

Brussels, 12 December 2025
(OR. en)

16801/25
ADD 1

FISC 371
ECOFIN 1739

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	11 December 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2025) 421 annex
Subject:	COMMISSION STAFF WORKING DOCUMENT Mind the Gap Report Challenges and opportunities for tax compliance and tax expenditure in the EU - <u>Austria</u>

Delegations will find attached document SWD(2025) 421 annex.

Encl.: SWD(2025) 421 annex



EUROPEAN
COMMISSION

Brussels, 11.12.2025
SWD(2025) 421 final

PART 2/29

COMMISSION STAFF WORKING DOCUMENT

Mind the Gap Report
Challenges and opportunities for tax compliance and tax expenditure in the EU
Austria

Country fiche: Austria

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Austria comprehensively reports on tax expenditures and has a strong legal and procedural framework in place for evaluating subsidies.** Ex ante and ex post impact assessments are required for direct subsidies and tax expenditures. The quality of evaluations however varies, especially for tax expenditures, limiting meaningful assessment. The Court of Audit has called for more systematic evaluation and better integration of results into the subsidy report (Förderungsbericht), so that tax expenditures can be scrutinised on par with direct spending.
- **Austria has made progress in the digital transformation of its tax administration.** Austria has implemented measures concerning digitalisation as part of its commitments under its Recovery and Resilience Plan (RRP). In addition, Austria's tax administration pre-fills personal income tax (PIT) returns, and the percentage of total PIT returns submitted electronically has increased significantly in recent years.
- **Austria has a very low VAT compliance gap.** It declined to 1% of VAT Total Tax Liability (VTTL) in 2023, down from 3% in 2022 and significantly lower than in 2019 (6.8%). Austria's shadow economy is one of the smallest in the EU, estimated at 6.6% of Austria's GDP.

Areas for Improvement

- **Austria's efforts to monitor compliance gaps are so far focused on VAT.** Austria does not produce, for the moment, gap estimates for corporate income tax (CIT) or personal income tax (PIT). Estimating CIT and PIT compliance gaps could help policy makers understand the nature and magnitude of the problems related to CIT and PIT tax collection. In addition, measuring and monitoring tax compliance gaps can support tax administration in assessing the effectiveness of their tax policy actions.
- **Tax expenditures are relatively large and increasing.** In 2023, they amounted to EUR 25.5 billion, or about 5.2% of GDP, although close to one third of tax expenditures could not be quantified. This represented an increase of 8.6% compared to 2022. In a context of relatively high tax code complexity, further strengthened evaluation could help identify tax expenditures that no longer reach their intended policy objectives, also in light of a country-specific recommendation to improve the tax mix.

1. Snapshot of Tax System: Tax Revenues and their Sources

Austria has relatively high tax revenues as a share of GDP. In 2023, total tax revenues amounted to 43.1% of GDP compared to the EU-27 average of 39.0% ⁽¹⁾. The Austrian tax mix relies strongly on labour taxation (including social security contributions), representing 54.7% of total tax revenue in 2023 (compared to 51.2% in the EU). Consumption taxes represented 26.5% of total (vs. EU average of 26.9%) and capital taxes 18.8% (vs. EU average of 21.9%). Looking into specific tax types, VAT revenue amounted to 18.6% of total tax revenue in 2023, roughly in line with the EU average. Recurrent taxes on immovable property are relatively low (0.2% of GDP, compared to 0.9% on EU average). Given the strong reliance on labour taxation, Austria received in 2025 a country-specific recommendation (CSR) to improve its tax mix to reduce the high tax wedge on labour and support inclusive and sustainable growth in a challenging fiscal environment ⁽²⁾.

Austria's tax system performs well in terms of fairness. Income concentration in Austria is slightly below the EU average, as measured by the Gini index for equivalised disposable income (28.4% in 2024, against an EU average of 29.3%) ⁽³⁾. The tax and benefit system reduced income inequality (measured as the difference in Gini coefficients before and after taxes and benefits) by 9.0 percentage points, compared to 7.7 percentage at EU level ⁽⁴⁾. Progressivity of labour taxation in Austria is slightly below the EU average, as the difference in the tax wedge ⁽⁵⁾ between high-income (167% of average wage) and low-income earners (67% of average wage) is of 6.5 percentage points (below the EU average of 7.8 percentage points). The at-risk-of-poverty or social exclusion rate is relatively low: 16.9% in 2024, 4.1 percentage points below the EU average ⁽⁶⁾.

Austria is under the Excessive Deficit Procedure (EDP) since July 2025. The decision was warranted given Austria's 4.7% government deficit in 2024 ⁽⁷⁾. According to the Council's Recommendation, Austria is required to correct the excessive deficit by 2028. The net expenditure path set out in the Austrian national medium-term fiscal structural plan (MTFSP) is in line with the requirements under the EDP ⁽⁸⁾. The commitments on net expenditure will be delivered through both expenditure restraint and revenue increases. Austria commits to a set of reforms and investments in order to underpin an extension of the fiscal adjustment period from 4 to 7 years. Among them, reforms in the tax system aim to improve the distribution of the tax burden by (i) an increase in the gambling tax on lotteries, (ii)

¹ Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2025 (reference year 2023). The 2026 edition (reference year 2024) will be published in the first quarter of 2026. Preliminary data point to a downward revision of tax revenue data for 2023 (to 42.6% of GDP), followed by an increase of total tax revenues to 43.4% of GDP in 2024: https://doi.org/10.2908/GOV_10A_TAXAG.

² [Council of the European Union \(2025\)](#): Council Recommendation on the economic, social, employment, structural and budgetary policies of Austria.

