet Management

The fleet at the Federal Ministry of Finance has been gradually converted to a partial repayment leasing model in recent years. All vehicles are leased with the exception of special purpose vehicles. Servicing and maintenance have been outsourced to official repair workshops. The pooled procurement system operated by Federal Procurement Agency (BBG) has led to a huge improvement in fleet quality and high cost savings.

A central fleet management department set up at the Federal Ministry of Finance carries out needs analysis and procures suitable vehicles for the fleet. Other important aspects

are the safety, environmental and efficiency requirements, i.e. only vehicles which have very good safety, ecology and efficiency ratings are used.

Specialists at the Austrian Federal Computing Centre (BRZ) have developed fleet software which can regularly evaluate the mileage, fuel consumption and condition of each vehicle.

The registration and deregistration of all company cars, insurance payments and the national coordination of company cars are, for example, part of the remit of the nationwide fleet management, which is based at the customs office in Vienna.

Currently 456 company cars are in use at the Tax and Customs Administration and these are made up of 326 leased vehicles and 130 purchased vehicles. Company cars which need to have special equipment, e.g. buses with office equipment for the customs authorities or the Financial Police, are purchased.

## Modernisation of Locations

In 2017 the project for the occupancy of the financial centre in Klagenfurt at Siriusstraße 11 was completed according to plan and it opened for business in 2017. At the new location the Klagenfurt tax and customs offices, the local teams of the federal departments Audit Unit for Large Traders, Tax Investigation Unit, Financial Police and Tax Office for Duties, Transfer Taxes and Gambling, and the local tax and customs coordination unit are located together in a single building.

At the traffic control point Schrick/Poysdorf on the A5 motorway the structural implementation of a further key location for the joint auditing activities of the organisational units of the Federal Ministry of the Interior, the customs offices and the ASFINAG was carried out.

The Klagenfurt Villach customs office moved to new rented premises at Klagenfurt airport.

The Technical Analysis Centre (TUA) extended its offices and laboratory facilities by establishing a second track for mineral oil inspection and putting into operation testing facilities.

## Energy and Environmental Management

The subject of sustainability is a key priority in the Tax and Customs Administration. In the monitoring cycles for certification according to ISO 14.001 environment management for the central administration and ISO 50.001 energy management for the whole division,

the standard conformity of the integrated management system was confirmed and assessed to be suitable, appropriate and effective for the organisation of the Federal Ministry of Finance.

Within the scope of these monitoring audits the locations Innsbruck and Wien-Mitte were audited in 2017. The recommendations from these audits will be incorporated in the environment programme for 2018, ensuring a continuous improvement process. Our certificates reflect the high level of awareness of sustainability and environmental protection.

### **Building Accessibility**

In line with implementing the Austrian Federal Act on the Equalization of Persons with Disabilities (B-BGStG) all public buildings and facilities, including those at the Tax and Customs Administration, must be made accessible for disabled persons by the end of 2019 at the latest. Therefore, access to all public services must be ensured in a non-discriminatory manner for all groups of persons, especially those with physical impairments.

The Financial Administration Centre Klagenfurt was outstanding in this respect in 2017, and has represented the highest technical standard at the Austrian Tax and Customs Administration in all aspects of building accessibility since it was opened. The high quality of accessibility is particularly due to the fact that the target requirements were already an integral part of the project from the early planning stage.

At the beginning of 2017 over 90 percent of the buildings leased and used by the Tax and Customs Administration could largely be accessed by customers. Nevertheless, in view of the legally binding time limit, the Tax and Customs Administration started together with landlords to close the quality loop to ensure a standard level of fixtures and fittings for accessibility at the numerous Financial Administration locations across the country. The resultant implementing measures will be rolled out in the coming two years.

#### **Staged Plan for Building Accessibility**

The measures carried out in 2017 to achieve building accessibility can be viewed at [www.bmf.gv.at](http://www.bmf.gv.at) in the staged plan for achieving building accessibility.





# International Cooperation

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

The joint support and cooperation with administrative bodies at European and international level is aimed at efficient tax assessment and effective anti-fraud measures. This is achieved not least by ensuring the exchange of information, and in some areas this is already done automatically.

The Austrian Tax Administration has proved its international commitment in the fight against tax fraud, tax evasion and aggressive tax planning, as well as in its enforcement of EU tax legislation.

