

The Austrian Tax and Customs Administration

Annual Report 2018



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Vienna 2019

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Abgabe & Self-Service



Finanzamt

Information ←
Aufzug ←
Toiletten ←

Vielen Dank!

02
03

ABGABE

Self-Service



The Austrian Tax and Customs Administration

The Austrian Tax and Customs Administration is among the most innovative and successful administrations 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 unbureaucratically, 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 2018.

Tasks, Core Activities and Objectives

Tasks of the Tax and Customs Administration

The fundamental task of the Tax and Customs Administration is to safeguard the financial interests of the Republic of Austria and the European Union. 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, the Austrian Financial Administration secures the framework conditions for fair competition in the economy. 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 and regulatory measures by the Financial Police (e.g. verification of compliance with gambling laws) round off the scope of the Financial Administration's tasks.

The Tasks of the Tax and Customs Administration



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 concretised 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 Objectives of the Tax and Customs Administration



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 > Publications.

Organisation, Strategy and Mission

Organisation of the Tax and Customs Administration

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.

In addition to the Federal Ministry of Finance and the Tax and Customs Coordination Office, which is responsible for controlling and supporting the subordinate organisational units, the Financial Administration consists of the following organisational units:



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 > 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 interdepartmental work groups, and agreed and approved by the head of department. As an internal document, it forms the basis for the annual 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 to safeguard the financial interests of the Republic of Austria and thus, in particular, the levy of taxes and contributions.

At the same time, we are an acknowledged partner of the Austrian economy and one of the defining factors in the ongoing maintenance and strengthening of Austria as a business location.

Through our control, monitoring and audit activities, we contribute significantly to the protection of the honest economy, society and the environment, and also to implementing the principle of uniformity of taxation.

Our primary concerns are service-orientation, proximity to the citizens and transparency.

We actively participate in international decisions and work closely with other authorities at national and international level.

Securing the financial interests of the Republic of Austria

Maintaining and strengthening Austria as a business location

Protecting the honest economy, society and the environment

Implementing the principle of neutrality of taxation

Service-orientation, proximity to the citizens and transparency

International cooperation

Resources and Employees

Resources of the Tax and Customs Administration

The Austrian Tax and Customs Administration's employees are its most important resource. However, there are a large number of material prerequisites and conditions that enable us to work efficiently in the first place. Here is a brief overview:

- The tax offices are located on 67 sites throughout Austria; 9 of the 15 customs office sites are located in a tax office
- Almost all the tax and customs administration offices dealing with customers have a large degree of barrier-free accessibility
- Work stations are equipped with specific IT infrastructure, such as notebooks, network cabling, network printers, smart phones
- Equipment and uniforms for specialist organisational units with special powers (e.g. in the customs offices, Financial Police, tax investigation units)
- The Tax and Customs Administration fleet consists of 456 official vehicles, which are all leased, with the exception of specialist vehicles, such as specially equipped buses for customs or the Financial Police
- The service dogs at the customs offices are trained to detect cigarettes and tobacco, cash, narcotics and specimens of protected species and products made from them
- Radio equipment for the departments of customs offices and the Financial Police as a safe, independent and fast means of communication
- Technical aids, Technical Analysis Centre (TUA), x-ray equipment

Employees

The Austrian Tax and Customs Administration employs around 9,700 comprehensively trained employees whose strengths are secured through well-founded technical and social professional 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.

Attractive employer – regular advertisements

Regular advertisements for vacancies in the Financial Administration are published in the Jobbörse der Republik Österreich (Austrian Online Federal Jobs Platform). New jobs in the Financial Administration can also be found at www.bmf.gv.at > Jobs & Career.

Performance, Facts and Figures

Performance of the Tax and Customs Administration

The performance of the Tax and Customs Administration is, of course, based on the tasks and legal obligations to which a public administration organisation is subject. As a service-based administration, we also guarantee the following performance standards:

We serve citizens by taking care of their tax and customs affairs and operate in a fast, friendly and competent manner. We aim to answer calls as quickly as possible. Tax returns and other matters can be dealt with daily around the clock via FinanzOnline, and customs declarations can be sent 24 hours a day, 7 days a week via e-zoll.

Important information about the Tax and Customs Administration is provided at www.bmf.gv.at. Financial documentation (Findok) is available online as a comprehensive legal and specialist information system. Forms and brochures are available in the tax and customs offices.

Information on personal tax matters can be obtained from all tax offices. Information on customs issues is available at all customs offices. The Central Customs Information Office also answers questions on general customs matters by phone.

The Tax and Customs Administration will answer any concerns you may have about specific issues without undue delay. If possible, you will receive an answer within eight weeks at the latest and, when applying payroll tax regulations, within two weeks.

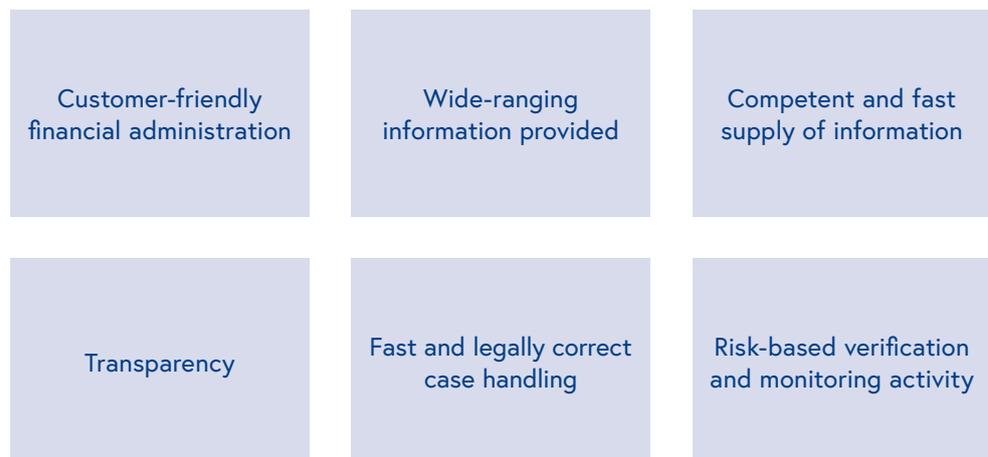
In personal tax proceedings, documents can be viewed directly or via FinanzOnline and e-zoll. The Tax and Customs Administration also provides an insight into fact-finding, results of the procedure of taking evidence and an opportunity to comment.

The Tax and Customs Administration aims to deal with matters promptly and accurately. Legal correctness is guaranteed with a comprehensive quality and knowledge management system. Generally, we need no more than a month for tax returns and family allowance applications (if there are no errors or irregularities and all the necessary data, e.g. wage slips, have been provided). They can be dealt with even faster via FinanzOnline.

Customs declarations are processed immediately, and checks are carried out quickly and efficiently.

To protect society and the economy, supervisory and control measures are undertaken to establish tax-related facts and to monitor compliance with regulatory provisions. In the interests of honest taxpayers, we select audits based on preventative considerations and using modern risk management tools.

The performance standards of the Tax and Customs Administration



Facts and Figures

The performance of the Austrian Tax and Customs Administration is primarily reflected in the federal tax revenues. In addition, the following figures illustrate the extent of the work carried out individually.

