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BUNDESMINISTERIUM
FÜR FINANZEN

Combating fraud

In the interest of the taxpayers



Fighting fraud actively and resolutely

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Foreword

Tax evasion, illegal labour and smuggling damage Austria's economy and threaten domestic jobs. The fight against fiscal fraud is therefore one of the key concerns of the Federal Ministry of Finance. It includes all actions pursued by the tax and customs authorities to protect the State's financial interests and to ensure fair conditions in the economy. Especially in recent years, we have started to use new approaches in the fight against fraud and to develop these on a continuous basis, providing a steady boost to anti-fraud activities aimed at ensuring equal and fair conditions for all taxpayers.

The successes achieved prove the effectiveness of our strategy

In the fight against fraud, the following impressive numbers were obtained between the beginning of 2005 and the middle of 2006: The seizing of 161.8 million cigarettes and 299.5 kg of narcotic drugs as well as 28,244 inspections of businesses resulted in 9,506 charges. Tax audits yielded EUR 3.03 billion in additional tax revenues.

Our goals

To optimise the fight against fraud is one of our most important goals and we will continue to work on improving our anti-fraud measures. Required education standards and high flexibility must also be guaranteed. In the coming years, the Risk-, Information- and Analysis Centre (RIA) will assist in the ongoing development of the risk-guided selection of candidates for audits by fiscal authorities. Through strengthening international co-operation, a more efficient action directed against smuggling and in fighting cross-border VAT fraud (carousel schemes) is enabled. In this context, we are placing particular emphasis on widening the application of the reverse charge rule, which has been in force in the Austrian construction industry since 2003, to all business sectors, domestic and within the EU.

This brochure gives you an insight into the fight against fiscal fraud and presents the results of inspections and audits and provides an insight into all segments of the fiscal authorities' anti-fraud activities. It contains significant

findings about current fraud trends and on measures taken to fight fraud. A download version of this brochure is available at **www.bmf.gv.at**.



A handwritten signature in black ink, reading "W. Molterer".

Vice-Chancellor Wilhelm Molterer
Federal Minister of Finance



A handwritten signature in black ink, reading "Christoph Matznetter".

Christoph Matznetter
State Secretary in the Federal
Ministry of Finance

Aspects of fiscal and social security fraud

The so-called “shadow economy” is a serious problem world-wide. In Austria, too, the organised circumvention of fiscal, social security and labour laws is doing enormous damage to the domestic economy, at the expense of our country’s honest businesses and workers. The opening of the borders has led to a surge in fiscal and social security fraud in recent years, which calls for resolute counter-action.

The most frequent practices of organised fiscal and social security fraud are described in a brief survey below.

Value added tax (VAT) evasion

VAT evasion is a heading that covers a whole range of different types of fraud. The most well-known of them are so-called “under the table” sales. This means that sales made are not reported to the tax authorities and in some cases no VAT is charged.

The greatest challenge, however, are orchestrated attacks against the VAT system and thus against the stability of public finances. These types of fraud effectively exploit the system of value added tax collection and input tax reclamation, with one party to a transaction failing to pass on VAT proceeds to the tax office while the other party reclaims the input tax shown in the invoice from the tax office.

Such schemes are frequently operated by businesses that are set up for the sole purpose of VAT evasion and close down again after just a few months. Deliberate failure to report or pay VAT results in massive tax evasion.

The cost to the Austrian economy: In 2006, tax audits carried out by the tax offices resulted in the additional assessment or reclamation of more than half a billion euro in VAT from businesses, with the lion’s share of more than EUR 150 million being accounted for by unjustified deduction of input tax.

As a result, the Austrian economy suffers a massive competitive disadvantage, as competitors not paying their VAT liabilities are able to offer goods and services at significantly lower prices than businesses honouring their tax obligations.

Illegal employment

Many Austrian businesses employ “cheap” labour, i.e. workers not possessing the required work permits and not being registered with a social security organisation. This deprives the State of taxes and social security contributions, and diminishes the opportunities of legal job-seekers to find work.

