

Tax Compliance in Austria

Fair Play - Thinking Tax Administration in a New Way

Overview



FEDERAL MINISTRY
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- **Dilemma in times of crisis**
- **So what?**
- **Fair Play**
 - **Supporting cooperation**
 - **Preserving tax equality**
 - **Protecting fair economy**
 - **Talking about it**

Dilemma

- **New tasks for tax administrations because of tax regulations fighting against economic crisis**
 - **first: new tax provisions to stimulate consumption and economy (e.g. reduction of tax rates, scrapping premium for old cars)**
 - **now: new tax regulations to consolidate the budget**
- **Cost cutting for administration because of decreasing budgets as a consequence of the economic crisis**
 - **reduction of staff**
 - **restrictions for ICT budget**
 - **less or no money for new developments**

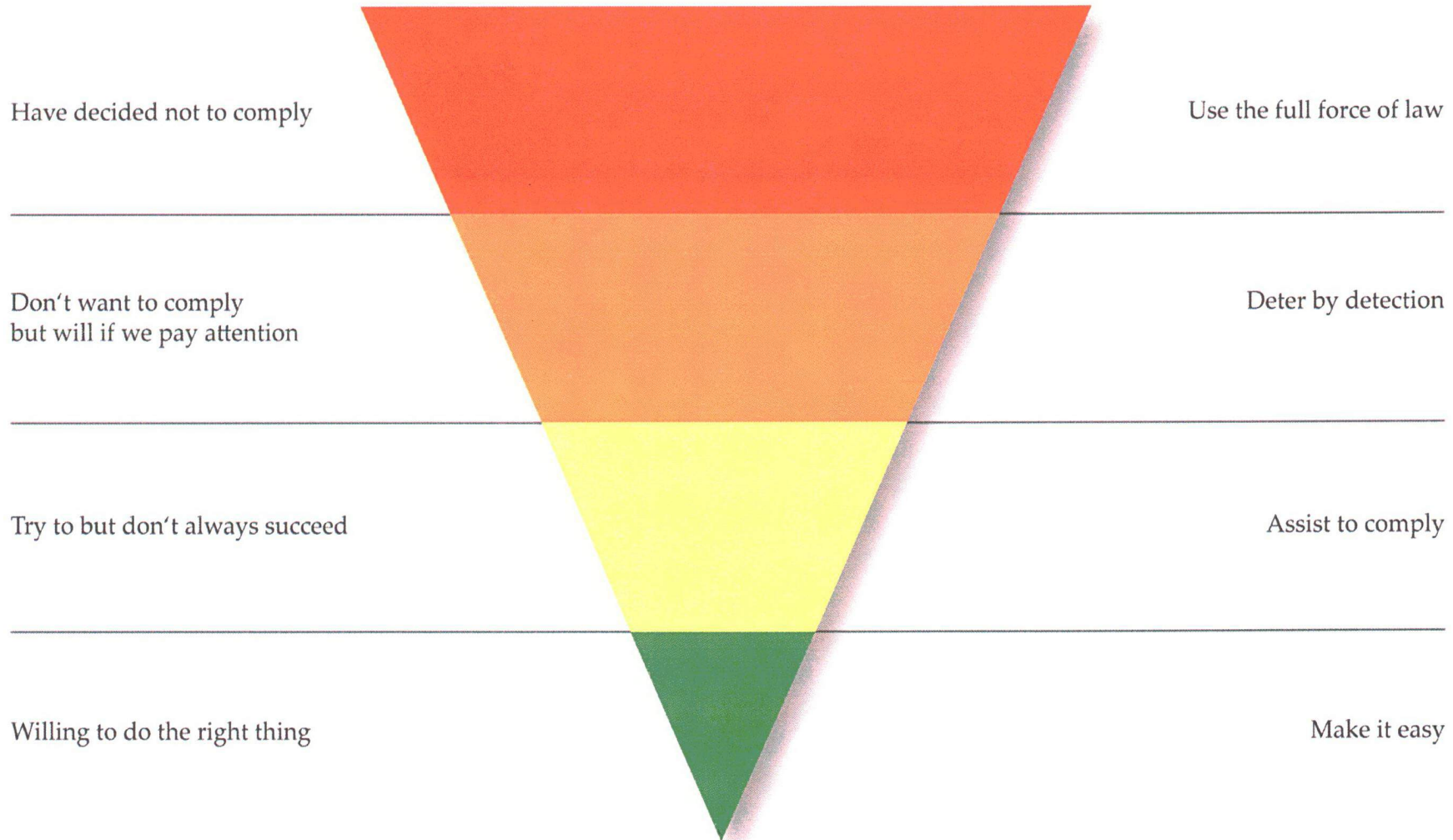
Fair Play

Thinking in the past



FAIRPLAY

Fairness zahlt sich aus.



So what ?

- **More of the same?**
 - more responsibilities
 - more audits
 - more and better services
 - more efficiency
 - new technology

So what ?