³ European Commission, Eurostat [[ilc_di12](#)]

⁴ European Commission, DG EMPL calculations based on EU-SILC survey data.

⁵ The tax wedge is defined as the sum of personal income taxes and employee and employer social-security contributions net of family allowances, expressed as a percentage of total labour costs (the sum of the gross wage and social-security contributions paid by the employer). Data are based on European Commission, DG ECFIN: [Tax and Benefits Database](#).

⁶ European Commission, Eurostat [[ilc_peps01n](#)]

⁷ See latest data as per the [October 2025 EDP Notification](#).

⁸ Source: Council Recommendation endorsing national medium fiscal structural plan of Austria – [EUR-Lex - 32025H03958 - EN - EUR-Lex](#)

an increase in the concession and gambling tax on electronic lotteries, (iii) the harmonisation of taxation on share deals under real estate transfer tax, (iv) the introduction of a re-zoning surcharge on land sales, and (v) an increase in the foundation tax. The measures are expected to be implemented by the first quarter of 2026.

2. Monitoring of Compliance Gaps

2.1. Overview

Austria is not among the EU Member States that officially estimate or publish national tax gaps.

Austrian authorities do not publish a formal tax gap estimate by tax type or a consolidated total tax gap using a documented bottom-up or top-down methodology. Selected activities relevant to tax gap assessment include the participation in the EU VAT gap exercise.

2.2. Monitoring VAT Compliance Gap

Austria performs strongly in terms of VAT compliance, with a VAT compliance gap ⁽⁹⁾ of 1% of the VAT Total Tax Liability (VTTL) ⁽¹⁰⁾, or around EUR 400 million, in 2023. This is much lower than the EU average of 9.5%. The gap has seen a decreasing trend over recent years, falling by 2 percentage points compared to 2022, and by nearly 6 percentage points compared to 2019 ⁽¹¹⁾.

Several factors are likely to have contributed to the observed decrease in the VAT compliance gap. Although the share of services in the economy remained broadly stable, the growth in recreational services, restaurants, and accommodation in nominal household final consumption slowed down compared to 2022 (-7 percentage points). In addition, growth in the demand for tourism, measured by nights spent in tourist accommodations, slowed down even more dramatically (-61 percentage points). As these sectors are typically at higher risk of non-compliance, their lower contribution to the economy can be expected to result in higher overall compliance, and therefore a lower VAT compliance gap. Furthermore, the growth in bankruptcy declarations decreased compared to the previous year (-45 percentage points), which is likely to have facilitated VAT collection procedures to an extent, further contributing to lowering the VAT compliance gap ⁽¹²⁾.

⁹ The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.

¹⁰ The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.

¹¹ See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2778/7868422>.

¹² Ibid.

2.3. Corporate and Personal Income Tax Compliance Gap, and Measures of the Shadow Economy

The European Commission is not aware of any corporate income tax (CIT) and personal income tax (PIT) compliance gap estimation activities in Austria at the time of writing this document.

Neither the tax administration nor the Ministry of Finance publish any official estimates of the CIT and PIT compliance gap. Estimating CIT and PIT compliance gaps could help policy makers understand the nature and magnitude of the problems related to CIT and PIT tax collection. In addition, measuring and monitoring tax compliance gaps can support tax administration in assessing the effectiveness of their tax policy actions.

European Commission's estimates suggest that the CIT compliance gap in Austria is below the EU average. Based on a methodology developed by the Joint Research Centre which relies on a top-down approach using national accounts data, a CIT compliance gap of 4.2% of collected taxes (reference year 2017, using the GVA-based methodology) is estimated for Austria. It ranks 5th among 23 Member States with available estimates⁽¹³⁾. According to the same methodology, the (unweighted) average for the CIT compliance gap is 10.9% of collected CIT revenues based on available estimates for 23 Member States.

Recent research points to a relatively small PIT gap in Austria. A study conducted in the framework of the FISCALIS project recently tested an experimental approach to estimate the PIT/SSC gap in Austria⁽¹⁴⁾. The approach focused on underreporting by the self-employed. Based on Austrian Household Budget Survey (HBS) data, the underreporting was estimated at 4.9% in 2019, close to the previous 4.5% in 2014, and an increased compared to 2.4% in 2004. However, the trend should be read with care, as in 2019, the interval range between the upper and lower bounds of the estimate was only 0.2%, while the 2004 and 2014 estimates had larger intervals (1.6% and 1%, respectively).

Austria's shadow economy is one of the smallest in the EU. In 2022, the shadow economy in Austria was estimated to represent approximately 6.6% of its GDP, according to Schneider, F. and Asllani, A. research on undeclared work and shadow economies in Europe for the European Parliament⁽¹⁵⁾. This figure is significantly below the EU-27 average of around 17.6%, likely reflective of Austria's relatively strong regulatory environment and tax compliance. The latter could be influenced

¹³ European Commission: Directorate-General for Taxation and Customs Union (2025), *The Corporate Income Tax Gap, A European approach to measuring losses in corporate tax revenues*, Publications Office of the European Union, <https://data.europa.eu/doi/10.2778/0541549>. The JRC has recently developed a novel approach to estimate the CIT gap based on National Accounts and existing data on the undeclared economy, providing approximations of the CIT gap for a majority of EU Member States. JRC's estimations are based on the exhaustiveness adjustments made to Gross Operating Surplus (GOS), Gross Value Added (GVA) and Gross Domestic Product (GDP), that national statistical offices perform to account for non-observed economy. The JRC approach does not capture CIT gaps associated with tax avoidance and (international) profit shifting, which would require other estimation methods.