In 2005 and in the first half year of 2006, 9,506 illegally employed workers were found in Austrian enterprises, including 150 at a single inspection of a metal-working business. Especially since EU enlargement, the proportion of illegally employed foreign workers has been rising steadily in Austria.

It is, in fact, not only the tax authorities and the social security organisations that lose out in such cases, but often also the workers. Many employees do not know which enterprise they are actually working for or they are not paid as their contact has simply vanished.

Outstanding wages are paid by the insolvency contingency fund, to which the fraudulent businesses never made any contributions. Employees are frequently unaware that they have not been registered with social security. It is often only after many years that they discover a substantial shortfall in contribution periods when their pension benefits are calculated.

The cost to the Austrian economy: The losses caused by the shadow economy to the Austrian economy are estimated at EUR 21.2 billion.



Artificial companies on demand

Especially in the construction and related industries, setting up fake companies for the systematic evasion of wage taxes and social security contributions is a widespread practice. The “lifecycle” of such companies is short (not more than six months); therefore new supplies of new artificial companies are being created in an ongoing process. The only purpose of fake companies: tax evasion and social security fraud. The bankruptcy notices of such “firms” – if they can be traced at all – fill the weekly insolvency reports of Kreditschutzverband, Austria’s leading creditor protection agency. However, as liability rests only with the managers of these enterprises and they are usually just front men, it is generally very difficult to actually hold anyone accountable for the fraud.

The cost to the Austrian economy: In the course of insolvencies, the fiscal authorities filed claims worth EUR 406,923,145 million in 2005.

Tax evasion

Organised tax evasion very often involves unlawfully benefiting from tax-exempt supplies or export refunds. It also includes non-payment of VAT as a result of insolvency and the subsequent establishment of a new company, a method that is applied quite systematically. In such cases, one-sixth of the amount (=100 + 20% VAT) that is paid for an item by the consumer – and thus by any member of the public – flows into organised tax fraud schemes. Because of this “wilful” failure to pass on VAT to the tax authorities, the “seller” is able to sell goods significantly cheaper than an (honest) competitor. This VAT share of one-sixth of the selling price is often higher than the trader’s “gross profit margin”.

It is quite obvious by now that massive tax losses occur in a number of industries and that tackling this type of fraud will be one of the greatest challenges of the future. The circumvention of rules governing distance selling is also penalised as tax evasion. Forging documents to benefit from preferential customs tariffs and the deliberate use of incorrect customs classification are also widely used practices in organised tax evasion.

The cost to the Austrian economy: Naming any amounts would be highly speculative. It is a fact, however, that the Republic in general and the economic sector in particular are suffering enormous losses due to the distortion of competition. Jobs are lost or

are not created in the first place.

Carousel fraud

Carousel or input VAT fraud is committed when a chain of supplies of goods exists and one or several links of this chain do not pass on VAT proceeds to the tax authorities. This involves mostly supplies from one EU Member State to another. At the place of destination the goods are resold, with the buyer reclaiming input tax. Carousel fraud usually involves high-value products such as mobile phones, computer components, software, etc.

The methods of carousel fraud are multiple. Enterprises are frequently set up with front men (usually people without financial resources or individuals who are easily manipulated). Organised VAT fraud is then carried out through highly complex groups of companies pretending to trade in cheap or small goods. The authorities are deceived by means of fictitious invoices and fictitious deliveries. Formal evidence is also manufactured: by using other businesses' VAT identification numbers or firms that are in bankruptcy. These smokescreen methods enable embezzler to reclaim input tax for trade in valueless or imaginary goods with impunity. Money laundering is also commonplace within such criminal company structures.

The cost to the Austrian economy: Every year, tax auditors detect cases of carousel fraud worth EUR 50 – 100 million in revenue loss. If the goods that are traded in carousels actually find their way into normal sales outlets, the result is a distortion of competition, as such goods can be sold below customary prices since profits are made in the form of VAT received but not passed on to the tax office.

From the protection of species to the customs proceedings



Protection of species

Measures for the protection of species involve controls of legal imports and exports as well as the prevention of illegal imports and exports of protected animals and plants. These include, above all, exotic live animals, live plants such as orchids or cactuses, animal skins, hides and furs as well as hunting trophies but also tourist souvenirs such as shells or corals and products containing or made from protected animals or plants (such as caviar or traditional Chinese medicines). A gigantic black market for such goods has developed, especially on the Internet.

