EUROPEAN
COMMISSION

Brussels, 24.11.2026
SWD(2026) 1201 final

COMMISSION STAFF WORKING DOCUMENT

Mind the Gap 2026: Country fiche – Austria

Accompanying the document

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Mind the Gap 2026: Boosting public finances through joint efforts to reduce tax gaps and improve compliance

{COM(2026) 630 final} - {SWD(2026) 1202 final} - {SWD(2026) 1203 final} - {SWD(2026) 1204 final} - {SWD(2026) 1205 final} - {SWD(2026) 1206 final} - {SWD(2026) 1207 final} - {SWD(2026) 1208 final} - {SWD(2026) 1209 final} - {SWD(2026) 1210 final} - {SWD(2026) 1211 final} - {SWD(2026) 1212 final} - {SWD(2026) 1213 final} - {SWD(2026) 1214 final} - {SWD(2026) 1215 final} - {SWD(2026) 1216 final} - {SWD(2026) 1217 final} - {SWD(2026) 1218 final} - {SWD(2026) 1219 final} - {SWD(2026) 1220 final} - {SWD(2026) 1221 final} - {SWD(2026) 1222 final} - {SWD(2026) 1223 final} - {SWD(2026) 1224 final} - {SWD(2026) 1225 final} - {SWD(2026) 1226 final} - {SWD(2026) 1227 final} - {SWD(2026) 1228 final}

Country fiche: Austria

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Austria's VAT compliance gap is considerably lower than the EU average.** Estimated at 1% of the VAT total tax liability in 2023, it has decreased by nearly 6 percentage points since 2019. Further digitalisation measures and improved risk-based checks will help strengthen Austria's VAT compliance framework.

- **The tax expenditure reporting framework is transparent and provides detailed information on individual legal provisions.** It includes information on the fiscal costs of individual measures, beneficiary groups and recent policy changes. The reports explicitly discuss methodological challenges, data limitations and possible improvements**.** However, Austria does not quantify a substantial share of tax expenditure measures due to data limitations and administrative burden considerations. This constrains the completeness of the assessment of their overall fiscal cost and limits the evidence base for evaluating tax expenditures.

- **Austria's tax administration excels in AI-driven compliance approaches and efficient arrears management.** Austria uses AI for risk management, enforcement and for taxpayer support (e.g. the 'Fred' chatbot). A low arrears stock (6.9% vs 30.7% for the EU) and a high collectability rate (43% vs 27.3% for the EU) reflect Austria's strong tax debt recovery performance.

Areas for Improvement

- **Austria has limited capacity to estimate compliance tax gaps beyond VAT, hampering evidence-based monitoring of risks of non-compliance relating to corporate income tax (CIT) and personal income tax (PIT)**. Further methodological capacity building in this area should be considered to better understand the drivers of non-compliance.

- **Some aspects of tax administration effectiveness could be further improved.** While Austria has made progress in digitalising tax administration, compliance-by-design remains limited, with automatic pre-filling available only for PIT and real-time data integration not yet fully available.

1. Introduction and policy context

1.1. Snapshot of the tax system

Austria has a relatively high tax-to-GDP ratio with strong reliance on labour taxation. In 2024, tax revenues (including social contributions) increased to 43.4% of GDP (from 42.6% in 2023), 4 percentage points (pps) above the EU average ([1]). Labour taxes account for 56.1% of total revenue, among the largest share in the EU (average of 51.5%). Consumption taxes represent 25.8% of the total, compared to 26.8% in the EU, while the share of capital taxes (18.1%) is significantly below the EU average (21.6%). Looking into specific tax types, VAT revenues amount to 7.9% of GDP, 0.8 pps above the EU average, in a context of a very low compliance gap (see section 2.2). Revenues from property taxes are very low (0.5% of GDP, compared to 1.8% EU-wide), and those from environmental taxes are also below the EU average (1.9% of GDP vs. 2.1%).