- More than 4.8 million FinanzOnline users
- Around 5.3 million employee tax assessments with an average processing time of 26 calendar days
- Thereof approximately 1.2 million application-free employee tax assessments
- Around 2.4 million business assessments with an average processing time of 24 calendar days
- More than 66,000 audit measures at small, medium-sized and large businesses
- Around 27,000 business controls by the Financial Police
- Around 4 million import and export customs declarations
- More than 900 external tax audits by the customs authorities
- Around 30 million detected cigarettes
- Around 320 audits and enforcement measures by the Tax Investigation Unit
- 400 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 > Publications.



Development of Customer Relations to Improve Tax Compliance

For a service-oriented and customer-focused administration, contact and communication with citizens and companies are 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.

Recognition of submitted special expenses

The application-free employee tax assessment service has been further extended for assessment year 2017 to include a key component. Since 1 January 2018, certain special expenses have been submitted directly to the Financial Administration by the recipient organisations. As a result, the number of automatic credit payments has increased by more than 50 %. The special expenses to be submitted are donations (according to the donation list on the Austrian Federal Ministry of Finance's website), contributions to recognised churches and religious organisations and pension top-ups/continued insurance.

Thus, in 2018 almost 1.2 million employee tax assessments were processed fully automatically and a total of approximately 230 million euro tax credits were paid. On average, the amount of credit paid per person was approximately 194 euros. Data protection is taken very seriously in this process. Generally, only a person's name and date of birth must be disclosed to the submitting organisation. Information is submitted using the Encrypted Area-Specific Personal Identification Code for Taxes and Duties, which can only be decrypted again by the Financial Administration.

Financial Services Centre Pilot

To handle the rising volume of calls made to tax offices in the best way possible, a pilot financial services centre scheme was introduced in autumn 2017, whose main task is to provide information by phone. The pilot was originally scheduled to run for one year and was later extended beyond the end of 2018.

The staff of the three teams at the offices in Villach, St. Veit and Vienna try to deal with incoming calls as exhaustively as possible and have been successful. More than 410,000 calls have already been received in the first twelve months of the pilot. This is equivalent to around 15 % of all the calls taken at the tax offices. The first call resolution rate of 91 % in the Financial Services Centre means a corresponding reduction in the number of referred calls. This will bring advantages for customers and ease the strain on tax offices.

We plan to create additional teams in 2019 following the already completed evaluation.

Financial Centre Wien Mitte

The information centre in the Financial Centre Wien Mitte has been converted after an intensive planning and review phase at the beginning of December 2018. The focal point of the transformation was the installation of a sliding-door system instead of the existing carousel revolving doors. On the recommendation of the Danube University

Krems the customer guidance system has also been modernised with the support of the communication department and adapted to the new corporate design as a pilot. The functionality of the Information Centre Wien Mitte has undergone a positive change as a result of the conversion.

Clear spatial division in the self-service and advice area, new signage in the interior as well as orientation aids and the use of colour have made the processes more transparent for customers. Electronic displays at the entrance provide information on opening times, contact details and waiting times and also offer the possibility to communicate important messages.

The electronic guidance system has been overhauled and will give persons who are already waiting a better idea of when their query will be dealt with at the desk. Access to forms has also been made easier and appropriate space has been created to fill them out. At the peak times from January to April floor managers will also be used as support to speed up the processes.

Electronic Establishment and Assignment of VAT ID Numbers

With electronic incorporation (e-incorporation for short), sole trader and one-person companies can be set up easily, quickly and free of charge online via the Business Service Portal (USP - Unternehmensserviceportal). Founders of companies no longer have to organise the incorporation process, including the various forms and questionnaires, themselves because there is now a central solution for this. It is therefore no longer necessary to contact or visit the various offices.

The commencement of business activity and the location of the company are registered with the competent tax office in the course of the e-incorporation via the USP. This is carried out using a questionnaire that is submitted to the tax office. Based on this information the tax office decides whether the entrepreneur is liable for tax or, if an application has already been made, on the allocation of a VAT ID number.



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 which 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.

Audit of Capital Flow Notifications

With the Capital Outflow Reporting Act (Kapitalabfluss-Meldegesetz), an obligation for credit institutions to report capital inflows and outflows has been introduced. The aim and purpose of this law is to detect and realise for tax purposes capital flows resulting from the introduction of the banking legislative package. Otherwise they would remain hidden from the taxman (known as “tax evaders”).

The banks must on the one hand report capital inflows of 50,000 euros or more on accounts held by natural persons or Liechtenstein-based foundations from Switzerland and from Liechtenstein to the Austrian Federal Ministry of Finance. The obligation to report capital inflows has already expired. Reported inflows have been seamlessly checked by the tax offices. In the three most successful cases investigated in 2018 additional revenue exceeding 2.1 million euros was generated.

Furthermore, capital outflows of 50,000 euros or more from accounts or deposits held by natural persons are continuously reported by the banks. The numerous capital outflow reports are filtered by the Predictive Analytics Competence Centre (PACC) with the aid of analytical risk assessments and used for the audit selection.

In 2018 an information event was held by experts from PACC and the Department for Fraud Prevention of the Austrian Federal Ministry of Finance, which was attended by around 800 members of staff. An audit guide has been prepared to provide more support for auditors at the tax offices and FAQs have been made available in the intranet.

Central Case Selection

The Predictive Analytics Competence Centre (PACC) supports the strategy adopted by the Austrian Federal Ministry of Finance with a risk assessment of the tax processes carried out according to the latest scientific methods and an associated effective prediction of the necessary control and auditing measures followed by an overall evaluation of the results. It selects audit cases for the annual audit plans of the on-site audit, joint audit of wage-related taxes and customs audit departments based on centrally conducted risk analyses.

The point of using the PACC when carrying out the central case selection is to filter information from available data based on fiscal risks, which is used to optimise case selection.

Therefore, with the help of predictive analytics methods complex economic correlations can be forecast and existing knowledge can be used to make better decisions.

The PACC has a specially developed database at its disposal for its analysis. It includes all the tax subjects of business assessments with the basic data, data from tax returns, tax assessment notices, VAT advance notifications and data from the implemented auditing measures. Commercial register data are also incorporated. The case selection for the annual audit plans is made using SAS software.

The analysis software is based on an algorithm that is learned with each application. This leads to a steady improvement in results. In 2018 the central case selection produced notable auditing results, which are in some cases significantly better than those from an individual case selection.

Central and Local Risk Management

Central risk management is carried out by the Department for Fraud Prevention in the Austrian Federal Ministry of Finance. It collects, analyses and evaluates all nationally and internationally available information on the individual areas of fraud. On the basis of the results of this evaluation it determines and develops corresponding control measures and forwards them to the tax and customs offices, who implement the corresponding control measures.

The local risk management is carried out by the tax and customs offices, and specifically by the fraud prevention coordinators. They collect and analyse information which the tax office and customs office hold on new companies, new customs clearance trends and potential irregularities. The interaction between the central and local risk management leads to a comprehensive risk management framework.