Cyber crime

The development of modern communication technologies and the increase in Internet trade pose new challenges to the fiscal and customs administration. Trade via Internet platforms has increased massively over recent years. Here, too, the objective is to filter out those people who use these platforms for doing their business while “saving on taxes” as far as possible. Organised crime is operating in this environment as well. The possibility to transact business electronically on the Internet has spawned novel and varied forms of fraud that are difficult to track down. Enterprises may remain anonymous, yet operate across traditional borders and find new ways of interfering with markets and businesses. The consequences are new types of infringements of customs and business laws that can hardly be addressed with the methods traditionally employed by the authorities. These opportunities are also tempting for consumers: they are increasingly ordering goods from other countries via the Internet, knowingly tolerating infringements of tax and/or customs legislation. Cyber crime may come in many forms:

- Small consignments are despatched without declaring any value or an incorrect value.
- Taxes and custom duties are evaded.
- Bans on trade and restrictions on the cross-border trade in goods are circumvented (particularly in the case of drugs and medicines).
- Illegal betting and other types of gambling are becoming increasingly popular on the Internet.

The cost to the Austrian economy: Cannot be estimated but is definitely on a steady rise.



Drug trafficking

Cocaine, heroin, cannabis, illegal doping agents and other narcotic drugs are smuggled into and through Austria in large quantities by sea and by land for sale on the black market. Many drugs are also shipped to Austria by plane – in specially manipulated luggage or in the stomach/intestines of drug couriers who risk their lives by carrying such “consignments”.

In Austria, imports of prohibited slimming and vitamin preparations that are actually prescription products pose a special risk for the final consumers.

The cost to the Austrian economy: Cannot be estimated because the number of such “consumers” is unknown.



Abuses in EU trade in goods

Implementation of the EU Single Market led to the abolition of former customs formalities. This resulted in many advantages but, on the other hand, made EU trade in goods more vulnerable to organised abuse. One big problem in this context is car imports from EU Member States at fictitiously low prices. The aim of such scams is to “save” on standard consumption levy and value-added tax.

The cost to the Austrian economy: Currently EUR 10 million per year, with a rising tendency.

Product piracy

“Product piracy” or “product counterfeiting” means the imitation or forging of products, i.e. the deliberate violation of trademark rights, copyrights and other industrial property rights and their illegal exploitation. Trade in counterfeit clothes, watches, sports shoes, mobile phones, computer components, medicines, etc. is flourishing but subject to severe penalties. Product piracy and product counterfeiting are grave offences with a detrimental impact on the economy, fair competition, the labour market, and consumers.

The cost to the Austrian economy: Counterfeit products inflict substantial financial losses on enterprises. In addition, companies have to spend financial resources on fighting product pirates. This necessarily leads to cost-cutting efforts and, consequently, a loss of jobs, also in Austria. Not to forget the loss in tax revenue for the State.



Smuggling

The term “smuggling” is used to refer to the illegal transport of goods across a border. Especially cigarette smuggling has become a very serious problem across the entire EU. Each year, the European Union loses hundreds of millions of Euro in customs duties. Organised cigarette smuggling is usually carried out on a large scale by lorries using camouflage cargoes and secret hiding places. This illicit trade is carried out in enormous dimensions by criminal organisations operating on an international level. Moreover, illegal tobacco goods are usually counterfeit cigarettes and therefore pose a substantial health risk to smokers.

Smuggling of arms, jewellery, precious stones, watches, textiles and alcoholics is also widespread internationally.

Another problem that is addressed by the Austrian fiscal and customs administration is the illegal transport of cash from illicit business transactions from third countries to the European Union for the purpose of money laundering.

The cost to the Austrian economy: Smuggling continues to be seen as a victimless crime, but harms all parts of the economy. However, the rise in quantities seized confirms the effectiveness of the new strategy pursued in the fight against fraud as successes have been attained despite the abolition of systematic customs inspections at the EU's internal borders.