¹⁴ European Commission: Directorate-General for Taxation and Customs Union, *Estimation methods for the personal income tax gap (including social security contributions) in the EU. Part 2, An approach based on survey data*, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2778/243161>.

¹⁵ European Parliament (2022), *Taxation of the informal economy in the EU*. [https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU\(2022\)734007_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf)

by high tax morale in Austria, with 82% of citizens believing that the system taxes people in proportion to their income and wealth, indicating a strong belief in the fairness of the tax system ⁽¹⁶⁾. The decline of the size of the shadow economy over the past decade is notable, as earlier estimates placed Austria's shadow economy closer to 11% of GDP in 2003. Key drivers of the Austrian shadow economy include self-employment and service sectors such as construction, hospitality and transport sector, according to the European Labour Authority (ELA) ⁽¹⁷⁾.

2.4. Other Compliance Gaps

There is currently no public information or evidence that Austria estimates other tax compliance gaps. There are no official programmes or published figures for compliance gaps related to excise duties, environmental or energy taxes, or capital taxes.

3. Monitoring of Policy Gaps

3.1. Tax Expenditures

Austria has comprehensive reporting on tax expenditures (TEs). The Ministry of Finance publishes annual subsidy reports, budget reports, facts and figures of the Austrian Financial Administration, the Austrian Progress Report and fiscal transparency documents that include data on tax expenditure. The subsidy report provides details about direct and indirect subsidies ⁽¹⁸⁾. Indirect subsidies are largely overlapping with the concept of TEs. The definition reads as follows "Indirect subsidies are foregone revenue granted by the Federal Government to a natural or legal person for a service provided as a holder of private rights in which there is a public interest, through exemptions from the general provisions of tax law" ⁽¹⁹⁾. Austria also has a Fiscal Council (*Fiskalrat*) that assesses fiscal sustainability and addresses TEs in its reports.

Tax expenditures in Austria are increasing and are more important than direct subsidies. In 2023, direct subsidies by the federal government of Austria amounted to 11.3 billion euro, which is a reduction of 16.2% compared to 2022 ⁽²⁰⁾. Indirect funding (tax relief) amounted to EUR 25.5 billion, which is a plus of 8.6% compared to 2022 and corresponds to about 5.2% of GDP. With a rate just below 7% of GDP, Austria has the seventh highest overall subsidies of all EU Member States ⁽²¹⁾.

¹⁶ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

¹⁷ European Labour Authority Factsheet on undeclared work – AUSTRIA, March 2023 [AT-UDW factsheet-2023-fin.pdf](#).

¹⁸ Budgetdienst, [Förderungsbericht 2023](#).

¹⁹ Annex I of the Summary report of the questionnaire on tax expenditure reporting. European Commission.

²⁰ Most subsidies (2.3 billion) went to Agriculture and Forestry mainly due to payments for energy cost support for companies and investment incentives. Climate, Environment and Energy (1.4 billion) also received a high share, especially for domestic environmental support and energy supply security and compensation measures.

²¹ Subsidy report, Austria, [Förderungsbericht \(Funding Report\) \(Ministry of Finance website\)](#).

The tax expenditure report provides a high level of detail and reflects on omissions and potential improvements. The latest subsidy report (*Förderungsbericht 2023*) ⁽²²⁾ indicates that there are overall 89 tax relief measures in place. 28 of these (i.e. 31%) cannot be quantified. The report also details information of provisions that have been phased out and those that have been newly introduced. Revenues foregone per legal provision and for different groups of recipients are detailed. There are also some insights into the fiscal implications of tax benefits at the federal and state level. The report discusses challenges for assuring comparability over time and improvements resulting from the transparency database. There is however no information about the number of beneficiaries for tax relief measures. The TE report further acknowledges limitations: several provisions cannot be quantified and a number of tax relief measures are not included in the scope of the report at all.

Austria has formal processes for tax expenditure review and evaluation in place. The Federal Budget Act 2013 ⁽²³⁾ requires that all federal subsidies – including tax expenditures – be linked to clear objectives and dimensions of impact, and that they be subject to regular evaluation. Ex ante, objectives are set during the budget planning process (through the impact assessment procedure, *Wirkungsorientierte Folgenabschätzung*, WFA) ⁽²⁴⁾; ex post, evaluations are meant to assess whether the subsidies are in fact effective and efficient. In practice, however, the picture is mixed: while the subsidy report makes tax expenditures visible, their evaluative foundations are often weak, since objectives are sometimes vaguely defined or not measurable. The tax expenditure report itself acknowledges that objectives and impacts are often not considered. The Austrian Court of Audit has repeatedly criticised that tax expenditures, compared with direct subsidies, are less frequently and less systematically subjected to impact assessments – which limits the Parliament’s ability to steer and scrutinise them.

Austria successfully uses PIT related tax expenditures to reduce income inequality. A recent microsimulation study based on EUROMOD shows that PIT related tax expenditures result in revenues foregone of about 11% of PIT revenues. Average disposable income of household increases by about 2.5%. Especially lower income household benefit: These TEs reduce income inequality as measured by the Gini by more than 3% ⁽²⁵⁾. The most common forms of tax expenditures related to PIT are those related to employment (about 65% of revenue foregone) and family (about 15%). Unlike in some other Member States, there are no PIT related tax expenditures for housing.

3.2. VAT Policy Gap

The VAT policy gap ⁽²⁶⁾ in Austria was estimated at 48% of the notional ideal revenue ⁽²⁷⁾ in 2023, or EUR 34 billion. This is lower than the EU average of 51%. It represents a small increase of

²² Budgetdienst, [Förderungsbericht 2023](#).