The customs risk management system is based on the EU customs risk management strategy and the action plan from 2014, which the Austrian Customs Authority implemented in the Customs Control Strategy 2015. It presents all the risk areas in customs and excise duty matters, describes a risk assessment, risk weighting and prioritisation of risks and provides a list of appropriate control measures. The corresponding analyses are implemented by the Predictive Analytics Competence Centre (PACC) in the individual risk areas.

One of the main risks in the field of customs is under-invoicing. The risk of heavily under-invoiced shipments of goods, especially from Asia, is ongoing in all EU Member States and is increasing due to the fact that under-invoicing can be the start of an even more damaging case of VAT carousel fraud. The Department for Fraud Prevention at the Austrian Federal Ministry of Finance has therefore created an efficient system for identifying under-invoiced goods shipments from a third country together with the PACC and with the support of the specialist customs department of the Austrian Federal

Ministry of Finance that represents a key step in the fight against under-invoicing and VAT carousel fraud.

Cooperation in Fraud Prevention

Fraud prevention can only be successful if the competent authorities work together. The Financial Administration therefore provides numerous networking opportunities.

For the purposes of networking, a strategic fraud prevention jour fixe is regularly held between the Austrian Federal Ministry of Finance and the tax and customs administration units. In addition, fraud prevention is a key topic at various conferences organised by the central administration of the Austrian Federal Ministry of Finance, such as the central controlling meetings or the meeting of the executive boards.

In the context of fraud prevention, the Austrian Federal Ministry of Finance works closely with the Federal Criminal Police Office, in order to effectively combat money laundering and organised tax fraud. Especially in the area of cross-border drugs and weapons trafficking, the pooling of resources of the Federal Criminal Police Office and the customs authorities is needed, which is implemented within the framework of an EU project. The aim is to promote and strengthen cooperation between the police and the customs authorities. The results and the number of persons apprehended so far show that this EU project has been very successful.





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 of effectively and efficiently combating newly emerging patterns of fraud, complex global tax-structuring models and tax fraud in the area of mass actions on the one hand, 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 location for business.

Quality Assurance

Quality in the Tax and Customs Administration is defined as the extent to which specified requirements and set expectations are met. The requirements are in particular established in the principle of the rule of law, and in the strategy and the outcome objectives, with fair and equal taxation being the primary objective.

The main purpose of quality assurance measures is to identify, safeguard and promote technical quality in the sense of the neutrality of taxation. To live up to this claim, qualitative statements have to be made about the quality criteria which apply in the Financial Administration in addition to quantifying the measures.

Quality assurance is the sum total of all the planned and systematic activities for sustainably ensuring constant product and process quality. These measures are already defined in parallel with or in advance of the production process or taken afterwards. The results of the quality assurance measures provide the basis for defining and implementing the necessary change or improvement steps, culminating in a consistently high execution quality.

In a management information system further statements on, for example, the type of execution, case selection, differentiation by tax type and, last but not least, fulfilment of the quality criteria are recorded in addition to the number of implemented quality assurance measures. This information is expressed in separate key figures, enabling statements to be made on the quality level of the services in the Financial Administration.

Reduction of Tax Debts

At the end of 2018, the total volume of debts for all taxes and duties stood at approximately 8 billion euros. This number includes all government claims for the payment of dues or charges that appear on the tax accounts at that time and tax claims that had been stipulated at the time in question, but were not yet due for payment. If we deduct tax claims which are not yet due, a total of 6.95 billion euros (87 % of the total arrears) of debts for taxes which have already become due for payment remains.

The Financial Administration focuses on tax debts which have already become due for payment and whose recovery is possible, i.e. is not hampered by statutory provisions. Based on these criteria, there are enforceable and workable tax arrears nationwide of 1.68 billion euros (21 % of the total arrears).

The enforceable and workable arrears are therefore at a stable level in comparison with preceding years and could even be reduced by 2.9 % versus 2017 despite an increase in tax revenues of 4 %.

Two-thirds (over 66 %) of the total arrears cannot be recovered on account of legal provisions or there is little prospect of success at the present time. They also include arrears whose collection is hampered by pending appeals.

Increasing payment morality is of great interest to the Financial Administration. Any improvement in this area will save both the Financial Administration and taxpayers having to take measures at a later date. The rate of tax arrears which are paid by the due date serves as an indicator of payment morality. The positive economic data and the measures actively implemented by the Financial Administration within the scope of the tax compliance strategy clearly had an effect on the payment behaviour of taxpayers in 2018. The payment rate for all mandatory and due taxes was 97.2 % in 2018 (compared with 97 % in 2017).

Audit Accompaniment on External Audits

A new function of expert for external audits has been created in the specialist departments of the tax offices. These persons will accompany and support the auditors in complex cases. The support may range from audit preparation and planning, prioritisation, determining the relevant facts, applying auditing methods, legal assessment of the facts and reporting through to audit completion and responding to appeals about all areas of an on-site audit.

The demands on an expert for external audits are correspondingly high. The following results should be achieved with the audit accompaniment:

- Optimisation of audit case selection
- Recognition of negative trends and timely implementation of countermeasures
- Development of industry-oriented auditing techniques
- Creation of auditing routines, definition of estimation bases and development of estimation models
- Intensification of knowledge transfer between auditors
- Optimisation of interfaces from and to the external audit (e.g. department for criminal proceedings and safeguarding of revenue)



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.

Coordination and cooperation between all competent authorities 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.

Labour Market and Gambling Controls

The Financial Police carries out employment and gambling controls to protect the labour market from the unlawful influx of foreign workers and to protect citizens from illegal gaming offers and the associated rising addiction potential and drug-related crime.

One of the main tasks in this sector is to check the number of employees seconded or leased from abroad. In addition, checks are also regularly carried out in domestic businesses. The Financial Police monitor compliance with labour law and right of residence and tax and social security legislation. Detected violations result in proceedings before the regional administrative police, foreign police and financial criminal authorities and the social security office.

The Financial Police plays a clear expert role in combatting illegal gaming and is the leader in this field. In cooperation with the regional authorities and the federal police, gaming houses are checked for compliance with the provisions of the Austrian Gaming Act. Violations result in criminal and seizure proceedings before the regional administrative authorities and official closures of outlets; any tax-related facts or information are reported to the tax office.

In 2018 the Financial Police carried out 953 checks of gaming houses and seized 1,739 illegal gaming machines.

Social Security Fraud Prevention

Public finances and the social security system lose a significant amount of taxes and contributions each year through social security fraud – especially due to fake companies in the construction industry. Legally compliant companies suffer from the huge distortions of competition. Social security fraud leads to the following imbalances: Wage and social security contributions are not paid or are not paid in the right amounts, the applicable minimum wage is not paid, the domestic labour market is compromised and distortions of competition occur as a result.

A particular phenomenon of social security fraud are the letterbox companies. They are used to systematically reduce wage and social security contributions. New companies are set up for this purpose and existing companies, or companies that were previously not operating illegally, are taken over or used. They serve as a registration and set-off vehicle for people who are actually employed and people who do not have employment. In the case of the former their employer is concealed and the latter therefore receive comprehensive insurance protection.

The fight against social security fraud will only succeed if all the institutions involved, i.e. tax offices, Financial Police, social security institutions, criminal police and the judiciary work together closely. In 2018, the Financial Police nationally made over 370 referrals to the public prosecutor's office for suspected social security fraud. At the same time, 156 businesses were categorised as dummy companies. This is equivalent to a 30 % increase in fake companies established with legal effect compared to the previous year.