Organised cigarette smuggling

In 2006, Austrian customs investigators seized 92.5 million cigarettes. Unfortunately it must be assumed, however, that this represents only a fraction of the actual quantity that international smuggling organisations route to and through our country. While the quantities seized in the past tended to be shipments destined for the high-price British market, the trend changed noticeably in 2006: The proportion of shipments withdrawn from circulation that had been destined



for the Austrian market went up.

The cost to the Austrian economy: Loss of profit for tobacconists and job losses; in addition, the loss in tax revenue has an indirect negative effect on the economy.

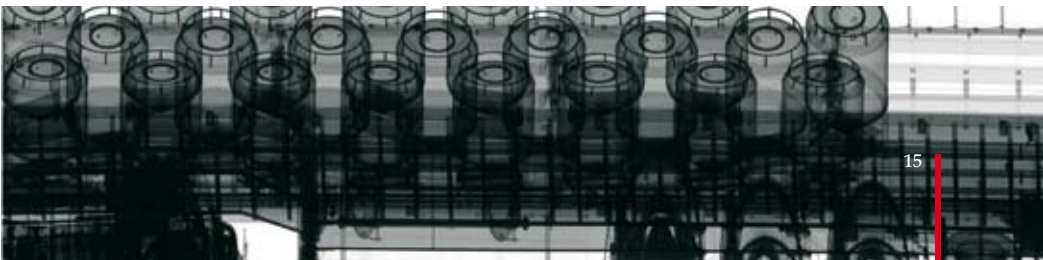
Customs proceedings

In customs proceedings, the main problems identified are irregularities or fraudulent activities involved in the importation of goods from third countries or their transfer into domestic circulation. Retroactive field and in-company customs audits completed in 2006 resulted in the collection of additional duties in the amount of EUR 17.7 million.

An area that is particularly prone to fraudulent activity is the export of agricultural products to third countries. Here, exporters receive compensation under certain conditions under the heading of “export refunds”. These are payments made from the European Agricultural Guidance and Guarantee Fund. From this Fund, billions are distributed each year across all of Europe, which is why the European Commission has adopted regulations requiring the EU Member States to control the system according to set rules in order to protect the Community’s financial interests.

During the period 2005/first half of 2006, these disbursements amounted to about EUR 27 million.

The cost to the Austrian economy: Payment of export refunds to dishonest enterprises creates a competition distortion for honest enterprises – which are the majority of “recipients of export refunds” – that may endanger their economic existence. Beyond that, a loss is caused to the EU budget, which finally has to be paid for, at least in part, by the Austrian taxpayers.



The fight against fiscal and social security fraud

The fiscal and customs authorities have not been inactive. In recent years, the fiscal administration's tried and tested audit and control systems that have been expanded and enhanced. Co-operation with other federal authorities in fighting crime has been intensified, control units have been specially trained, and additional staff has been recruited and prepared for campaigns that focus on specific types of fraud. This has raised the efficiency and effectiveness in the fight against organised fiscal and social security fraud.

To address specific areas of organised crime, task forces have been set up, whose members – often drawn from different authorities – work together in special joint operations. Such operations are conducted not only nationally, but also on a cross-national basis.

The successful outcome of audits is attributable to continuous improvements in auditing techniques, more effective utilisation of audit software, integrated co-operation of different agencies and well-targeted individual measures against organised fiscal and social security fraud. The following overview illustrates the diverse areas in which the investigating teams operate.

Anti-fraud package 2003

In 2003, the Federal Ministry of Finance started developing and implementing an anti-fraud action package. First concrete measures were taken as early as 2004 and in 2005, led to the successful continuation of the project. One key priority has been to raise the efficiency of tax collection (enforcement) by the tax offices. Analyses of tax arrears and updated guidelines on tax collection now enable an early identification of problem cases in the tax collection process and the imposition of sanctions.

Another key objective of the action plan has been the reorganisation of the anti-fraud units. For this purpose, various co-operation models have been tested. The result of these test runs now forms the basis for the reorganisation of tax investigation and the control of illegal employment practices.