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

## EUROFISC Network

EUROFISC, the EU platform for combating VAT fraud, was extended in 2017. Two new departments “e-Commerce” and “Transaction Network Analysis (TNA)” started their work. In the area of e-Commerce information is exchanged on cross-border deliveries by companies to consumers.

The TNA department uses an EU-funded software solution with which new fraudulent companies can be identified quickly by processing real-time data from Member States’ systems and querying VAT ID numbers. The data of companies which have already been identified as part of a fraud chain serve as a starting point. Austria makes a significant contribution to developing the product by seconding an IT expert.

By constantly optimising the analysis with the technical support of the Predictive Analytics Competence Centre for the selection of information and by processing the received risk information Austria helped to detect more than 500 high-risk companies in other Member States 2017. Therefore, Austria ranks in second place in the list of the most successful EUROFISC participating countries in the two main work areas.

## Exchange of Information on Financial Accounts

The Federal Act on the Implementation of Joint Reporting Standards for the Automatic Exchange of Information on Financial Accounts regulates the provision of administrative assistance between Austria and the other Member States of the European Union as well as other countries which are not Member States within the scope of the global standard for the automatic exchange of information on financial accounts in tax matters. The provisions relate primarily to the identification of notifiable accounts and the notification of corresponding financial information as well as the exchange of this information with Member States and other countries.

Within the EU and participating non-EU countries information is communicated on financial accounts which a person based in the participating country holds. The financial institutions are required to report such data to the local tax authorities. They then forward the information to the competent tax authorities in another country.

This arrangement means that capital income generated abroad and which is liable for tax in the country of residence can be assigned to the correct taxation.

## International Projects

### **Fiscalis 2020**

The European Commission's Fiscalis 2020 Programme pursues the goal of improving the tax systems in the European single market by strengthening cooperation between the tax authorities. Within the scope of the operational objectives and priorities joint measures (e.g. seminars, workshops, project groups) are conducted where civil servants working in the respective tax administration of a specific Member State come together. At an operational level the financing of multilateral controls contributes to major successes in detecting cases of cross-border tax fraud and tax evasion.

### **Project for Combating Organised Drug and Arms Trafficking**

To sustainably combat drugs and arms trafficking across borders and authorities, the Federal Ministry for the Interior, the Federal Criminal Police Office and the customs authorities are joining forces and stepping up the pressure as part of an EU project by carrying out targeted campaigns at airports.

With the aid of the "Joint investigation to fight trafficking in drugs and firearms with the main focus on international airports within and also in the EU" co-financed by the European Commission the fight against illegal international drugs and arms smuggling and trafficking is being waged by focusing on international airports together with the partner countries Kosovo and the Czech Republic. In addition to seizures and breaking up groups of perpetrators the idea is to gain knowledge that will facilitate an analysis of the impact that drugs and arms trafficking and smuggling is currently having. The project was launched in December 2016 and will run for two years. In the course of the project several targeted campaigns have already been implemented simultaneously with other countries.

The main goal of the project is to strengthen international cooperation and exchange information quickly. The controls mainly cover the areas of passenger, freight and postal traffic. The cooperation between the police and the customs authorities is also to be promoted and strengthened as a result in order to ensure that the fight against crime continues long term.

The results and the number of apprehensions so far already show that this project is working very successfully.



# Social Responsibility

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

The Financial Administration is aware of its social responsibility and strives to be an example of proper conduct for all economic operators. For instance, it aims to achieve a lasting impact by educating young citizens, training apprentices and supporting elite athletes.

The goal of the equal treatment of men and women in all political and social matters is to be achieved through a gender-aware perspective in all areas and decision-making processes. The Financial Administration is committed to an active equal treatment and equality policy in order to ensure equal opportunities for men and women.

## Employer for People with Disabilities

Examples of the successful integration of people with disabilities in the Tax and Customs Administration are manifold: They range from barrier-free access in buildings and in the internet and high-tech reading devices for visually impaired people to extremely successful para-sport teams. According to the current Federal Government Report on People with Disabilities, the Administration's integration policy and practice is impressive. As a result of its exemplary employment policy for people with disabilities the Austrian Financial Administration frequently appears in the media.

In 2008, the Austrian Tax and Customs Administration was the first ministry in the world to acknowledge disabled sport, creating the para-alpine skiing squad in addition to the Nordic and alpine skiing squads. The results of the past World Championships and World Cup season alone demonstrate that special sporting excellence can be achieved with a physical disability: Our para-sport team returned from the World Championships in Tarvisio (ITA) with five medals as well as a large number of World Cup Crystal Globes awarded for their overall scores. This example is now setting a trend: The Austrian Armed Forces and the police as well as the German and French customs administrations have launched similar support schemes.