²³ [Federal Budget Act 2013](#).

²⁴ [Overview of the federal impact assessment \(in German\)](#).

²⁵ Turrini et al., 2024, [Tax Expenditures in the EU: Recent Trends and New Policy Challenges](#).

²⁶ The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.

²⁷ The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.

around 1 percentage point since 2022, and a somewhat more pronounced, but still small, increase of around 1.5 percentage points since 2019 ⁽²⁸⁾.

The VAT rate gap ⁽²⁹⁾ was estimated at 18% of the notional ideal revenue, or around EUR 13 billion, in 2023. It has remained stable compared to 2022 (+0.5 percentage points) and increased by 2 percentage points since 2019.

The VAT exemption gap ⁽³⁰⁾ was estimated at 30% of the notional ideal revenue in 2023, which amounted to around EUR 21 billion. This is somewhat below the EU average of 38%. It has remained stable over time, with a marginal increase compared to 2022 (ca. +0.5 percentage points) and no significant change compared to 2019.

The national policy-driven VAT exemption gap ⁽³¹⁾ was estimated at around EUR 4 billion in 2023, or 5% of the notional ideal revenue. It remained broadly stable, with only a very marginal increase (less than +0.5 percentage points) compared to 2022, and a decrease of less than 1 percentage point compared to 2019.

4. Effectiveness of Tax Collection and Recovery Systems

4.1. VAT Collection

Austria performs well concerning its VAT collection. However, there are some elements that could be improved ⁽³²⁾. Austria provides online information on VAT registration obligations and allows for online registration. Information on new VAT registrations is cross-checked against third-party information and improved the automatic exchanges with other tax administrations and national bodies in charge of registration. A dedicated information channel for the (Mini) One Stop Shop ((M)OSS) has been set up and preliminary registration checks for (M)OSS purposes are systematically performed.

Austria systematically carries out preliminary checks based on risk indicators including visits on the spot and holds a record of applicants whose registration has been denied. Tax authorities rely

²⁸ See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2778/7868422>.

²⁹ The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

³⁰ The VAT exemption gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of VAT exemptions on selected products.

³¹ The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on VAT exemptions. In practice, it consists of revenue forgone from services falling under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations.

³² Commission's Ninth Report on VAT registration, collection and control procedures following Article 12 of Council Regulation (EEC, EURATOM) No 1553/89, [EUR-Lex - 52022DC0137 - EN - EUR-Lex](#). / Answers to the survey sent to the Member States in June 2025 in view of the Tenth Report on the same subject matter.

on different processes to detect taxpayers who fail to register including third party information, a program of inspection of business premises as well as other initiatives. Based on those initiatives, Austria detected a significant number of unregistered businesses in the following sectors: Accommodation and food service activities; e-commerce, construction and transporting and storage.

Austria systematically carries out follow-up check on registration numbers for the VAT Information Exchange System (VIES). VIES identification numbers which have been associated with fraud are consistently removed. It also keeps records of the number of VAT registered taxable payers selling goods or services online. To monitor accurate reporting, Austria includes VAT gap estimates in its methods. Regarding tax compliance, Austria has a compliance improvement plan and integrated with the annual operational planning. Austria, like the majority of Member States, sets annual targets for the VAT collection and the targets and estimates prove to be very accurate, being very close to the actual VAT revenue collection values.

In Austria, VAT e-filing is compulsory. Tax compliance can thus be monitored better. The deadlines for VAT filing are monitored automatically. Austria has a high on-time filing rate, close to 100%, whereas the EU average is 93.1%. In case of late filing, Austria issues reminders and assessments of estimated tax liability as well as imposing late filing penalties.

VAT payment can but does not have to be done electronically. Cash payments are still allowed. Austria informs its taxpayers about the settlement of the VAT obligations online and/or via letters. The Austrian IT system to manage VAT arrears, can prioritise cases based on the size of arrears, the age of arrears and allows collecting them via instalment and can determine the origin of arrears. To ensure swift payment of VAT refunds, Austria has procedures on risk assessment methodologies in place and pays those refunds electronically.

VAT audits are based on annual national tax audit plans and specific software for audit purposes. Austria could enhance its good practices in this area to improve the audit process. Austria could complement its audit measures with other, non-audit compliance measures a bit more.

Austria has an automated accounting system for VAT liabilities connected to other accounting systems in the administration. It could however include procedures to systematically review the taxpayer record to correct any eventual accounting errors or omissions. Another recommended practice is to periodically review the accounting system to ensure the alignment with the tax laws and accounting standards.

Taxpayers have several, escalating steps at their disposal to challenge VAT assessments. In Austria, taxpayers have the right to challenge the VAT assessments by means of an internal review by the tax administration, an independent review by an external body and in front of a higher appellate court. The tax administration monitors the stock and flow of dispute cases under internal review, by number and value of taxes under dispute.

4.2. Tax Recovery

From 2019 until 2023, the closing stock of tax arrears at the end of the year in % of total revenue has remained relatively stable. In 2023 it amounted to 6.7%, below the EU average of

30.7%. The closing stock of collectable arrears as % of the closing stock arrears also remained broadly unchanged, at 43.7% in 2023 ⁽³³⁾. Payments received on-time as percentage of payments due are very close to 100% for all three categories (corporate income tax, personal income tax and VAT) ⁽³⁴⁾.

Austria applies a risk-based approach to audit and assess taxes. Austria does not follow a fixed periodic audit schedule; instead, tax audits are generally conducted at the discretion of the tax authorities ⁽³⁵⁾. Austria does not have a national tax recovery strategy, but defines recovery aims based on the general strategy of the fiscal authority.