Anti-fraud network

In 2005, anti-fraud co-ordinators were appointed in the tax and customs offices as part of an “anti-fraud network” designed to ensure rapid and full flow of information across the entire tax and customs administration. These persons form the hub for anti-fraud measures at their respective offices. They are responsible for receiving intelligence relating to fraudulent activities and cases and for passing it on to the competent bodies. This creates an efficient intelligence cycle. The input provided by the coordinators is passed on, for example, to the Risk-, Information- and Analysis Centre (RIA), where professionals identify the cases with the highest risk potential.

Risk-, Information- and Analysis Centre

Risk-, Information- and Analysis Centre (RIA) was established in 2005 to support Austrian anti-fraud efforts. Its special task consists in exploiting the capabilities of electronic data processing to develop new tools meeting modern quality management standards. The RIA Centre works on a project basis. The processes resulting from its work constitute an important contribution to risk management. Beside the modules for VAT risk analysis and the compilation of customs audit plans, which have already been installed, methods are being developed for income tax and corporation tax purposes to enable a highly precise selection of cases. A large project area includes the analysis of data to be used in identifying economic operators who offer goods and services on the Internet but are not registered for tax.

Further priority areas of the RIA Centre are audit automation, new audit methods and the development of risk analysis programmes as well as attendance to customs matters resulting from the implementation of EU requirements. This comprises the analysis of measures taken under EAGGF (=European Agricultural Guidance and Guarantee Fund) including the compilation of customs audit plans and export refunds as well as the e-zoll risk analysis module, the Risk Information Form (RIF), customs-related VAT fraud, seizure statistics, railway fraud and product piracy.

Field audits

Inspections and investigations are conducted to gather facts of fiscal relevance and information for the determination of existing tax obligations.

Tax audits are carried out by tax office audit units (with the tax office usually being responsible for auditing small and medium-sized enterprises) or large trader audit units (special units auditing large and very large enterprises). A special priority area are special VAT audits, which often result in the detection of large-scale tax evasion or insufficient tax payments, deferments of tax and inadequate record-keeping.

The focus of tax audits is on the retrospective reviews of balance sheets and tax returns filed by businesses. The findings of such audits relate to all types of taxes (VAT, income tax, corporation tax, etc.). Besides the actual underreporting of revenues, which affects both VAT and income taxes, it is also divergent views on individual balance sheet items that results in significant additional tax assessments. Audits generally cover periods for which annual tax returns have already been filed.

The detection of major fraud cases requires rapid intervention on the part of the auditors. Audit activities performed at short notice, including special VAT audits, permit the rapid identification of artificial firms, fictitious invoices and cases of carousel fraud.

Another key component of the audit work conducted by the financial authorities is the “joint audit of wage-related taxes and charges”. Different types of wage-related taxes are no longer checked by different people at different times, but all wage-related taxes are verified by one audit official working for either the tax office or the social security organisation. This way, wage tax, social security contributions and municipal taxes can be audited simultaneously, which greatly improves the efficiency of such controls.

In 2006, 1,492 auditors and investigators were engaged in monitoring legal compliance by large, medium-sized and small enterprises. The extra tax revenues assessed as a result of more than 52,000 audit procedures amounted to EUR 2.2 billion.

Tax investigation

Tax investigators are responsible for penalising tax offences. Tax investigators gather and analyse leads coming from within the tax office as well as external intelligence and prosecute all types of serious tax fraud. If there are concrete reasons to suspect tax fraud, the court may issue search warrants and call for the seizure of documents and other evidence. These are used by the tax investigators in preparing the actual tax audit.

Customs investigation

The main focus of customs investigators has been on cigarette smuggling, but also on large cases of fraud involving meat exports, where inferior meat was exported but high export refunds for premium meat were claimed.

A separate, specially equipped team of investigators is engaged in fighting all aspects of Internet fraud.



Controlling illegal employment practices

In their efforts to fight illegal employment, the responsible units (the so-called KIAB teams of the customs offices; from 1 January 2007 at the tax offices) very often join forces with other authorities including the immigration police for non-nationals, the local authorities, or the health insurance organisation. Checks on large construction sites employing hundreds of workers usually require several days' preparation for planning the deployment of up to 50 inspectors and co-ordinating various authorities. But these efforts pay off. Such inspections usually lead to the detection of not only illegal foreign workers, but also of illegal firms not registered for tax as well as individuals drawing unemployment benefit and persons registered in disguised self-employment.