- **Or thinking tax administration in a new way?**
 - focussing on main task: securing tax revenue
 - understanding tax administration as part of its environment
 - a paradigm shift

Thinking Tax Administration in a new way

- **complex environment**
 - black economy, globalisation, tax competition, economic crisis, cost reduction in public administration
- **tax administrations meet their limits**
 - more tasks, more audits, more and better services, more efficiency, more technology
- **“doing more of the same” is not realistic any longer**
- **methodical background of Fair Play initiative based on idea of Good Governance:**
 - institutional and interactive arrangements
 - interrelation between special interest groups
 - selective network management

Fair Play

Working in the presence



FAIRPLAY

Fairness zahlt sich aus.



Strategy of Tax Compliance

So what ? (or: SWOT)

- **Thinking tax administration in a new way**
 - **trust instead of control?**
 - **self responsibility instead of service?**
 - **flexibility instead of continuity?**
 - **just in time instead of quality standards?**
 - **web space instead of cash register?**
 - **application service providing instead of certifying software?**

Ways of Interaction

- **Fair Play as a package of support-, control- and anti-fraud-measures to improve tax compliance**
 - increasing tax compliance through proactive involvement of business and citizens
 - ensuring financial interest of the state
 - ensuring fair competition for the honest economy
- **ways of interaction**
 - charta of tax and customs administration
 - education in tax matters
 - interaction between taxpayers/intermediaries and tax administration
 - inter-organisational cooperation

Fair Play is

- **a behaviour, which goes further than observing rules**
- **an attitude, where companies and/or citizens and tax administration act like partners**
- **the willingness to voluntarily follow tax rules in the sense of contributing to general public interest**
- **a sphere of mutual transparency and openness**
- **using the full power of law in case of non-compliant behaviour**

Fair Play intents

- **to increase the tax and customs compliance by active involvement of companies and citizens**
- **to secure the national finances for maintaining common public interest**
- **to guarantee fair competition for fair economy**
- **to secure a stable field for law abiding entrepreneurs**

Fair Play should

support the cooperation

- **regional compliance teams in high risk areas (raise awareness for specific economic needs)**
- **installing supervisors and contracting memoranda of understanding (e.g. with large construction companies)**
- **horizontal monitoring of large companies (continuous exchange of information)**
- **advance ruling**
- **service- and quality standards**
- **round tables with chambers of commerce, with tax advisers etc.**
- **Code of Conduct with tax advisers**

Fair Play should

sustain tax equality

- **developing abbreviated control standards (e.g. annual controls, limited to certain taxes)**
- **facilitating the number of first level contacts, followed by a check of further behaviour (Present Observation)**
- **using standard audit file tax to speed-up controls**
- **detecting and pro-active communicating of aggressive tax planning models**

Fair Play should

protect fair economy

- **performing targeted anti fraud actions in high risk areas**
- **enhancing tax inspection to avoid reduction of revenues**
- **holistic combat against illegal employment**
- **affiliated combat against hidden economy and social security fraud**
- **further improvement of international cooperation in fighting against fraud**
- **targeted risk management and risk-indexing**

talking about paying taxes

- **behaviour of tax payers and behaviour of tax officers have to be changed**
- **changing behaviour is a learning process**
- **learning is communication**
- **tax payers must be told and taught that they are part of the society and have to do their bit**
- **tax officers must be told and taught that they have to convince tax payers of voluntary compliance**

Education in Tax Matters and Tax Compliance

- **education and training are determining factors**
- **raise awareness among the employees of administration**
 - tax compliance is an integrated part of the basic training courses
- **education in tax matters is taught in certain schools**
 - to explain why taxes are levied
 - for what they are spent
 - what this means for the juveniles
- **development in the area of training and schooling in cooperation with the chamber of tax advisers**
 - apprenticeship called assistant in taxes
 - on the academic level a bachelor and master course of studies was developed called "Tax Manager"
 - internship for future lawyers and judges
- **"Days of Taxes" where from both sides' speakers inform and discuss news in tax law**
- **theme parties dealing with certain topics of tax compliance, where representatives of tax administration, companies, tax advisers and students exchange their ideas and opinions**

Interaction between Taxpayers/Intermediaries and Tax Administration

- **non-self-employed**
 - tailored information that emphasises on personal income assessment and family allowance
 - visits at universities, in old peoples' home, in mosques, railway stations, ...
- **start-ups**
 - first visit and during the first year an intensive support and consultation
- **SMEs**
 - standardised short audit for non risk branches
 - focussing on defined topics
 - minimizing compliance costs for companies
- **large taxpayers**
 - advance ruling
 - pilot project on horizontal monitoring
- **different ways in cooperation with chambers**
 - involvement of all chambers in the appraisal process of a new law
 - "Get your money back" for employees initiative with chamber of labour
 - information campaign with pensioner's association
 - in cooperation with chamber of commerce "Day for Start-Ups"
 - contact committee with chamber of tax advisers, chamber of commerce and trade unions on federal and regional level

Inter-Organisational Cooperation

- **service**
 - common portal for private persons on administrative issues (together with other administrations): www.help.gv.at
 - common portal for enterprises on administrative issues (together with other administrations): www.usp.gv.at
- **auditing**
 - common audit of wage tax and social security contributions
 - virtual audit unit of tax administration and social security institution
- **fight against fraud**
 - coaction with the department of public prosecution has shown a high success rate when talking about institutionalised fraud
 - "Action Days" in certain risk branches all over Austria or in a region, controls are done together with the police, the social security companies and other public institutions



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**Thank you for your
attention!**