Austria does not publish a regular tax recovery activity report ⁽³⁶⁾. However, some figures are shared about the results of the audit measures. 10 412 cases were audited in 2023, resulting in additional revenue (including direct tax and VAT audits) of EUR 504.2 million ⁽³⁷⁾. Austria reports a high taxpayer compliance rate but aims to boost voluntary payment compliance further. Austrian authorities find that recovery is most effective within the first three months following the due date, with recovery rates showing an increase of 3-4 percentage points thereafter.

Austria does not have specific legislation on cooperation between the administrator of insolvency proceedings and tax (recovery) authorities. Furthermore, there is no information on contested tax claims (share of total claims, average time needed to decide on contestation). Austrian laws allow to take precautionary measures before there is an assessment and without the need to have a court order, in order to guarantee the future payment or recovery of claims.

Austria is writing off unrecoverable tax claims. Austria has a practice of writing off tax claims (VAT, income taxes, excise duties), but only once all options for recovery have been exhausted or are obviously hopeless and it cannot be assumed that recovery actions will be successful in the future. In addition, upon request of the taxable person, claims can be written off if their collection would be harsh under the circumstances of the particular case.

Published data show relatively fast processing times for routine tax assessments: In 2022, the "business assessment" procedures handled some 2.55 million returns/decisions, with an average of about 23 calendar days per return/decision ⁽³⁸⁾. However, there is *no* disaggregated information on how long it takes to solve tax disputes (at administrative level or before a court) which usually prevent or suspend the recovery of contested tax claims, nor on (administrative or judicial) appeal stages.

Concerning recovery assistance, Austria has internal controls on the timely and effective execution of assistance requests received from Member States. This control is exercised within the Central Liaison Office (CLO) recovery. Deadlines for acknowledgements and follow-up are only partially

³³ Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: "Closing stock of arrears at year end as percentage of total revenue collected." and "Closing stock of collectable arrears as percentage of closing stock of arrears", <http://isoradata.org>.

³⁴ Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: VAT/PIT/CIT "payments received on-time as a percent of payments due", <http://isoradata.org>.

³⁵ Source: Chambers & Partners Global Practice Guides, Austria: Law & Practice. Clemens Philipp Schindler and Daniel Kropf Schindler Attorneys: [Corporate Tax 2025 - Austria | Global Practice Guides | Chambers and Partners](#).

³⁶ Article 27 survey, conducted in 2025.

³⁷ Source: Facts and figures 2023 of the Austrian Financial Administration: [Daten und Fakten 2023 EN v1.pdf](#).

³⁸ Austria Ministry of Finance: Facts and Figures of the Austrian Financial Administration 2023, https://www.bmf.gv.at/dam/jcr:9d9cbc3c-f132-47bd-9b13-9b24e0c111b1/Daten_und_Fakten_2023_EN_v1.pdf.

respected. The low recovery rate is mainly due to insolvent debtors or high-value amounts that cannot be recovered.

4.3. Use of Directive on Administrative Cooperation (DAC) ⁽³⁹⁾ Instruments and Data ⁽⁴⁰⁾

Austria makes a comprehensive use of DAC1 ⁽⁴¹⁾ and DAC2 ⁽⁴²⁾ data for assessing taxation on individuals. Austria uses all available data to compare with internal databases. Once the taxpayers have been identified, the available data is used for notification to generate disclosure and tax risk assessment ⁽⁴³⁾, as well as tax assessments. This use is relevant not only for personal income tax but also for the recovery of the taxes concerned. The data from the DAC notifications and the data from the enforceable residues are standardized. This results in an increase in the number of recovery requests to other tax administrations. However, Austria is not able to estimate the impact of the use of information in terms of additional tax assessed.

DAC data matching rates concerning individuals ⁽⁴⁴⁾ are particularly high as Austria uses manual matching as a complementary method to identify taxpayers. For the year 2024. The average matching rate measuring success in identifying taxpayers with DAC data is close to 100% for main categories of DAC1 ⁽⁴⁵⁾, and of 99% for DAC2, much higher than the EU-average (84% and 87% respectively). This integral approach enables maximum use to be made of data. However, the lack of specific monitoring tools in place prevents Austria from knowing and sharing the fiscal impact of exploitation of DAC data.

Austria uses DAC3 ⁽⁴⁶⁾ (rulings) and DAC4 ⁽⁴⁷⁾ (country-by-country report) data systematically for risk-analysis purposes in the field of corporate income taxation. The share of relevant DAC reports identified successfully in 2024 is very high: with 95% for DAC3 and 100% for DAC4. This

³⁹ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, as subsequently amended.

⁴⁰ Sources: Yearly Assessment 2025; EU-AIAC statistics 2024 – Subject to confidentiality clause on DAC art. 23a.

⁴¹ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC.

⁴² Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁴³ Risk assessment: tax risk assessment is a key element of modern tax administration. It allows tax authorities to identify indicators that suggest specific taxpayers or arrangements may pose an increased risk to their jurisdiction and require further actions in terms of compliance. In general, EU tax authorities use automated methods based on domestic data and information received from other jurisdictions. Yet, a manual element may remain, as (i) tax authorities vary in terms of whether tax risk assessment is conducted centrally by a specialist risk assessment team incorporating input from the compliance function, or locally by the compliance team (or tax inspector); (ii) some data types remain challenging to be automatically processed, e.g. literal summaries.

⁴⁴ The matching rate indicates to what extent a Member State has been able to identify their taxpayers in their national tax databases with information received from other Member States under the DAC. Such matching is necessary to ensure that the data can be used for tax compliance purposes. The matching rates mentioned in this report are based on the metrics approved by the tax authorities in the TADEUS meeting of December 2024.