The continuous increase in KIAB personnel to a level of more than 300 by the year 2007 has been accompanied by an expansion of their powers. Meanwhile, the checks performed, target both illicit foreign and illegally employed domestic workers.

A significant addition to KIAB responsibilities came from the Social Security Fraud Act that entered into force on 1 March 2005. It created new offences punishable by the courts to permit a more effective containment of social fraud and organised illicit labour. The new sanctions cover those types of illegal work that are characterised by a relatively high degree of organisation and thus, in contrast to other forms of illicit work, may massively endanger or impair employment and competition patterns.

The fact that violations of the Act Governing Employment of Foreign Nationals go hand in hand with social security fraud and tax evasion has also been proved by an increase in cases detected despite a reduction of inspection density.



Cyber crime

Use of electronic data processing in everyday life offers increased opportunities for changing and camouflaging business processes, with transactions being traceable later on only with enormous effort. Legislative measures to ensure the traceability of business transactions and new investigation techniques are being developed to counteract this type of fiscal fraud.

In recent years, special customs investigation units have been increasingly addressing the various forms of cyber crime. Cases of tax fraud in online transactions are being investigated by means of professional Internet research combined with modern market observation. These teams gather information on business operations in Austria and their foreign ramifications on an ongoing basis. Effective liaisons with similar organisations in other countries and sharing experiences and information have helped to boost the success rate.



Carousel fraud

A core element of the Federal Government's anti-fraud package has been the development of a strategy for fighting cross-border VAT fraud and carousel fraud. In addition, a working group on carousel fraud was set up, whose main task has been to implement the strategy for fighting carousel fraud and the recommendations of the internal audit function, guided by the following priorities:

- obtaining an overview of cases of carousel fraud in Austria;
- creating an infrastructure for networking and information sharing;
- contacting auditors working on carousel fraud cases;
- preparing and conducting informative events and training;
- gathering national and international intelligence on the subject of carousel fraud;
- developing risk criteria in close co-operation with the RIA;
- establishing contacts with international carousel fraud experts.

Fiscal fraud with motor vehicles

Starting with the incorrect customs declaration of so-called "pick-up" vehicles, a significant field of work has opened up for anti-fraud activities in connection with the import and registration of motor vehicles. A number of "tax-saving" schemes have been exposed in 2005. Further investigation of the matter resulted in the discovery of yet other lines of fraud. A large measure of fraud potential has been found in the private import of new and used motor vehicles, involving non-payment of standard consumption levy (NoVA) and VAT to the tax office. These competitive advantages of a magnitude of up to 39% (purchase price + 16% standard consumption levy = subtotal+20% value added tax) have been causing massive harm to the domestic automobile industry. All audit activities pursued in this regard were continued and intensified in 2006. Investigations conducted by a separate task force resulted in additional tax assessments for 2400 vehicles totalling EUR 17 million.

Cigarette smuggling

Fighting international cigarette smuggling remains one of the key priorities of Austrian anti-fraud efforts. Inventiveness as regards methods and hiding places knows no limits.

Cigarettes that were purchased via the Internet are sent to Austria by post or delivered by courier services. The use of Scan Mobiles, tobacco sniffer dogs and professional investigators ensures, however, that contraband goods are discovered and the wire pullers and consumers penalised.

International co-operation

Tax and customs fraud have to be viewed increasingly in the light of international relations. Fraudulent activities do not stop at national borders. But national authorities very quickly hit the boundaries of their jurisdiction.

In order to ensure prosecution of fraudulent activities across national borders, widely ramified intelligence and investigation networks have been developed within the European Union.

The Fiscalis programme was created to support these networks where tax and customs matters are concerned. The priorities of the programme are strengthening co-operation among the Member States' administrations, measures to develop and implement best practices in dealing with fraudulent operations of all kinds, and activities relating to the organisation and co-ordination of multilateral audits.