Prohibitions and Restrictions

Despite the free movement of goods and globalised trade, certain goods restrictions have to be observed for imports and exports which are particularly intended to protect endangered areas. These special regulations based on national and European law may restrict imports, exports and transit (known as prohibitions and restrictions) and are monitored by the customs offices. Protection of the following aspects are important objectives of the Austrian Customs Administration:

- **Protection of human health**

Products from third countries must be safe. This means that human health may not be put at risk. Both the European Union and the national legislator have created legal requirements in all kinds of areas which the respective goods have to meet. This especially applies in key areas such as product safety and the import of foodstuffs and medicines. Great successes are achieved in this connection year after year. In 2018, for example, the illegal import of more than a million pharmaceutical products could be prevented.

- **Protection of fauna and flora**

The worldwide trade in animals and animal products not only poses the risk of the spread and introduction of animal diseases but also threatens the preservation of biodiversity. Flora worldwide are under threat from the cross-border movement of goods and all kinds of influences. The Austrian customs administration makes an important contribution in particular through operational controls for the protection of species and through cooperation with phytosanitary bodies. In 2018 a prison sentence was handed down for the first time for a species protection offence (smuggling and trade in 96 ivory tusks).

- **Protection of the environment**

The globally increasing trade in goods should take place according to framework conditions which necessitate the careful and responsible treatment of nature, in terms of the extraction from nature, manufacture, utilisation, disposal and transport of goods. This protection area mainly relates to the handling of waste and hazardous chemicals.

- **Industrial property protection**

Trademark and product piracy is an impediment to fair competition and new jobs. This especially applies to a country such as Austria where high quality products are manufactured. Here the customs authorities try to ensure fair competition in the interests of business and consumers and to withdraw counterfeit goods, especially medicines, from the market.

- **Protection of cultural assets**

Cultural assets should be protected from being transported over borders without authorisation by export and import prohibitions. The customs administration contributes to protecting cultural assets by monitoring existing import and export prohibitions.

- **Protection of public order**

The regulations falling under this area serve to protect the free democratic constitutional structure and the safety of the population. This area includes, for example, regulations concerning weapons and munition, war material and dangerous substances.

Information on prohibitions and restrictions

Information is available at www.bmf.gv.at > Customs on the key import prohibitions and import restrictions. Here you will find helpful information such as when entering the country or consumer tips for internet and mail order shopping.





Employee Development and 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.

A regular staff survey is seen as a key tool of a learning organisation that provides an important and concrete starting point for further developing the organisation.

Especially given the demographic trends and upcoming retirements, an efficient and future-oriented Financial Administration must act in a forward-looking way to create an environment that is highly attractive for potential new candidates.

The aim in personnel marketing is to attract motivated, qualified, single-minded team players who are capable of developing on a long-term basis. The attractiveness of the Financial Administration as an employer should also be strengthened.

Staff Survey

The Austrian Federal Ministry of Finance conducts staff surveys at regular intervals on a variety of occupationally-related issues.

The objectives are to:

- make strengths visible and safeguard them for the future
- find out where the real problems lie
- initiate changes in a needs-based way
- evaluate measures since the last survey



The high level of participation (61 % of employees), with over 6.700 people taking part, shows that both executives and staff are happy to share their views. This is mainly because we attach great importance to deriving clearly defined measures and monitoring them accordingly.

Depending on the participation rate, each executive receives a report on the findings for their own organisational unit. In addition, each office was given the opportunity to ask additional questions for the first time in the course of the 2018 survey. This was also used intensively to enquire about topics specific to the individual departments and is the optimum prerequisite for deriving different needs-based measures. This will ensure the continuous improvement of the Financial Administration.

Knowledge Networks

The Financial Administration is a traditional knowledge-based organisation and depends on the know-how of its staff. Structured and practical knowledge dissemination is indispensable. Apart from the traditional and regular knowledge transfer in the Federal Finance Academy, these requirements are met thanks to the direct practical relevance of panels of experts at regional level, who regularly meet to exchange know-how and experiences and discuss specialist issues.

Professional networking based on the concept of knowledge networks started 10 years ago. The topics at the time included employee tax assessments, assessed values, earnings from rentals and leasing, wage tax audits and family allowance. Since then it has become clear that the standardised regional pooling of experts from the teams at the tax offices or customs offices and experts from the specialist departments together with the federal departments has become an essential knowledge management tool.

Needs-Based Staff Deployment

Controlling staff deployment is one of the fundamental core elements of management processes. Needs-based staff deployment must be based on fulfilling the statutory requirements and achieving strategic goals. The service segments of the individual organisational units form the basis for working out the deployment of personnel in the Financial Administration. These are continuously evaluated on the basis of new tasks and developments in the area of digitalisation and technological change and calculation bases are adjusted.

The results of the calculations are then reconciled with the currently deployed staff, enabling staff measures to be implemented in a targeted way. In an initial step, changes requested by employees are taken into account during planning when making upcoming new appointments or filling existing vacancies. In a second step, new recruits are allocated until the predefined full-time equivalent (FTE) cap has been exhausted.

Posts are filled in a 3-stage new recruit process – internally within the individual department to begin with and then within the federal civil service, and lastly externally. Planning of staffing measures, including new recruits, is carried out in a database system which the offices already use for budgetary planning. It is possible to control the deployment of personnel even more precisely by continually updating the data. The planning process and the ongoing implementation will therefore be refined still further in the next few years to exploit other synergies.

Personnel Marketing and Recruiting

The current situation on the Austrian job market and the upcoming waves of retirements in the Financial Administration require long-term planning of strategically optimised personnel marketing measures to be able to cover future staffing needs from both a qualitative and quantitative perspective.

In the coming 10 years there will be a large number of ongoing new additions to the Financial Administration's workforce – on a scale of several hundred a year. Therefore, it is imperative that we continuously research the job market and ensure that we maintain a regular presence as an employer. This includes participation by the Austrian Federal Ministry of Finance in careers events and fairs, and placing online or print ads and specialist articles in regional and supra-regional newspapers and magazines.

Internal and external personnel marketing is a supporting factor in selecting the right candidates for vacant positions, optimally integrating them and ensuring their loyalty to

the organisation long term. We also take into account that each employee is a potential brand ambassador for the Financial Administration.

Personnel marketing has played a central role in this respect in recent years. As a result of the department's age structure and the large staff cuts, we embarked on an intensive nationwide initiative to identify and select candidates in 2018 as part of a recruitment drive. We provided an insight into the various activities within the Austrian Federal Ministry of Finance and presented our attractive benefits, such as sound basic and further training during the period of service, secure employment and career opportunities in our talent management scheme.

The award of the Silver Best Recruiters Quality Seal strengthens us in our resolve to be perceived as an attractive employer.