⁴⁵ Income from employment, pensions, director's fees, immovable properties.

⁴⁶ Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁴⁷ Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

indicates an extensive use of information. In accordance with the goals of DAC3, notifications of an existing advanced pricing agreement or a ruling are included in the risk analysis carried out by the relevant services. Similarly, DAC4 reports are systematically processed to feed the risk assessment process in place. DAC3 and DAC4 data are used for identifying tax risks on transfer pricing, base erosion and profit shifting matters, harmful tax practices, risk of non-compliance by certain entities.

Austria does not seem to have specific procedures to take into account DAC6 ⁽⁴⁸⁾ reports. However, they are used for tax audit purposes.

Austria is a prominent user of the advanced instruments provided for in DAC to facilitate cooperation on specific cross-border issues, such as simultaneous audits. The synergies between participating Member States derived from these coordinated activities usually lead to an increase of the tax assessed and, therefore, contribute to reducing the tax gap. Looking at the past three years, Austria initiated 10 cases and was involved in 2024 in 17 other cases initiated by other Member States, being one of the main players in advanced cooperation.

Austria makes a systematic use of DAC data but could improve the monitoring of the outcome of its use. There is also room to improve the use of DAC6 data, as it seems to be less advanced compared to DAC3 and DAC4, for example. In terms of best practices, Austria is a very committed partner in multilateral controls, which leads to increases in its domestic tax bases.

5. Digitalisation and Compliance

Austria has implemented measures concerning digitalisation as part of its commitments under its Recovery and Resilience Plan (RRP). This includes digitalisation projects to implement IT consolidation in the federal government and to develop citizen and business services, as well as to accelerate and improve the efficiency of procedures ⁽⁴⁹⁾. Moreover, Austria committed to complete digitalisation projects targeting SMEs including e-commerce projects provided to Small and Medium Enterprises (SMEs) ⁽⁵⁰⁾.

5.1. Digital Transformation, Skills, and Culture

Austria reports having developed a strategy for digital transformation. However, it is noticeable that Austria has yet to identify the future skills required by its administration to achieve a successful digital transformation, as well as a strategy to foster a digital culture within the administration. The data reported by Member States on the development of these strategies has remained largely unchanged over recent years.

⁴⁸ Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

⁴⁹ RRP Austria, Milestone 60.

⁵⁰ RRP Austria, Target 64.

Austria requires individuals and businesses to use an approved digital identity to access secure digital services ⁽⁵¹⁾. The “ID Austria” enables users to safely identify themselves online and thereby access to a wide range of government and private sector digital services for both individuals and businesses ⁽⁵²⁾. The system is designed to enhance security, simplify administrative procedures, and promote digital transformation.

5.2. Front-end Digitalisation

5.2.1. Pre-filling

Similarly to most other Member States, Austria’s tax administration automatically pre-fills PIT returns with data that it has collected ⁽⁵³⁾. This can come from various sources, such as employers, health insurance providers, and pension institutions. These pre-filled drafts are made available to taxpayers through the *FinanzOnline* portal, which is the central e-government platform for tax-related services in Austria ⁽⁵⁴⁾.

Also, in line with the majority of the other Member States, Austria does not offer the same pre-filling facilities for CIT and VAT returns ⁽⁵⁵⁾. According to a recent Eurobarometer survey, 63% of citizens in Austria find it very easy or fairly easy to complete their tax return, placing them 6th among EU Member States ⁽⁵⁶⁾.

5.2.2. E-filing

The percentage of total PIT returns submitted electronically has increased significantly and is now close to the EU average. The share rose from 79.1% in 2018 to 88.75% in 2023, compared to the EU average of 87.1% ⁽⁵⁷⁾. The Federal Ministry of Finance issues a yearly Tax Book for employee tax assessment, which provides an easy-to-use guide with information about Austria’s tax system, employee assessments and answers to frequently asked tax questions ⁽⁵⁸⁾.

⁵¹ OECD Inventory of Tax Technology Initiatives 2024. <https://data-explorer.oecd.org/>. Note that data is self-reported by tax administrations and therefore not 100 % objective or comparable.

⁵² [ID Austria Portal Website](#).

⁵³ OECD Inventory of Tax Technology Initiatives 2024 (OECD Data Explorer • Inventory of Tax Technology Initiatives). Note that data is self-reported by tax administrations and therefore not 100 % objective or comparable.

⁵⁴ finanzonline.bmf.gv.at

⁵⁵ OECD Inventory of Tax Technology Initiatives 2024 (OECD Data Explorer • Inventory of Tax Technology Initiatives). Note that data is self-reported by tax administrations and therefore not 100 % objective or comparable.

⁵⁶ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

⁵⁷ International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.

⁵⁸ [Steuerbuch 2025](#) (Tax Book 2025).

Austria's e-filing rate of CIT returns is in line with the EU average ⁽⁵⁹⁾. Between 2018 and 2023, there was a slight increase in the proportion of e-filed tax returns, rising by 0.8 percentage points from 96.4% to 97.2% ⁽⁶⁰⁾. This puts Austria in line with the EU average of 97.1% in 2023. Austria's FinanzOnline portal, the central e-government platform for tax-related services, is utilized by over 6.3 million participants, encompassing both citizens and businesses. In 2023, the platform handled more than 5 000 calls and supported approximately 15 000 unique logins per day, highlighting its integral role in daily administrative processes ⁽⁶¹⁾.