The Act on the Employment of People with Disabilities (BEinstG) requires all employers with 25 or more employees to take on at least one preferred disabled person per 25 employees. These are employees with at least fifty percent disability.

In the Financial Administration this amounts to 917 people, and 466 of them can be counted twice when calculating whether the recruitment requirement under the BEinstG has been met. 800 of them work in the Tax and Customs Administrations, the Tax Investigation Unit, the Financial Police or the Audit Unit for Large Traders (as at: 1 January, 2017)

In the tax offices the ratio of preferred disabled persons is currently at its highest (10.59 percent). The average figure is 9.05 percent.

## Sports Promotion

The Federal Ministry of Finance has supported skiing for decades and there are currently 30 places available on the support scheme. The support takes the form that sportsmen and women are taken on by the Customs Administration and complete customs training while being given sufficient free time to pursue their sport by their employer.

The sporting successes of the members of the customs sports squad were once again impressive. Highlights:

- Bronze medal by Daniel Mesotitsch in the relay biathlon competition at the World Championships in Hochfilzen
- Silver medal by Stephanie Venier in the downhill at the World Championships in St. Moritz
- Silver medal by Roland Leitinger in the giant slalom at the World Championships in St. Moritz
- 2 silver medals by Katharina Liensberger at the Junior World Championships, who also won 2 gold medals at the International Customs Ski Championships in Morzine.

However, the most successful sportsman from the customs squad was undoubtedly the para athlete Markus Salcher. He won the overall World Cup and the World Cup downhill and Super G titles as well as two gold medals at the World Championships in downhill and Super G and a bronze medal in the Super Combination at the World Championships. Being voted “Disabled Athlete of the Year 2017” was a logical consequence of his numerous successes.

## Tax Education

Tax Education helps private individuals and companies to participate more effectively in financial, economic and social life. One of the goals of tax education is to impart general tax and customs knowledge.

In 2017 the Digital Tax Education Project, in which national tax authorities are participating, was launched by the European Parliament and the European Commission. The aim of this project was to develop an EU online platform specifically for pupils and teachers. All kinds of information on the tax and customs law of all EU Member States, educational materials, e-learning tools and apps and interactive tax education games are provided via this website.

The developed digital tools actively contribute to knowledge-sharing in Austria.

### **TAXEDU Portal**

More information on the Tax Education Portal is available in social media, e.g. Facebook or Instagram or on the European Commission’s website at <https://europa.eu/taxedu/>



# Outlook

The Austrian Federal Ministry of Finance sees itself as the engine and initiator of reforms for coping with the future and its challenges. The Austrian Financial Administration is a performance- and customer-oriented, efficient and innovative organisation that is responsible for safeguarding the financial interests of the Republic of Austria.

Only constant development will enable the Tax and Customs Administration to meet this responsibility in the future. The goal is to become the best financial administration in the world. The Austrian Tax and Customs Administration is supposed to be a national and international best practice example for other administrations.

Ambitious projects are therefore scheduled for implementation in the coming year 2018 as well.

## Electronic Establishment and Award of VAT ID Numbers

From the beginning of 2018 the award of VAT ID numbers and taxpayer ID numbers will be converted to a semi-automatic system.

All applications which are received electronically via the company service portal (USP) will be divided into red and green cases (similar to customs clearance for goods) based on risk-based electronic audit routines and made available to the tax offices for approval or further processing. Green cases can be dealt with immediately, whereas red cases are subject to further investigation.

By the end of 2018 there were additional fully automated functions were available for the start-up process.

## Inclusion of Reported Special Expenses

For donations and for church membership contributions and voluntary continued insurance in the statutory pension insurance scheme, including the subsequent purchase of insurance periods, an automatic data exchange was set up between the receiving organisations and the Tax Administration from 2017. This will provide significant relief for citizens. In future the special expenses in question will no longer need to be disclosed within the scope of the tax return since the Tax Administration can include the communicated data in the assessment automatically should the donor so wish.

The transmission of the data to the tax office will take place for the first time until the end of February 2018 for the tax year 2017. This means that starting with the assessment year 2017, such special expenses will also be considered for the automatic employee tax assessments. The requirement for this is that the respective organisation (e.g. a charitable organisation receiving donations) possesses the personal data of the payer including first name, last name and date of birth. Taxpayers will be able to verify that the respective organisations have reported the correct amounts to the Tax Administration via FinanzOnline. The amounts are also specified in the income tax assessment.