Labour taxation is progressive, but the tax wedge remains comparatively high across all income levels. The structure of personal income tax in Austria is progressive, as reflected in a relatively large difference in the tax wedge ([2]) between high-income earners (167% of the average wage) and low-income earners (50% of the average wage), at 16.1 pps in 2025 compared with an EU average of 12.5 pps. This indicates a comparatively progressive labour tax structure. At the same time, the overall level of the tax wedge remains high across all income levels ([3]). The redistributive effect of the Austrian tax-benefit system is also comparatively strong, reducing the Gini coefficient by 8.4 pps in 2024, compared with 7.8 pps on average in the EU ([4]). The income quintile ratio (S80/S20), a measure of income inequality, where lower values indicate a more equal income distribution ([5]), was at 4.35 in 2025 (income reference year 2024), slightly below the EU average (4.62). Likewise, the at-risk-of-poverty and social exclusion rate (AROPE), where lower values indicate fewer people at risk, stood at 18.8%, 2.1 pps below the EU average ([6]).

[1] Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2026 (reference year 2024), which are produced by DG Taxation and Customs from ESA table 9 and National Tax List data, as collected and validated by Eurostat. The 2027 edition (reference year 2025) will be published in the first quarter of 2027. Recent Eurostat release shows a tax-to-GDP ratio of 43.5% in 2025, compared to an EU average of 39.7% (data of 30/10/2026 on [GOV_10A_TAXAG]).

[2] The tax wedge is an indicator of the tax burden on labour that can be assessed at different earnings levels. It is calculated as the sum of personal income tax, employee social-security contributions, employer social-security contributions and other mandatory contributions, net of cash family benefits where relevant, expressed as a percentage of total labour costs (composed of the gross wage plus employer social-security contributions). The figures are based on the EUROMOD model, calculated by the Joint Research Centre of the European Commission. Unless indicated differently, values indicated in this country fiche refer to single earners.

[3] The tax wedge for a person earning 50% of the average wage is 33.1%, 1.5 pps above the EU average; it is 44.2% for earners of 100% of the average wage (4.4 pps above the EU average); and it is 49.2% for earners of 167% of the average wage (5.1 pps above the EU average).

[4] European Commission, DG ECFIN calculations based on EU-SILC survey data. A Gini coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the income. The difference between the "gross" (excluding pensions from social transfers) and the "net" Gini coefficient, i.e. before and after application of the tax-benefit system, reflects the difference between market income and disposable income.

[5] The income quintile ratio (S80/S20) is a headline indicator in the EU Social Scoreboard used to monitor income inequality. It measures the ratio between the total equivalised disposable income received by the top 20% of the population and the bottom 20%.

[6] Share of people living in households experiencing at least one of the three poverty and social exclusion risks: risk of poverty, severe material and social deprivation, and/or living in a household with very low work intensity.

In 2026, Austria has received the following tax-related country-specific recommendation (CSR) ([7]):

- *Improve the tax mix in a fiscally neutral manner to reduce the high tax wedge on labour.*

Austria is under the Excessive Deficit Procedure (EDP) since July 2025, with a Council recommendation to put an end to it by 2028 ([8]). Austria had a government deficit of 4.2% of GDP in 2025 (down from 4.6% in 2024) and a government debt level of 80.7% of GDP (up from 80% in 2024), both above the reference values of 3% and 60%, respectively.

Austria is among the Member States with an extended adjustment period in its Medium-Term Fiscal Sustainability Plan (MTFSP). The set of reforms and investments that underpin the extended adjustment period include to raise the gambling tax on lotteries and electronic lotteries, to raise the tax rate for donations to foundations, to close the possibility of circumventing real estate transfer tax through 'share deals', and a new real estate taxation upzoning gain ([9]).