For VAT returns, Austria had e-filing rates in line with the EU average in 2023 ⁽⁶²⁾. This figure slightly increased from 92.5% in 2018 to around 99.2% in 2023 ⁽⁶³⁾. Austria was exactly in line with the EU average of 99.2% in 2023.

5.2.3. Provision of other online Services

Austria's administration provides a wide range of online services primarily accessible via a central digital platform, FinanzOnline. The digital platform serves as the backbone of the country's e-government tax infrastructure. Key digital services include tax calculators that help taxpayers estimate their liabilities accurately, requests for extensions of filing deadlines, and options for arranging tax payment plans to ease financial burdens. Taxpayers can also file objections related to tax assessments directly through the digital system, ensuring faster and more transparent dispute resolution ⁽⁶⁴⁾.

The central digital platform provides data transparency for all involved stakeholders. In the FinanzOnline digital platform, users have the ability to upload data files securely onto the tax administration's system, facilitating efficient data exchange and reducing paperwork. The administration's taxpayer portal provides a consolidated "whole-of-taxpayer" view across all major taxes, giving both taxpayers and officials a unified overview of tax status and history. This portal also integrates information collected from third-party sources, allowing taxpayers to view data reported by employers, financial institutions, and other entities, increasing transparency and accuracy.

Austria's digital platform provides interoperability across access points and is valued by its clients. In addition to desktop access, Austria supports mobile applications designed for taxpayers to manage their tax affairs on the go. The administration has also entered into commercial partnerships with third-party application providers, expanding the ecosystem of tools available for taxpayers and enhancing digital service delivery. According to a recent Eurobarometer survey, 53% of citizens in

⁵⁹ International Survey on Revenue Administration data.
https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.

⁶⁰ Ibid.

⁶¹ Source: [Daten und Fakten 2023 EN v1.pdf](#).

⁶² International Survey on Revenue Administration data.
https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB

⁶³ Ibid.

⁶⁴ [Taxpayer service - ISORA – tabs "Online services 1" and "Online services 2"](#).

Austria believe that support for filing tax returns provided by the tax administration is either fully adequate or mostly adequate, placing them 9th among EU Member States ⁽⁶⁵⁾.

5.3. Back-end Digitalisation

5.3.1 Use of Artificial Intelligence by the Tax Administration

Austria's tax administration makes use of artificial intelligence (AI) including machine learning ⁽⁶⁶⁾. Since 2014, the Austrian tax administration has used machine-learning algorithms through the Predictive Analysis Competence Centre (PACC), a special unit within the Ministry of Finance focused on improving tax collection, auditing, and fraud detection ⁽⁶⁷⁾. For example, the PACC detects false information in employee tax assessments and identified fraudulent activities related to PIT, CIT and VAT. These efforts resulted in the recovery of approximately EUR 185 million in tax revenue in 2023. Additionally, around 27.5 million cases were examined for compliance violations, mainly involving the detection of improperly claimed subsidies and benefits, as well as the exposure of fictitious companies ⁽⁶⁸⁾. The PACC works across four areas: Predictive, Advanced, Tax, and Customs Analytics ⁽⁶⁹⁾.

Artificial intelligence is used for several functions. These include web scraping data from online sources, segmenting taxpayers by risk levels for audit selection using supervised learning, and detecting high-risk taxpayers or transactions in real time, particularly for VAT fraud and start-up evaluation ⁽⁷⁰⁾. Austria is aligned with the OECD's recommendations for tax administrations to adopt data analytics as an integral part of their operations and ensures that data from various departments and sources are integrated into a unified system for enterprise-wide Business Intelligence ⁽⁷¹⁾. In addition, since 2019, a chatbot named Fred has assisted taxpayers through the *FinanzOnline* platform, with high user engagement and satisfaction. The administration also uses nudging tools to adjust the tone of communication based on taxpayer behaviour ⁽⁷²⁾.

To support these systems, the PACC uses a specialized database containing tax return data, audit records, VAT filings, and commercial register information. Their use is governed by the Austrian Federal Tax Code, which permits automated processing of personal and sensitive data for tax collection and fraud prevention, provided it is proportionate ⁽⁷³⁾.

⁶⁵ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

⁶⁶ International Survey on Revenue Administration data, 13. Stakeholder interactions: Compliance and innovation - ISORA – tab “innovative technologies 1”.

⁶⁷ <https://taxadmin.ai/country/austria-ai-country-report/>

⁶⁸ [Press release of 9 August 2024](#): Brunner: Ministry of Finance generated around EUR 185 million in tax income from AI in 2023.

⁶⁹ <https://taxadmin.ai/country/austria-ai-country-report/>

⁷⁰ Ibid.

⁷¹ OECD Inventory of Tax Technology Initiatives 2024.

⁷² <https://taxadmin.ai/country/austria-ai-country-report/>

⁷³ Ibid.

5.4. Compliance Risk Management

5.4.1 Compliance Risk Management Strategy

Austria has a formal compliance risk management strategy in place, allowing for identification, assessment and prioritisation of key compliance risks (74). The role of the Predictive Analysis Competence Centre (PACC) in the Ministry of Finance is “efficient and targeted risk management through machine learning”. It analyses historical data to build models and predict likely non-compliance, fraud, etc.

The importance of compliance risk management is also reflected in the organisational structure of the Ministry of Finance. The Austrian Federal Ministry of Finance’s “Central Management” division (Tax & Customs Administration) includes as one of its strategic objectives a “tax compliance strategy tailored to the target group” as well as “effective and efficient anti-fraud measures.” It pursues “Risk Management” as part of the range of activities. Once implemented, the new IT solution will contribute to streamlining and automating the processes for assessing taxes, providing faster results with a higher quality of risk analysis and reducing the administrative burden for the tax authorities.