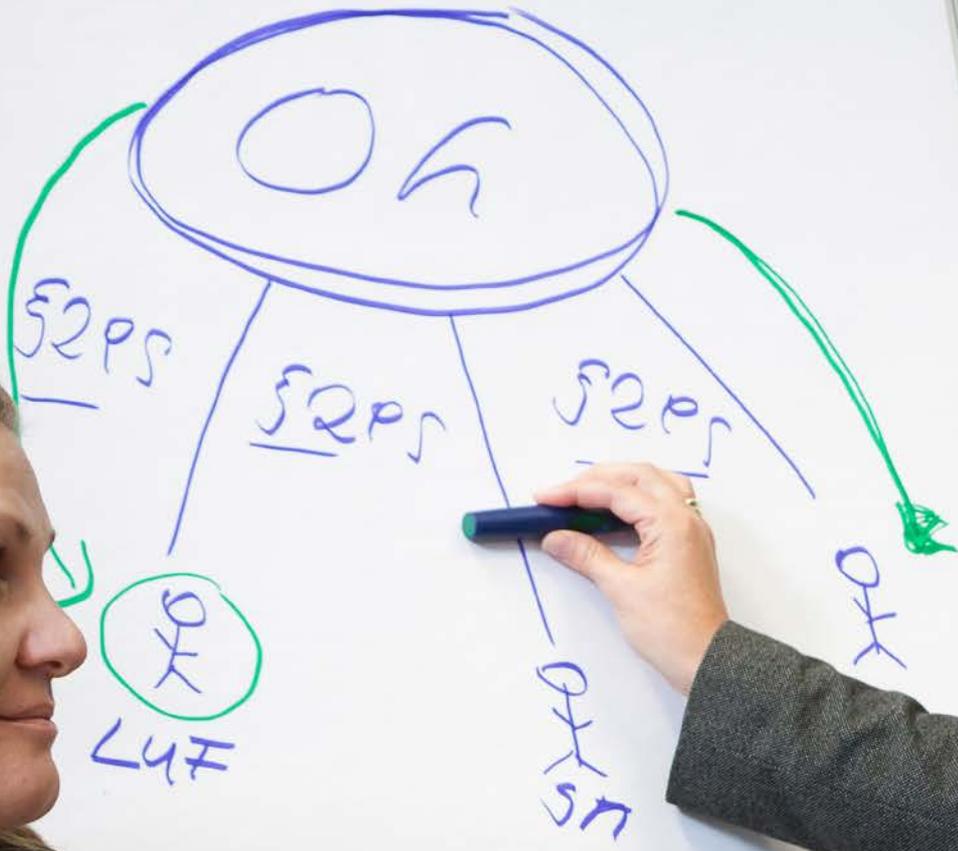


Career Opportunities

Information and videos about jobs and career opportunities in the Financial Administration and the application and selection process can be found at www.bmf.gv.at > Jobs & Career



Feststellung § 188 S. 1



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.

Federal Department Capital Assets

The tax system in the area of income from capital assets has always been characterised by a very high degree of complexity. The reason for this, in addition to the large number of financial products encountered in practice, is the interaction with the deduction of capital gains tax by the banks. The level of complexity compared to the previously applicable legal situation and the number of cases where taxation is by assessment rather than by deducting capital gains tax increased with the reform of tax on investment income in 2010. In this context, the taxation of investment funds is particularly challenging, the peculiarity being that if a dividend is not paid to the investor the investment results achieved are subject to ongoing taxation.

To ensure that adequate specialist support is provided for tax offices and Audit Units for Large Traders in these areas, a new Federal Department for Capital Assets, Investment Funds and Foundations was set up in 2018 in the Tax and Customs Coordination Office. In addition to specialist support, the tasks of the Austrian Federal Ministry of Finance also include carrying out continuous quality assurance in regard to the activities of the tax authorities.

Another important task area is the establishment and expansion of expertise at the tax offices, particularly by holding training events and organising networking meetings. The exceptionally dynamic nature of events in the above matters require us to keep the level of knowledge continuously up to date and regularly provide information on new developments and their impact on the taxation situation.

A particular focus of our activities lies in supporting tax offices with processing data about bank accounts received during the automatic exchange of information (Common Reporting Standard). This information has to be systematically checked in order to be able to assess whether it is relevant for taxation. Of equal importance is professional expertise in the area of fraud prevention, where special challenges have arisen in recent years due to so-called cum-ex transactions. In this field, the new federal department supports both the tax offices who are confronted with this issue and the specialist departments at the Austrian Federal Ministry of Finance.

Comprehensible Language

Studies have shown that the wording of content is often too detailed and complex. This means that even citizens who are honest taxpayers are unable to fully meet their obligations and make errors when completing forms, for example. These errors in turn lead to evaluations and cost both parties - citizens and the Financial Administration – time and resources.

Therefore, the Austrian Ministry of Finance is working on continuously improving communication so as to make its services even more customer-friendly. During a survey on the interactive customer platform www.e3lab.at various suggestions for improvements were submitted by customers and some of them have been implemented. One of them is “Comprehensible Language”. All texts aimed at the public are checked for comprehensibility and amended if necessary.

An internal team from the Financial Administration has prepared a language guide which is supposed to make it easier for colleagues to convert jargon into understandable and yet legally correct wording. This anthology has not only been distributed to all personnel at the Financial Administration, but is regularly presented in all basic courses for new colleagues. At the same time, the new structure from the language guide is also incorporated in any projects that involve customer contact. This ensures that the Financial Administration is operating in an up-to-date fashion not only in its processes, but also in its communication.

Register of Beneficial Owners

With the Austrian Register of Beneficial Owners Act (WiEReG), a register has been set up in which the beneficial owners of companies, other legal entities domiciled in Austria as well as trusts and trust-type agreements (“Legal Entities”) are registered. The beneficial owners have been reported for almost all legal entities, and the phase of first-time notifications to the register was completed successfully on 15 August 2018.

This register is intended to make a significant contribution to preventing money laundering and terrorism financing. This can only be achieved if all the domestic competent authorities, the Money Laundering Unit and all domestic liable parties who have to apply due diligence obligations according to the national transposition of Council Directive (EU) 2015/849, can access a register in which meaningful data about the beneficial owners of legal entities are stored.

Therefore, an automatic reconciliation with other registers such as the Central Residence Register and the Register of Companies is carried out regularly. Changes to these registers are imported automatically and electronically into the Register of Beneficial Owners. Compliance with the reporting obligation is ensured on an ongoing basis through automatic fines.

From now on all employees of the organisational units of the Financial Administration who are authorised to access the register and the companies who have to apply due diligence obligations to prevent money laundering and terrorism funding will have meaningful information about the beneficial owners of legal entities at their disposal.

We would especially like to point out the chart of domestic shareholding structures contained in extended extracts. As a result of this function, extracts from the register are ideal for easily and quickly ascertaining ownership structures.

Around 2,000 Financial Administration employees throughout Austria have received extensive training so that they can make proper use of this new register in accordance with the law.

Further information

An information page and a separate hotline have been set up for legal entities and obligors at www.bmf.gv.at > Financial Sector > Register of Beneficial Owners



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.

EU Council Presidency

Austria held presidency of the EU Council for the third time from 1 July to 31 December 2018. During this time several high-profile events were also hosted by the Austrian Federal Ministry of Finance in Vienna.