1.2. Tax complexity and simplification measures

1.2.1. Measures of tax complexity

Austria's tax system appears moderately complex overall, and taxpayer perceptions are relatively favourable compared to the EU average. Expert survey-based evidence from the Tax Complexity Index (TCI) places Austria around the middle of the EU distribution, ranking 13th among Member States. The underlying components of the TCI suggest that complexity arises more from the tax code than from administrative procedures ([10]). Citizen perceptions are broadly positive: 63% of respondents report that completing their tax return is easy, substantially above the EU average of 49%, while reliance on professional assistance remains relatively limited at 5% ([11]).

The frequency of changes to the tax code appears moderate. Austria recorded 14 tax changes entering into force or announced in 2025, in line with the EU average of around 14 ([12]). This follows 5 tax changes in 2024, 6 in 2023 and 13 in 2022, all below the corresponding EU averages. Overall, the multi-year evidence points to comparatively moderate legislative activity, despite the increase observed in 2025. The reforms adopted in 2025 cover a broad range of taxes and include inflation-related adjustments to personal income taxation, changes to VAT and environmentally related taxes, as well as measures affecting investment and household taxation. Examples include the increase in the VAT exemption threshold for small businesses to EUR 55 000, the temporary increase in the investment allowance, adjustments to the inflation indexation

[7] https://data.consilium.europa.eu/doc/document/ST-11132-2026-INIT/en/pdf

[8] See the corresponding Council Recommendation under https://data.consilium.europa.eu/doc/document/ST-10348-2025-INIT/en/pdf.

[9] See Council Recommendation of 8 July 2025 https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:C_202503958

[10] The Tax Complexity Index (TCI), developed under the Global MNC Tax Complexity Project, measures the complexity of countries' corporate income tax systems as faced by multinational firms. Based on survey data from tax professionals, it captures both the complexity of tax rules (tax code) and administrative procedures (tax framework), with values ranging from zero (not complex) to one (extremely complex).

[11] European Commission (2025), Flash Eurobarometer 562: Citizens' attitudes towards taxation, fieldwork conducted between 9 and 17 April 2025. Available at: https://europa.eu/eurobarometer/.

[12] The information is based on the tax measures reported by national administrations in the Joint OECD-European Commission Annual Tax Policy Reform Questionnaire, by aggregating and processing the responses received to the 2026 questionnaire. Responses to the 2026 questionnaire are relative to tax policy measures self-reported by the Member States that were implemented, legislated, or announced in each country between 1 January and 31 December 2025. While comprehensive, the list of tax measures is non-exhaustive.

mechanism to address bracket creep, and the introduction of taxes on electric vehicles alongside the early withdrawal of the temporary VAT exemption for photovoltaic systems. These reforms pursue broad objectives such as inflation relief, investment and environment policy which require businesses and households to adapt to a range of new tax provisions, which may increase compliance costs in the short term for taxpayers.

Demand-side indicators suggest relatively moderate reliance on tax and accounting expertise. The accounting, bookkeeping and tax consultancy sector accounts for around 1.1% of gross operating surplus, only slightly above the EU average of 0.9% ([13]). While this indicator is influenced by several factors, it points to a professional services sector of only moderate economic importance and is consistent with relatively limited demand for specialised tax and accounting expertise ([14]). Overall, the evidence suggests that Austria combines moderately complex tax rules with comparatively accessible filing procedures and relatively limited compliance burdens for individual taxpayers.

1.2.2. National simplification efforts

Austria has expanded the scope of the small-business exemption regime recently with the aim of simplifying VAT compliance for such businesses. From January 2025, the turnover threshold for VAT exemption increased from EUR 35 000 to EUR 55 000, as mentioned in Section1.2.1. The higher threshold exempts a larger number of micro-enterprises from VAT registration, filing and payment obligations and aligns Austria with the new EU framework for small enterprises. This reduces compliance costs and the frequency of interactions with the tax administration for eligible businesses.