### List of Beneficiary Institutions

All institutions who take part in the communication of special expenses data are published in the list of beneficiary institutions (e.g. donations, churches, insurance companies) at [www.bmf.gv.at](http://www.bmf.gv.at) > Steuern > Spenden

## Horizontal Monitoring

The “Horizontal Monitoring” is a “fair play” initiative by the Austrian Federal Ministry of Finance and part of the strategic focus on improving tax compliance. Its goal is to develop new methods of cooperation between large tax-paying businesses and the Tax Administration besides the conventional on-site audit.

Horizontal monitoring is an alternative to traditional field auditing. Companies who agree to participate in this project and meet the necessary requirements are continuously monitored on the basis of an internal tax monitoring system developed by the company and agreed with the Tax Administration and an extended disclosure obligation. The authority does not carry out subsequent monitoring, but rather accompanying supervision. In return, the process-based monitoring and the continuous dialogue with the Tax Administration gives the companies greater planning reliability. The prompt monitoring ensures the taxes and duties are levied on time and in a legally correct manner.

In eight sub-projects the framework conditions for implementing the project are clarified. The special challenge here is to check and amend the applicable legal provisions to ensure that the horizontal monitoring can be rolled out as a standard programme from 1 January 2019.

## Family Bonus Plus

Families are a key pillar of our society. From 2019 parents and/or legal guardians will be freed from their tax burden by up to a maximum of 1,500 euros per annum and per child. This means that approximately 950,000 families and around 1.6 million children will benefit from tax relief of around 1.5 billion euros. Family Bonus Plus is therefore the largest relief measure to date for families.

Family Bonus Plus is a tax credit of 1,500 euros per child, to which the family is entitled annually until the child is 18. This means that the tax burden is reduced by up to 1,500 euros per year. After the child’s eighteenth birthday a smaller Family Bonus Plus of 500 euros per annum is available provided family allowance continues to be paid for this child.

Low-earning single parents or single earners who pay no or only a small amount of tax will in future receive an additional amount of a maximum of 250 euros per annum and per child.

## Tasks within the Scope of EU Council Presidency

Within the scope of the Austrian EU Council Presidency the Federal Ministry of Finance organised 11 events at civil servant level in Vienna, two of which on tax issues: “Taxation of the Digital Economy” and the G28 summit focusing on tax compliance.

The highlight however was the hosting of the informal meeting of the Economic and Financial Affairs Council (ECOFIN) in September 2018 with around 75 VIPs and 350 delegates in Vienna.

To meet the expectations of the international guests, the organisation team of the Federal Ministry of Finance has been working with the specialist departments since the beginning of 2017 on the preparations for the events that include some high-ranking attendees.

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# Facts and Figures in Comparison

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

<b>Tax/Customs Revenues in Millions of Euros (selection)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Federal Tax Revenue</b>	<b>78,502.8</b>	<b>82,427.1</b>	<b>81,138.1</b>	<b>84,820.5</b>
in detail (extract)				
Value added tax (VAT) incl. import VAT	25,471.5	26,013.2	27,055.7	28,346.3
Wage tax	25,942.3	27,272.4	24,645.9	25,350.0
Income tax	3,383.9	3,617.3	3,902.9	3,951.3
Corporation tax	5,906.1	6,320.4	7,431.7	7,903.9
Capital yields tax	2,769.5	3,863.1	2,355.1	2,754.0
Real estate transfer tax	868.6	1,019.4	1,117.6	1,104.7
Mineral oil tax	4,135.0	4,201.1	4,312.6	4,436.1
Excise duties on tobacco	1,713.2	1,776.3	1,834.9	1,867.8
<b>Other transactions</b>				
Disbursed family allowance payments	3,127.1	3,379.9	3,444.8	3,419.2
Customs duties (EU own resources)	243.0	261.9	262.6	263.4

<b>Budget (preliminary) in Millions of Euros</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Personnel expenses	526.1	545.8	559.2	573.2
Material expenses	93.4	93.2	92.1	97.9
<b>Total payments</b>	<b>621.0</b>	<b>639.9</b>	<b>655.6</b>	<b>672.9</b>