The highlight was the informal meeting of the economic and financial affairs ministers of EU member states (Inf. ECOFIN) in Vienna at the beginning of September, which was attended by around 350 delegates. The informal ECOFIN in Vienna ended with a discussion about taxation of the digital economy. Based on a proposal by the European Commission from March 2018, a short-term solution of a temporary tax on digital revenues and a long-term solution involving the introduction of new rules for corporation tax were discussed.

Thanks to excellent teamwork, all the events were conducted to the satisfaction of the around 1,200 delegates and were therefore a resounding success. For example, during the Austrian EU Presidency and on the eve of the first Economic and Financial Affairs Council (ECOFIN) meeting, the EU finance ministers signed the Charter of the Customs Administrations of the European Union, in which the common values of the Customs Administrations of the European Union are laid down.

Meeting of Directors-General

In September 2018, the directors-general of all the tax administrations of the 28 Member States met in Vienna for the G28 summit. The meeting focused on the consequences that the growing digitalisation in different branches of the economy would have for the administrations. The topics that were dealt with included compliance behaviour of citizens in the digital world and the potential in the area of compliance costs.

A high-profile seminar for directors-general on the measurement of performance in the European Customs Union was held in Vienna from 17 to 19 October. More than 100 attendees discussed the importance of performance indicators in the political cycle and for controlling administrations. The concluding “Vienna Declaration” will serve as the basis for further developments in this sector.

VAT Fraud Prevention

The EUROFISC Network was created as the VAT fraud prevention platform of the European Union due to the vulnerability to fraud of the existing VAT system. There are now six working groups in the EUROFISC network:

- VAT carousel fraud
- Transport
- Customs procedure 42
- Observation
- e-commerce
- Transaction Network Analysis (TNA)

The last working field is a software solution funded by the EU with which the new fraudulent companies can be identified more quickly.

In 2018 a software tool for detecting VAT carousel fraud was developed in Austria. In this system all the available data relating to Austrian companies are processed, such as data from VAT advance notifications, payment data and EUROFISC data. It also includes data on VAT enquiries by Austrian companies. In addition, parameters for companies that pose a risk are entered.

Example: a company that has been identified as part of a VAT fraud chain requests the VAT ID number of an Austrian company. In this connection, there is a high risk. If this Austrian company has been newly formed or if the owner or management have changed, there is a higher risk. If the company has its headquarters at what is known as a domicile address, i.e. an address where several hundred companies are registered, then there is a maximum risk.

In 2018 the risk scoring started with real data. The results are subjected to an evaluation by the VAT Fraud Prevention Competence Centre, which will prioritise the data and provide specific working instructions for auditors.

Automatic Exchange of Information

Back in 2014 all OECD and G20 countries agreed to implement a Common Reporting Standard, which provides for an annual automatic exchange of financial information. The European Union accordingly changed its Mutual Assistance Directive in the area of direct taxation (Council Directive on Administrative Cooperation – DAC) through a total of six amendments (DAC 1 to DAC 6). The benefit of the automatic information exchange is primarily to provide tax administrations

with information that is helpful for combatting cross-border tax fraud and cross-border tax evasion and avoidance.

Within the EU the Common Reporting Standard is implemented as part of DAC2 and requires the Member States to automatically exchange information about bank accounts of taxpayers. In Austria DAC2 is regulated by the Common Reporting Standard Act

(GMSG). The number of notifications from abroad is extremely high. Therefore, the Austrian Federal Ministry of Finance is working on a risk prioritisation system with support from the Predictive Analytics Competence Centre (PACC) to filter out cases from all the notifications where an audit result can probably be expected. A sample has been selected for this and these cases will be checked by the tax offices. Based on the experiences, the risks and the tax implications will be analysed and a decision will be made on the basis of this about a central case selection.

Within the scope of the automatic information exchange according to DAC3 information is exchanged on cross-border tax rulings and Advance Pricing Agreements. By entering the information in a central database that can be accessed by all the Member States the information can be shared. Therefore, the transparency of the information on tax rulings and Advance Pricing Agreements can be increased considerably.

DAC4 refers to country-specific reporting, where international corporations with a joint turnover of at least 750 million euros have to prepare and submit a Country-by-Country Report. These reports contain information on the worldwide distribution of earnings, taxes and the business activities of the group of companies, each divided into the individual countries or territories. The Country-by-Country reports of the Austrian corporations have been available since December 2018 and have already been exchanged with other countries, and those of foreign corporations from January 2019.





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Social Responsibility

It is the 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.

Active Sourcing

The Austrian Tax and Customs Administration must react in a forward-looking way, especially in view of the precarious demographic trends, to create an environment that is attractive for potential new candidates. Therefore, with Active Sourcing an additional concept for recruiting new employees has been developed. The Financial Administration has a comprehensive, modern recruitment portfolio at its disposal based on the needs of the organisation.

The extension of the recruitment portfolio pursues the goal of building up a talent network over time to acquire candidates for future tasks in the Financial Administration and ensure their loyalty to the organisation in the long term.

Contacts with suitable candidates will be established early on, actively and indirectly via cooperations with universities, technical colleges and, later, also with target-group-specific schools. The cooperation partners will thereby become our head-hunters and market the Austrian Ministry of Finance brand as an attractive employer directly.

The multifaceted cooperation variants will not only produce a direct professional benefit for experts in the Financial Administration, but will also create a broad base of contact opportunities for finding the best staff for the department in the future too.

Career After Top-Level Sport

The programme supporting top-level sport at the Austrian Federal Ministry of Finance not only has to support the goals of sportswomen and sportsmen in their active careers; it also offers the opportunity to incorporate the athletes into active service after their sports career has ended („Career after the Career“).

The support model is structured in such a way that sportswomen and sportsmen who are members of an Austrian Ski Association (ÖSV) squad are given a temporary special contract that enables them to pursue their sport professionally. It is also stipulated in their contracts that the basic customs training must have been successfully completed within four years.

The team currently provides for 30 support places, with ten places allocated to each of the disciplines downhill, cross-country and para-alpine skiing. After their sports career has ended, whether due to performance or injury or for personal reasons, around 80% of the retired top sportswomen and sportsmen take the opportunity to actively work for the Customs Administration.

Roman Rabl is one example. The triple medal winner from the Paralympics 2014 in Sochi (RUS) joined the regional management of Region West in the summer of 2018 after his sporting career had ended. The 27-year-old is in charge of communication and PR at the Financial Administration in Tyrol and Vorarlberg.

The management is very satisfied with the performance of the former top sportswomen and sportsmen and see them as a huge asset to the Financial Administration.

Anniversary of “Finanzmusik”

In the Austrian Federal Ministry of Finance there is an orchestra that can look back on a chequered history. Founded in 1948 as “Zollwachmusik Vienna“, its survival was called into question after the customs house was closed down in 2004.

However, untiring activists from the music group itself, but also many executives from the Ministry of Finance and members of the board of the customs offices, who had always held dear the tradition and significance of the “Finanzmusik” as a calling card for our Administration, never gave up. Therefore, the successful orchestra was able to continue under the name “Finanzmusik” [Finance Music].

With numerous appearances at national and international events, whether as a big band, dance orchestra, quartet or, above all, as a full orchestra, it has always been a powerful force and has helped to represent the image of the Administration externally. The colleagues who are involved in “Finanzmusik” do so out of a personal interest. Their private commitment goes way beyond the boundaries of work.