Austria has also broadened access to simplified income tax regimes for self-employed individuals and small businesses. As part of a broader SME package aimed at reducing bureaucracy, the eligibility threshold for the use of lump-sum taxation (*Basispauschalierung*) was increased from EUR 220 000 of annual turnover to EUR 320 000 in 2025 and is scheduled to rise further to EUR 420 000 from 2026. At the same time, the standard lump-sum deduction rate was increased from 12% to 13.5% in 2025 and to 15% from 2026. The reform allows a larger number of businesses to determine expenses on a simplified basis without documenting individual cost items and extends access to the associated VAT flat-rate scheme. As a result, bookkeeping, documentation and tax reporting requirements are expected to be reduced for many SMEs.

1.3. Measures of the non-observed economy and the shadow economy

Estimates of economic activities outside the formal economy are relevant for gauging tax gaps. The non-observed economy (NOE) is an official figure provided by national statistical authorities estimating all economic activities that may not be captured in the basic data sources used for compiling national accounts. It includes underground, informal, illegal, and household self-

[13] A higher share of gross operating surplus indicates that the accounting, bookkeeping and tax consultancy sector generates a relatively larger share of operating profits and value added in the economy. While not a direct measure of tax complexity, it may point to a comparatively important professional services sector and, indirectly, to greater demand for specialised tax and accounting expertise.

[14] While some cross-border provision of accounting, tax consultancy and related services may be captured through imports and exports of services, available evidence suggests that such flows are relatively limited. In particular, data from the Eurostat's EU inter-country supply table at basic prices (reference year 2023) indicate that cross-national transactions in these services represent only a small share of overall activity, if any, suggesting that their impact on the interpretation of domestic sector size is likely to be limited.

use production, as well as activities missed due to imperfect data collection ([15]). The shadow economy is an analogous but narrower concept— used in the economic literature and measured via macroeconomic models — that usually encompasses only legal, market-based productive activities deliberately concealed from public authorities to evade taxes or regulations. Due to limitations and methodological differences between the two approaches, model-based estimates of the shadow economy paradoxically often turn out to be considerably higher than NOE-based estimates.

Specifically, recent data from official sources ([16]) allow an estimate of the size of the non-observed economy (NOE) in Austria at 4.9% of GDP for 2021. The NOE comprises the statistical deficiencies (2.6%), underground economy (1.3%) and informal economy (0.8%), while the size of the illegal economy amounts to only 0.1%. Austria thus records a NOE below the EU average (7.4% of GDP) ([17]). In an independent academic study, Fernandes ([18]), using the previous cycle of official data, calculates that the value of the NOE was 3.6% of GDP in 2017, below the EU-27 average of 8.4% ([19]). The industry "Accommodation and food service activities" was among the sectors with the highest relative shares of NOE (20.3% of its *industrial* Gross Value Added, (GVA)), followed by "Construction" (18.5%). The sectors that provided the highest shares of NOE in *total* GVA were "Accommodation and food service activities" and "Construction", with 1.1% and 1.2%, respectively. Looking at the different components of the overall NOE, the study also highlights that, in terms of GDP share, 2.2% was due to the underground economy, 0.8% due to the informal economy, 0.5% due to statistical deficiencies and 0.1% due to the illegal economy.

Different models produce substantially different estimates for the shadow economy, reflecting the complexity of such estimation. As in most EU Member States, model-based estimates of the shadow economy for Austria are higher than the non-observed economy estimate discussed above. In 2022, the shadow economy in Austria represented 6.6% of its GDP, according to estimates by Schneider and Asllani for the European Parliament ([20]). This ratio is 11 pps lower than the EU-27 average and it has decreased compared to 2003 (10.8% of GDP). The report also suggests that indirect taxes is the main driver of the shadow economy in Austria. Several other studies provide estimates of similar magnitude for the size of the shadow economy ([21]). However, using a currency demand approach (CDA), a recent study by EY ([22]) reports that the shadow