The Intra European Organisation of Tax Administrations (IOTA) assists Acceding and Candidate Countries situated at the external borders of the European Union. Training programmes and specialist seminars are one of the key features of the IOTA annual programme.

Another important partner in the fight against fraud is OLAF, the European Anti-Fraud Office. Besides performing a multitude of operational tasks, OLAF also supports the Member States in conducting seminars on anti-fraud topics.

Customs operations

One key priority in Europe-wide anti-fraud operations is measures against the illegal cross-border circulation of goods.

The action programmes developed by agencies of the European Union, the Council Working Group on customs co-operation and OLAF are tested and implemented in cross-border customs operations.

The aim of these joint operations is to improve co-operation among the administrations of the individual Member States and to raise the efficiency of information channels. The development of a tightly-knit network of operational forces fighting illegal imports of goods from third countries is to be promoted as well.

In 2005, two large-scale operations were conducted in which almost all customs administrations of the European Union took part:

Operation Fake was designed to prevent the importation of counterfeit merchandise into the EU. In the course of this operation, the customs services seized more than two million items that violated intellectual property rights, including textile products, shoes, electronic equipment, medicines, and cigarettes.

Operation Roots was aimed at the fight against heroin trafficking via the Balkans route. Apart from narcotic drugs, the authorities taking part in the operation also intercepted other contraband:

- 210.33 kg of heroin
- 20.1 kg of cannabis products
- 2 kg of cocaine
- 517,980 cigarettes
- 287.4 l of alcohol
- 111,907 counterfeit products with a market value of EUR 600,000

Action days

The action days launched in 2004 were incorporated into the standard programme of the fiscal and customs administration in 2005. Since then, action days have been staged on a federal and regional basis throughout the year. This permits responding to regional and seasonal circumstances and targeting specific high-risk industries.

The key motivation of the action days is general prevention through the country-wide deployment of fiscal authority units and the improvement of their co-operation. In addition, these action days offer an opportunity for testing new methods of risk identification, prioritisation, and communication.

On 8 June 2006, for example, an Austria-wide “construction industry action day” was held. 561 inspectors took part in the Austria-wide operation against commercially organised illegal employment in the construction industry. 1,132 enterprises, 218 construction sites and 3,570 individuals were checked. The action day resulted in a total of EUR 2,372,050 in claims attached and EUR 204,597 in seizure orders. Beyond that, charges were brought against 213 enterprises and 201 individuals not duly registered as dependent employees were identified.



Outlook

International trends and relations, new methods employed by impostors, targeted attacks against the financial interests of states and of the economic sector pose new challenges to the Austrian fiscal administration and, specifically, its anti-fraud forces.

The most important task is to not only respond after the fact to offences already perpetrated, but to also analyse potential risk scenarios in advance and to attain control by means of strategic and organisational measures.

For this purpose, cooperation with national and international authorities has to be developed further and maintained. This is done through periodic formal and informal contacts and the exchange of experiences and information in specific areas.

For its future anti-fraud efforts, the Austrian fiscal and customs administration has defined the following priorities:

- develop and implement preventive measures;
- strengthen co-operation with other authorities;
- employ risk-based case identification with the support of RIA;
- intensify efforts to fight cyber crime (new legislative measures and investigation methods);
- implement reverse charge rules at the EU level;
- establish an Austria-wide tax investigation service.

Contacts

Daten-, Informations- und Aufbereitungscenter (DIAC)

This agency of the tax and customs administration is available to the general public, to enterprises and authorities across Austria 24 hours a day. It is responsible for receiving information, reports, charges and other facts of relevance for the tax and customs authorities and passing them on to the competent authorities. The secrecy obligation applicable to all fiscal matters ensures the confidential treatment of information.

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UID (VAT identification number) Office of the Federal Ministry of Finance

Austrian enterprises may contact this information office to verify that a foreign business partner is indeed an active enterprise and that the VAT identification number quoted is valid.

UID (VAT ID) Office of the Federal Ministry of Finance

Suben 25

A-4975 Suben

Telephone: 0810/005310 (at local rate from anywhere in Austria)

Facsimile: 0810/005012 (at local rate from anywhere in Austria)

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