The efforts they have shown and their achievements have now earned the recognition they deserve. “Finanzmusik” played numerous concerts to celebrate its 70th anniversary, creating a great sound according to the motto “Music connects people”.



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 one of the best financial administrations 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 years as well.

Modernisation of the Tax and Customs Administration

The last extensive reform of the Austrian Financial Administration was 15 years ago. Since then the general conditions and the expectations that citizens and companies have of the Administration have changed massively. A lot of this is to do with digitalisation, the possibilities of which the Financial Administration wants to use to best advantage for the sake of its customers. The Financial Administration itself is facing a demographic change due to the approaching retirements. Different approaches must be adopted as a result of these challenges so that the varied tasks of the Financial Administration can be carried out efficiently in the coming years as a location for business.

Regional, fast, efficient and attractive – these are the four principles that are at the forefront of the modernisation of the Tax and Customs Administration. A distinction is made between strategic and operational tasks based on international models. The Austrian Federal Ministry of Finance will continue to be responsible for the general conditions and for setting strategic goals. The operational implementation will be carried out efficiently and in a customer-oriented way at five offices:

- Tax Office Austria
- Customs Office Austria
- Tax Office for Large Businesses
- Anti-Fraud Office
- Auditing Service for Wage-Related Taxes and Contributions

With the modernisation, future-proof structures will be created by pooling service and resource responsibility and geographical and material competences will be organised flexibly. Similar tasks, competences and resources will be combined and uniform processes and structures will ensure nationwide quality and service standards. Therefore, there will be a functional orientation according to customer groups on a national scale with local offices.

The modernisation of the Tax and Customs Administration does not envisage any site closures. Therefore, local contacts will be retained. In addition, faster completion times will be ensured through the fair and optimal distribution of the workload over all sites. This especially applies to large-scale procedures, such as employee tax assessments and family allowance. As a result, the concept of decentralisation will be taken into account and the regions will be strengthened.

Direct Debit System for Income Tax Prepayments

In the Austrian Annual Tax Act 2018 the payment regulations for taxes in the Austrian Federal Fiscal Code were redesigned. A new addition is the option of paying taxes by collection order (SEPA direct debit). Further details of the terms of use and the types of taxes for which this type of payment is possible are dealt with in a separate regulation. Therefore, from 1 July 2019 income tax prepayments can be dealt with conveniently by means of a SEPA direct debit.

The SEPA mandate must be granted by the taxpayer themselves either via FinanzOnline or by using a form available on the website of the Austrian Ministry of Finance, which must be signed and returned to the Financial Administration by post. Subsequently taxpayers will receive corresponding notifications regarding the date on which the income tax prepayment will be collected so that the bank account has the corresponding funds.

The precondition for effective granting of a SEPA mandate is that there are no arrears on the tax account, no suspension of collection and no payment relief has been applied for and no insolvency proceedings have been instituted. The mandate expires if the bank details change, the required funds were not available on the bank account or payment was revoked and the taxes owed were therefore not paid.

Improved Legal Certainty

Since the introduction of the notice demanding information pursuant to section 118 of the Austrian Federal Fiscal Code (BAO) taxpayers can obtain official legally binding information on important matters from the tax authorities about any facts that have not yet been substantiated, known as Advance Rulings. This option previously applied to questions relating to transfer prices, reorganisations and group taxation. Through the Annual Tax Act 2018 this possibility for obtaining legal information early will be extended to international tax law, abuse of tax rules and VAT law.

In the course of implementing the project the organisational framework for extending the subject areas will be created and the time it takes to obtain information under the current system will be reduced. The emphasis will be on IT solutions. These should enable significant improvements to be made in the future in terms of time and processes.

A further project will focus on effective implementation of the new EU directive for resolving taxation disputes in the European Union.

If two countries are unable to agree on the apportionment of the taxation substratum (e.g. after an on-site audit at an Austrian subsidiary of an international corporation), this

often leads to protracted mutual agreement procedures, which do not always end in the final abolition of double taxation. Since the legal instruments provided for in double taxation agreements or in the EU Arbitration Convention currently do not enable the satisfactory solution of this problem, the implementation of the new EU Directive will provide a remedy with fixed deadlines and the option of settling disputes by arbitration.

Design Relaunch of FinanzOnline

FinanzOnline has been Austria's most used e-government application for decades. Ongoing upgrades and selective further developments were therefore always a must. Nevertheless, the expectations of citizens have changed in the meantime and the user interface no longer meets current requirements. Users want to be guided through a process. Transparency and comprehensible language are needed.

This is exactly what the design relaunch of FinanzOnline is focusing on. The aim is to enable citizens to carry out employee tax assessments for 2019 via the newly designed and innovative interface. Further steps in regard to redesigning the facility for entrepreneurs and tax consultants will be evaluated after the successful changeover.

Chat Q&A

Many general customer enquiries relate to recurring themes. By introducing a chat bot, as many of these enquiries as possible are to be answered automatically. This will free up our staff to answer more complex queries.

“Fred”, the Financial Administration's chat bot, can recognise the specific questions through elaborate algorithms and find suitable answers through Natural Language Processing. Hence, the information period for these enquiries can be extended to a round-the-clock service. If Fred is unable to answer certain questions or is unable to answer them in full, a live chat service will also be available during the normal opening times of the FinanzOnline hotline with selected staff members. Fred is learning more and more by answering people's questions and should be able to answer significantly more questions automatically in future.

Fred can already answer questions relating to the first subject areas in connection with FinanzOnline. However, he is still in the test phase in order to be able to intercept problems to be expected initially in the best possible way. Over the following months Fred will mainly be trained in issues relating to employee tax assessments and family allowance. A very large range of services will then be offered by Fred from 2020.

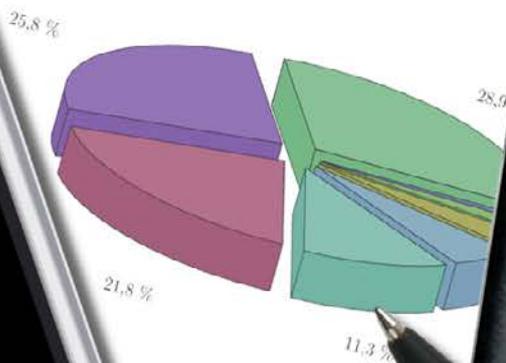
Ask Fred

You can talk to “Fred” directly on FinanzOnline or via chat.bmf.gv.at for any general questions you may have regarding FinanzOnline.





	49,161	22,524	1,561	34,411
		25,347	25,230	38,055
		29,030	742	47,754
			27,380	26,089
				56,410
8	-995	-1,523	0	-1,523
8	-1,339	-446	0	-446
9	1,783	1,701	65	1,766
9	13,662	13,713	19	13,732
	-14,213	-13,981	46	-13,935
	34,948	15,049	27,426	42,475
10	4,404	1,312	0	1,312
10	-3,530	4,720	0	4,720
	34,074	9,017	27,426	36,443
11	-25	-139	0	-139
	34,099	9,156	27,426	36,582



Facts and Figures in Comparison

Numbers are the foundation of the world of taxes and customs, and this section therefore provides various interesting 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.