[15] Statistical deficiencies (N7) are related to incomplete, not collected or not directly collectable data. Fernandes, A. (2025), The non-observed economy in the national accounts: New evidence for EU and EFTA Member States - available at https://www.sciencedirect.com/science/article/pii/S0313592625000712 - for the definitions of the other components of NOE: Producers deliberately not registering (N1); Illegal economy (N2); Producers not required to register (N3); Registered legal persons not surveyed (N4); Registered entrepreneurs not surveyed (N5); Producers deliberately misreporting (N6). Informal economy = N3+N4+N5. Underground economy= N1+N6. In other words, the informal economy specifically covers unregistered or small-scale unincorporated enterprises run by households.

[16] For data and documents used for calculations by TAXUD, see Section 1.3 "Measures of the non-observed economy and the shadow economy" in
Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

[17] The (unweighted) EU average does not include Luxembourg.

[18] Fernandes op. cit. (2025).

[19] For the transmission cycle analysed by the author (verification cycle 2020-2024), 6 Member States did not transmit data to EUROSTAT (BG, IE, LV, LT, PL, ES). For these countries, Fernandes estimates the NOE on the base of the national accounts. The other Member States transmitted data for an individual year between 2015 and 2019.

[20] This study uses a MIMIC approach (Multiple Indicator Multiple Cause). European Parliament (2022), Taxation of the informal economy in the EU. Study available at:
https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf.

[21] See Fernandes op. cit. (2025) for an overview of various studies.

[22] The report is available at https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/tax/documents/ey-gl-shadow-economy-report-02-2025.pdf.

economy in 2023 was as high as 6.6% of GDP (EU average 7.9%), while it was equal to 9% in 2000 (EU average 13.2%).

2. Compliance tax gaps

2.1 Overview

Austria is not among the EU Member States that regularly estimate and publish national tax gaps. Austrian authorities do not produce official gap estimates by tax type or a consolidated tax gap based on a documented bottom-up or top-down methodology. Activities related to tax gap measurement currently focus primarily on participation in the EU VAT gap exercise. More recently, Austria has also explored behavioural approaches to compliance analysis, including the use of behavioural insights and randomised controlled trials to better understand taxpayer behaviour and identify drivers of non-compliance (see section 2.4). While these initiatives do not constitute formal tax gap estimation, they contribute to a broader evidence base for compliance risk assessment and tax administration strategy.

Austria has strengthened its framework for tackling tax non-compliance through several "anti-fraud" legislative packages adopted in recent years. These measures aim to address different forms of non-compliance, including tax fraud, abusive tax arrangements and tax avoidance ([23]). As part of the negotiations on the 2027–2028 budget, the Austrian Federal Government agreed on a further package of measures to intensify the fight against tax fraud. These legislative packages draw, among others, on recommendations by the Austrian Court of Audit as well as recommendations by experts from the interministerial Anti-Fraud Working Group established within the Federal Ministry of Finance. Recent measures include establishing criminal liability for tax offences involving facilitating the application of tax surcharges for underreported taxes, introducing penalties for the creation and use of fictitious invoices and introducing a deemed distribution rule for shareholder current accounts to prevent abusive tax planning arrangements.

2.2 Compliance tax gaps in VAT

For 2023, the VAT compliance gap ([24]) in Austria was estimated at around 1% of the VAT Total Tax Liability (VTTL) ([25]), 8.5 pps below the EU average. After flatlining at around 7% between 2019 and 2020, the VAT compliance gap has followed a gradually decreasing path until 2023, falling by around 6 pps compared to 2019 ([26]). This decline was linked to a decrease in the growth in consumption of hard-to-tax service categories (such as recreation, restaurants and accommodation), a sharp reduction in the growth of tourism and a significant fall in the growth of bankruptcy declarations.