<b>Personnel (in each case as at 31 December in FTE)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Tax Offices incl. Tax Office for Duties, Transfer Taxes and Gambling	6,352	6,335	6,339	6,551
Customs offices	1,501	1,501	1,472	1,481
Audit Unit for Large Traders	455	466	464	492
Tax Investigation Unit	134	136	145	148
Financial Police	459	485	454	438
<b>Total</b>	<b>8,901</b>	<b>8,923</b>	<b>8,874</b>	<b>9,110</b>

<b>Tax Offices Contacts</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
FinanzOnline (FON) participants in millions of persons	3.32	3.98	4.24	4.54
Number of telephone calls in million	6.16	6.02	6.47	5.85
Average waiting time Telephone calls in seconds	28	42	70	64

<b>Tax Offices General Assessment</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
FON-quota of employee tax assessments	62%	65%	66%	69%
Processed employee tax assessments (L1) in million assessments	3.73	3.78	4.21	5.08
of which application-free tax assessments	--	--	--	766,963
Processing time for employee tax assessments in calendar days	22	24	28	24
Processed requests and evaluations of family allowance payments	586,770	598,947	659,030	673,623
Processing time for family allowance payments in calendar days	23	25	23	23

<b>Tax Offices Business Assessment and Auditing</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
FON-quota of business assessments	86%	87%	88%	89%
Completed assessments in million returns/declarations	2.08	2.08	2.13	2.35
Processing time for business assessments in calendar days	20	21	22	23
Business audits and special VAT audits	26,656	29,252	27,485	25,846
of which additional revenue in millions of euros	549.4	747.9	718.1	679.7
Other audit measures (incl. inaugural visits)	38,936	26,682	26,664	20,399
of which additional revenue in millions of euros	182.2	67.5	29.8	33.3
Joint audits of wage-dependent taxes	11,341	11,798	10,441	9,882
of which additional revenue in millions of euros	125.4	161.5	148.8	141.4

<b>Tax Offices Safeguarding of Revenue/financial penalties</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Debts with issued statements of arrears in millions of euros	1,670.7	1,644.3	1,617.7	1,734.0
Total tax debts in millions of euros	7,653.8	7,908.3	8,108.7	7,977.4
Concluded financial criminal proceedings	6,630	6,463	6,337	6,645

<b>Tax Office for Duties, Transfer Taxes and Gambling</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Duties acc. to Gambling Act in millions of euros	489.1	515.4	559.3	553.1
Completed audits	585	478	426	390
of which additional revenue in millions of euros	57.9	136.7	140.6	58.7

<b>Audit Unit for Large Traders</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Business audits and special VAT audits	3,133	3,030	3,403	3,340
of which additional revenue in millions of euros	847.0	902.2	654.6	956.0
Audits of VAT foreigners	347	318	351	312
of which additional revenue in millions of euros	27.6	119.0	50.4	38.0
Other Inspection Measures	1,088	1,093	1,113	935
of which additional revenue in millions of euros	3.1	11.3	9.6	25.2

<b>Tax Investigation Unit</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Enforcement Measures and Investigated Cases	352	370	356	381
Business audits, Special VAT Audits and Other Inspection Measures	374	348	345	320
of which additional revenue in millions of euros	7.1	13.4	8.1	18.6

<b>Financial Police</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Examined businesses	33,610	29,513	30,439	27,738
Examined employees	70,428	58,047	54,579	47,118
of which illegal employees	13,143	11,961	12,962	10,798
Number of examinations of games of chance	602	1,075	730	1,314

<b>Customs Offices Traffic of Goods/Travellers</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Goods transport declarations in millions of cases	4.04	4.08	3.94	3.95
of which controls (declarations)	170,780	162,275	161,521	167,405
Tax refund statements (U34) (in millions of cases)	1.90	2.23	2.09	2.29
Controls (travellers)	257,647	230,900	234,794	259,351

<b>Customs Offices Excise Duties</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Declarations (incl. distillation of alcohol)	59,234	55,441	49,940	45,860
Controls (supervision)	8,150	7,390	7,766	6,999

<b>Customs Offices External Audits</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Completed audits	1,027	1,102	1,102	1,147
of which additional revenue in millions of euros	9.9	23.8	38.9	39.6
Controls (customs surveillance)	5,388	5,891	5,222	5,070
Mobile controls	2,729	2,706	2,244	2,034

<b>Customs Offices Safeguarding of Revenue/financial penalties</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Due tax arrears in millions of euros	885.9	776.0	820.4	913.8
Concluded financial criminal proceedings	3,640	4,163	3,310	3,498