General Economic Data

General economic data	2015	2016	2017	2018
Gross domestic product (GDP) at current prices in millions of euros	344,258.5	356,237.6	369,899.2	386,063.3
GDP growth compared to previous year	+1.1%	+2.0%	+2.6%	+2.7%
Tax and contribution ratio (taxes and social security contributions) according to ESA	43.2%	42.0%	41.9%	42.2%
Public deficit/surplus as percentage of GDP	-1.0%	-1.6%	-0.7%	+0.1%

Tax/Customs Revenues

Tax/customs revenues in millions of euros (selection)	2015	2016	2017	2018
Total federal tax revenue (budget chapter 16)	82,427.1	81,138.1	84,820.5	88,203.6
- thereof in detail (extract)				
Value-added tax (VAT) incl. import VAT	26,013.2	27,055.7	28,346.3	29,347.1
Wage tax	27,272.4	24,645.9	25,350.0	27,177.8
Income tax	3,617.3	3,902.9	3,951.3	4,279.8
Corporation tax	6,320.4	7,431.7	7,903.9	9,162.8
Capital gains tax	3,863.1	2,355.1	2,754.0	3,072.4
Real estate transfer tax	1,019.4	1,117.6	1,104.7	1,207.6
Mineral oil tax	4,201.1	4,312.6	4,436.1	4,488.0
Excise duties on tobacco	1,776.3	1,834.9	1,867.8	1,911.1
Other transactions tax offices/customs offices				
Disbursed family allowance payments	3,379.9	3,444.8	3,419.2	3,765.2
Duties according to the Gambling Act	515.4	559.3	553.1	599.8
Customs duties (EU own resources)	261.9	262.6	263.4	264.6

Budget of the Financial Administration

Budget (preliminary) in millions of euros	2015	2016	2017	2018
Personnel expenses	545.8	559.2	573.2	585.4
Material expenses	93.2	92.1	97.9	95.7
Total payments	639.9	655.6	672.9	682.5

Number of Employees

Personnel (in each case as at 31 December in FTE)	2015	2016	2017	2018
Tax offices incl. Tax Office for Duties, Transfer Taxes and Gambling	6,335	6,339	6,551	6,575
Customs offices	1,501	1,472	1,481	1,484
Audit Unit for Large Traders	466	464	492	478
Tax Investigation Unit	136	145	148	161
Financial Police	485	454	438	434
Financial Administration – total	8,923	8,874	9,110	9,132

Customer Contacts

Tax offices customer contacts	2015	2016	2017	2018
FinanzOnline (FON) participants in millions of persons	3.98	4.24	4.54	4.80
Number of telephone calls in millions of calls	6.02	6.47	5.85	5.37
Average telephone call waiting time in seconds	42	70	64	62

Assessment Private Individuals and Family Allowance

Tax offices general assessment	2015	2016	2017	2018
FinanzOnline (FON) participants in millions of persons	3.55	3.79	4.03	4.25
FON quota – employee tax assessments (L1)	65%	66%	69%	70%
Processed employee tax assessments in millions of assessments	3.78	4.21	5.08	5.31
- thereof application-free tax assessments completed	--	--	0.77	1.19
Processing time for employee tax assessments in calendar days	24	28	24	26
Processed applications for and evaluations of family allowance payments	598,947	659,030	673,623	664,488
Processing time for family allowance payments in calendar days	25	23	23	27

Business Assessment and External Auditing

Tax offices				
Business assessment and auditing	2015	2016	2017	2018
FinanzOnline (FON) participants in millions of persons (companies)	0.43	0.46	0.52	0.55
FON quota of business assessments	87%	88%	89%	90%
Completed assessments in millions of returns/declarations	2.08	2.13	2.35	2.42
Processing time for business assessments in calendar days	21	22	23	24
Business audits and special VAT audits	29,252	27,485	25,846	22,463
- thereof audit result in millions of euros	747.9	718.1	679.7	544.6
Other audit measures (incl. inquiries and inaugural visits)	26,682	26,664	20,399	29,352
- thereof audit result in millions of euros	67.5	29.8	33.3	28.3
Audits of wage-dependent taxes and contributions	11,798	10,441	9,882	9,723
- thereof audit result in millions of euros	161.5	148.8	141.4	171.7

Tax Debts and Financial Penalties

Tax offices				
Safeguarding of revenue/financial penalties	2015	2016	2017	2018
Total tax arrears in millions of euros	7,908.3	8,108.7	7,977.4	7,993.6
- thereof enforceable tax arrearage claims in millions of euros	1,644.3	1,617.7	1,734.0	1,683.6
Payment quota/payment discipline in percent of taxes due	97.0%	96.9%	97.0%	97.2%
Concluded financial criminal proceedings	6,463	6,337	6,645	7,727

Audit Unit for Large Traders

Audit Unit for Large Traders	2015	2016	2017	2018
Business audits and special VAT audits (incl. of VAT foreigners)	3,348	3,754	3,652	3,670
- thereof audit result in millions of euros	1,021.2	704.9	994.0	726.9
Other audit measures (inquiries and other inspection measures)	1,093	1,113	935	901
- thereof audit result in millions of euros	11.3	9.6	25.2	27.2

Anti-Fraud Operations

Tax Investigation Unit	2015	2016	2017	2018
Enforcement measures and investigated cases	370	356	273	258
Business audits, special VAT audits, inquiries and other inspection measures)	348	345	320	319
- thereof audit result in millions of euros	13.4	8.1	18.6	3.9

Financial Police	2015	2016	2017	2018
Number of enterprises audited	29,513	30,439	26,622	27,317
Number of employees checked	58,047	54,579	47,118	52,525
- thereof illegal employees	11,961	12,962	11,051	8,863
Number of controls on gambling	1,075	730	1,314	953

Customer Service Teams – Customs Offices

Customs offices traffic of goods/travellers	2015	2016	2017	2018
Goods transport declarations in millions of cases	4.08	3.94	3.95	4.18
- thereof controls (declarations)	162,275	161,521	167,405	169,866
Tax refund statements (U34) in millions of cases	2.23	2.09	2.29	1.97
Controls of travellers	230,900	234,794	259,351	230,234

Customs offices excise duties	2015	2016	2017	2018
Declarations (incl. distillation of alcohol)	55,441	69,981	67,741	81,377
Supervision (controls)	7,390	7,766	6,999	7,453

External Audits and Seizures – Customs Offices

Customs offices Customs business audits and seizures	2015	2016	2017	2018
Completed customs business audits	1,102	1,102	1,147	906
- thereof audit result in millions of euros	23.8	38.9	39.6	20.1
Customs surveillance (controls)	5,891	5,222	5,070	4,806
Mobile controls	2,706	2,244	2,034	1,962
Cigarettes seized in millions of cigarettes	10.09	8.17	7.20	29.90

Tax Debts and Financial Penalties – Customs Offices

Customs offices Safeguarding of revenue/financial penalties	2015	2016	2017	2018
Total tax arrears in millions of euros	853.4	898.5	1,001.2	1,030.4
- thereof enforceable tax arrearage claims in millions of euros	529.6	546.2	537.9	530.4
Concluded financial criminal proceedings	4,163	3,310	3,498	3,003