In recent years, Austria has continued to strengthen its VAT compliance framework through additional digitalisation measures and enhanced risk-based controls. Since 2024, payment service providers have been required to report cross-border payment information to the

[23] These include the anti-fraud legislative packages adopted in 2024 and 2025 (*Betrugsbekämpfungsgesetz* 2024 and 2025) and further measures included in the *Budgetbegleitgesetz* 2027 and 2028.
[24] The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.
[25] 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.
[26] 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, available at https://data.europa.eu/doi/10.2778/7868422.

Central Electronic System of Payment Information (CESOP), allowing the Austrian tax administration to improve the identification of potential VAT fraud in cross-border e-commerce transactions. In addition, the Austrian Federal Ministry of Finance has expanded the use of predictive analytics through the Predictive Analytics Competence Center (PACC), which applies data-driven methods to identify tax risks and support targeted compliance interventions ([27]). In 2025, additional measures were announced under the Anti-Fraud Act 2025 (*Betrugsbekämpfungsgesetz* 2025), including strengthened cooperation and information-exchange mechanisms aimed at improving the detection and prevention of tax fraud ([28]).

2.3 Compliance tax gaps in corporate and personal income tax

The European Commission is not aware of official corporate income tax (CIT) or personal income tax (PIT) gap estimation activities in Austria at the time of writing. Neither the tax administration nor the Ministry of Finance have published estimates of CIT or PIT compliance gaps. Estimating and monitoring these gaps could help policymakers better understand the nature and magnitude of revenue losses arising from non-compliance and identify areas where further action may be warranted. In addition, tax gap estimates can support the tax administration in assessing the effectiveness of compliance and enforcement measures over time.

European Commission estimates suggest a below-average CIT compliance gap in Austria. Based on a methodology developed by the Joint Research Centre which relies on a top-down approach using national accounts data and estimates of the non-observed economy produced by national statistical offices, the CIT compliance gap of Austria is estimated at around 5.8% of collected CIT revenues based on 2021 data ([29]). Based on the same methodology, the (unweighted) average CIT compliance gap is 9.2% of collected CIT revenues across all Member States. An earlier estimate of around 4.2% for Austria in 2017 points to a moderate increase over time, while remaining clearly below the EU average.

Recent research suggests that the PIT compliance gap among self-employed individuals in Austria is relatively small. Researchers tested an experimental approach to estimate underreporting of income by the self-employed ([30]). Using data from the Austrian Household Budget Survey, the study compared household expenditure on food and restaurant consumption with reported income. The underlying assumption is that expenditure on these items provides a relatively reliable indicator of households' true economic resources, even when income is underreported. To

[27] Austrian Ministry of Finance, Finanzministerium lukrierte im Vorjahr 354 Mio. Euro Steuermehreinnahmen dank KI-Methoden, article published on 13 July, 2025, available at https://www.bmf.gv.at/presse/pressemeldungen/2025/august/pacc-ki.html. For more information on the PACC see the respective website.

[28] EY, Government Bill: Fraud Prevention Act 2025 for tax and social security, article published on 1 December 2025, available at https://www.ey.com/content/dam/ey-unified-site/ey-com/de-at/technical/tax-news/2025/at-tax-news-sonderausgabe-12-25.pdf.

[29] European Commission estimates are based on a top-down methodology for approximating CIT compliance gaps using national accounts data. The approach relies on exhaustiveness adjustments made by national statistical offices to Gross Operating Surplus, Gross Value Added and Gross Domestic Product in order to account for non-observed economic activity in the compilation of GNI. The method provides a harmonised proxy for domestic underreporting of corporate income, but does not capture all sources of CIT revenue losses, in particular those related to international profit shifting or other forms of legal tax optimisation. For further information on the data sources, underlying assumptions and methodological caveats, see
Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

[30] European Commission: Directorate-General for Taxation and Customs Union, 2024, 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, available at https://data.europa.eu/doi/10.2778/243161.

improve accuracy, survey responses were linked to administrative tax records and adjusted to account for potential survey non-response and underrepresentation of certain groups, including the self-employed. Based on this methodology, income underreporting was estimated at 4.9% in 2019, broadly in line with the estimate of 4.5% in 2014, but higher than the 2.4% estimated for 2009. These results should, however, be interpreted with caution. While the confidence interval around the 2019 estimate was relatively narrow (0.2 pps), the corresponding intervals for 2009 and 2014 were considerably wider (1.6 and 1.9 pps, respectively). In addition, the economic disruptions associated with the COVID-19 pandemic may have affected both income and consumption patterns in 2019–2020, potentially influencing the estimates.