5.4.2 Audit Types

The Austrian tax administration performs desk audits, limited scope audits, single issue audits, comprehensive audits and avoidance and evasion investigations (54). The large variety of intervention processes indicates the administration’s capacity to target all aspects of potential non-compliance and may be a result of the risk analysis assisted done by the use of data analytics, risk scoring, plausibility checks applied to tax returns and related data, to identify returns that may require deeper audit.

Tax authorities use a wide range of sources of information for validating tax return information. On PIT, the tax office checks the tax return provided and other sources of information and has to issue a tax assessment note within six months after filing. Until the statute of limitations is elapsed, additional checks by the tax office are possible. Tax audits usually cover the prior three years for which tax assessment notes were issued (75). On CIT, companies are generally audited every 3–4 years, with each audit covering a similar number of fiscal years, meaning most years are reviewed. The audit duration depends on complexity and scope, usually lasting between 6 and 18 months (76).

Austria also advances on cooperative compliance approaches. The Annual Tax Act 2018 introduced horizontal monitoring as an alternative for large companies (annual turnover over EUR 40 million) with strong internal control systems. This model, based on mutual trust and transparency, imply that businesses maintain ongoing cooperation with tax authorities, in place of regular audits (77).

⁷⁴ ISORA database. <https://data.rafit.org/regular.aspx?key=74180916> – tab “CRM Strategy”.

⁷⁵ <https://taxsummaries.pwc.com/austria>

⁷⁶ <https://taxsummaries.pwc.com/austria>

⁷⁷ <https://www.bmf.gv.at>

5.4.3 Staff Dedicated to Audit, Investigation and Other Verification Functions

In Austria, the percentage of full-time equivalents (FTEs) assigned to audit, investigation and other verification functions was nearly 60% in 2018 and slightly below 50% (46.85%) in 2023, above the EU average of around 32% ⁽⁷⁸⁾. Generally, it may indicate that Austria prioritizes audits, with half of their staff allocated to the function. The decrease in FTEs dedicated to audits in Austria in recent years could be explained by the increasing use of AI systems in the Austrian tax administration. Moreover, Austria also aims to foster voluntary tax compliance. For example, a targeted campaign focusing on online platform providers resulted in the reporting of around EUR 1.9 billion in turnover for 2020 and 2021, which was an increase in voluntary disclosures, particularly among landlords and indicated a positive response to outreach and education initiatives ⁽⁷⁹⁾.

5.4.4 Additional Revenue from Audits as a Share of Total Revenue

The additional revenue from audits represented 1.5% of total net revenue in 2023, down from 1.7% in 2018. Austria remains slightly below the EU average of 1.6% of additional revenues raised from audits as a percentage of total net revenues in 2023 ⁽⁸⁰⁾.

Austria has one of the lowest audit hit rates in the EU, at just 13.9% ⁽⁸¹⁾. The audit hit rate highlights the percentage of audits that resulted in an adjustment to the tax return. A low hit rate could indicate unsuccessful compliance risk monitoring but also could be related to a higher overall compliant behaviour in the population. In 2023, Austrian general tax authorities conducted 10 412 audits, including both tax and VAT audits, generating EUR 504.2 million in additional revenue ⁽⁸²⁾. This marked a sharp increase from 2022, when only 7 344 audits were carried out, yielding EUR 220.54 million, and 2021, with 9 483 audits yielding EUR 316.3 million. In addition to the audits by the general tax authorities, the large taxpayer unit did another 2 236 audits which resulted in additional revenue of EUR 862.6 million. The decline in both audit volume and revenue in 2023 may point to temporary issue.

5.5. Tax Complexity

Austria ranks 13th out of the 27 Member States in the Tax Complexity Index ('TCI') ⁽⁸³⁾, where a higher rank corresponds to lower tax complexity. The TCI is based on the Global MNC Tax Complexity Project, a joint research project of Deborah Schanz (LMU Munich) and Caren Sureth-Sloane

⁷⁸ Own elaboration based on ISORA data.

⁷⁹ Press release of 6 April 2023: "Online platforms reported around €1.9 billion turnover from providers to the Ministry of Finance for 2020 and 2021".

⁸⁰ Own elaboration based on ISORA data

⁸¹ Among Member States for which data is available. European Commission: Directorate-General for Taxation and Customs Union, Annual report on taxation 2025 – Review of taxation policies in the EU Member States, Publications Office of the European Union, 2025, <https://data.europa.eu/doi/10.2778/6367826>.

⁸² Source: Facts and figures 2023 of the Austrian Financial Administration: [Daten und Fakten 2023 EN v1.pdf](#).

⁸³ See: <https://www.taxcomplexity.org/> The aim of the Global MNC Tax Complexity Project is to identify the determinants of tax complexity, to develop and maintain an index measuring the level of tax complexity across countries [Tax Complexity Index, TCI] and to examine the effects of tax complexity. The Tax Complexity Index measures the complexity of a country's corporate income tax system as faced by multinational corporations. The closer a country is to the first position of the ranking, the lower level of complexity it exhibits, and vice versa.

(Paderborn University). These results suggest that multinational corporations find a moderate level of complexity in Austria's CIT system. In particular, the TCI 2024 places Austria 12th among the Member States with regards to Tax Framework Complexity, and 22nd with regards to Tax Code Complexity. This indicates that, whereas the performance is better in terms of tax processes carried out by the tax authorities, there is room for improvement with regards to the structure of the tax regulations (particularly concerning the regulations to combat the shifting of profits to companies, according to the authors).