Austria has recently participated in a multi-country project on strengthening voluntary tax compliance through behavioural insights, funded under the European Commission's Technical Support Instrument (TSI) ([31]). The Austrian component focused on individuals who are required to submit a mandatory wage tax declaration because they receive income from two or more employment relationships and/or pension sources. The study identified a key compliance friction: many taxpayers affected by this obligation were first-time declarants and were often unaware that multiple dependent income sources trigger a declaration requirement ([32]). Non-compliance therefore appeared to be driven less by intentional evasion and more by a lack of awareness of filing obligations, limited preparation for potential tax payments and weak perceptions of enforcement.

The diagnostic phase combined administrative data analysis and taxpayer research to identify the main behavioural drivers of non-compliance. The study found that 46% of taxpayers surveyed did not know in which situations a mandatory wage tax declaration had to be submitted. Taxpayers expecting additional tax liabilities often did not set aside funds in advance and only rarely requested payment arrangements before facing difficulties in settling their liabilities. The results also suggested that taxpayers who perceived sanctions for non-compliance as less severe were more likely to display non-compliant attitudes. Compliance behaviour varied substantially across taxpayer groups. Declaration compliance was highest among taxpayers aged 55–64, women, taxpayers residing in Vienna and Lower Austria, and individuals receiving civil-service income, retirement pensions or regular employment income. In contrast, compliance rates were lowest among younger taxpayers aged 18–24, men and taxpayers receiving apprenticeship income.

Based on these findings, Austria implemented a randomized controlled trial to test whether targeted behavioural interventions could improve compliance. The target population consisted of 26 197 taxpayers with two or more pay slips from employment and/or pension income. Approximately 6 550 taxpayers were assigned to a control group that followed the standard administrative procedure, while 19 650 taxpayers were randomly assigned to receive one of three intervention letters. The first treatment consisted of an early reminder sent before the filing deadline. The second combined the early reminder with additional information on potential payment obligations and available payment arrangements. The third combined the early reminder with deterrence messages highlighting the consequences of failing to comply. The interventions

[31] For more information on the project, please visit the project website: https://knowledge4policy.ec.europa.eu/projects-activities/strengthening-tax-compliance-implementing-behavioural-insights-revenue_en.

[32] The results quoted here were presented at a conference titled "TSI: Strengthening voluntary tax compliance through Behavioural Insights in Austria, Belgium and Portugal", Brussels, 28 May 2026.

were designed to address the three behavioural barriers identified during the diagnostic phase: lack of awareness of filing obligations, insufficient preparation for payment obligations and weak perceptions of enforcement.

The results show that all three treatments substantially increased declaration compliance relative to the control group. The effects were statistically significant across all treatment groups. While the simple early reminder improved compliance, enhanced messages produced even stronger effects. The most effective intervention was the reminder combined with deterrence information, which increased declaration compliance by 29.6 pps relative to the control group. The effects persisted throughout the filing period and remained visible until the final stage before the tax administration initiated automatic wage tax calculations for non-filers.

Results of the trial also suggested that the impact on payment behaviour was more limited. Taxpayers receiving the interventions were generally slightly more likely to have a negative tax account balance, reflecting the fact that increased filing compliance also revealed outstanding liabilities that would otherwise not have been assessed immediately. However, the treatment combining the early reminder with payment information produced a statistically significant improvement in payment outcomes and increased the probability of maintaining a balanced tax account by 3.4%. The study also found that taxpayers whose liabilities were calculated by the tax administration due to non-submission exhibited substantially weaker payment outcomes. Only 40.7% of these taxpayers ultimately had a positive or neutral tax account balance, compared with 86.8% across the full sample.

2.4 Other compliance tax gaps

The Commission continues its work on excise gap estimation, developing and scrutinising methodologies with experts from over 20 Member States, with the aim of delivering more robust estimates that better support policy and operational work. This work also illustrates Member States' growing engagement in the field.

Austria does not currently estimate excise tax gaps.

There is currently no public information suggesting that Austria estimates other compliance tax gaps. No official estimates or regular monitoring exercises appear to exist for compliance gaps related to other taxes.

3. Policy Tax Gaps

3.1 Tax expenditure reporting and evaluation

Tax expenditures in Austria are increasing and are more important in fiscal terms than direct subsidies. According to the 2024 Subsidy Report, direct federal subsidies amounted to EUR 12.5 billion, an increase of 13.5% compared to 2023, while indirect subsidies in the form of tax relief reached EUR 26.7 billion, corresponding to around 5.2% of GDP and representing an increase of 5.3% compared to 2023 ([33])([34]). Austria has a comprehensive reporting framework for tax

[33] Förderungsbericht 2024, Tables 1 and 7. The next version of the report is expected to be published in February 2027.
[34] These figures differ from the estimates of the VAT rate gap and national policy-driven VAT exemption gap produced under DG TAXUD's VAT gap in Europe study and presented in section 3.2. This is due to differences in the methodology applied.

expenditures. The Ministry of Finance publishes annual subsidy reports, budget reports, fiscal transparency documents, Facts and Figures of the Austrian Financial Administration and the Austrian Progress Report, all of which contain information on tax expenditures. The subsidy report provides details on both direct and indirect subsidies, with indirect subsidies largely corresponding to the concept of tax expenditures. These are defined as forgone revenue granted by the federal government through exemptions from the general provisions of tax law in cases where there is a public interest ([35]). In addition, Austria's Fiscal Council (*Fiskalrat*) regularly assesses fiscal sustainability and addresses tax expenditures in its analytical work.

The tax expenditure reporting framework provides a high level of detail and reflects on omissions, methodological challenges and possible improvements. The latest subsidy report identifies 93 tax relief measures in place and provides information on newly introduced, modified and phased-out provisions. Revenue forgone is reported at the level of individual legal provisions and, where possible, for different categories of beneficiaries, e.g., households, firms and enterprises in the agricultural business. The report also includes information on the fiscal implications of tax benefits at the federal and state levels and provides dedicated analysis of extraordinary measures, such as those introduced in response to the COVID-19 pandemic and the energy price crisis between 2021 and 2024. It further discusses challenges related to comparability over time and highlights improvements resulting from the increasing use of the Transparency Database. It also reports how Austria ranks in international standards ([36]). Nevertheless, important limitations remain. Thirty-one tax expenditure provisions (around one third of the total) are not quantified, with the share of non-quantifiable measures being particularly high in the corporate income tax area (11 out of 14 measures). Furthermore, while the report provides estimates of revenue forgone by measure, it generally does not report the number of beneficiaries. The report acknowledges that several tax relief provisions cannot be quantified and that some tax expenditures fall outside the scope of the reporting framework altogether.

Compared to other Member States, tax expenditure reporting in Austria shows a mixed picture (overall ranked 15th according to the GTETI score). According to the GTETI analysis, transparency in TE reporting in Austria is close to the EU average overall but exhibits a severe imbalance across dimensions. Figure 1 depicts the GTETI results for the five dimensions analysed in comparison to EU averages ([37]). The maximum value for each dimension is 20. Austria performs better than the EU average on 'Public availability', 'Institutional framework', and 'Descriptive tax expenditure data', and is on par with the EU average on 'Tax expenditure assessment'. However, the

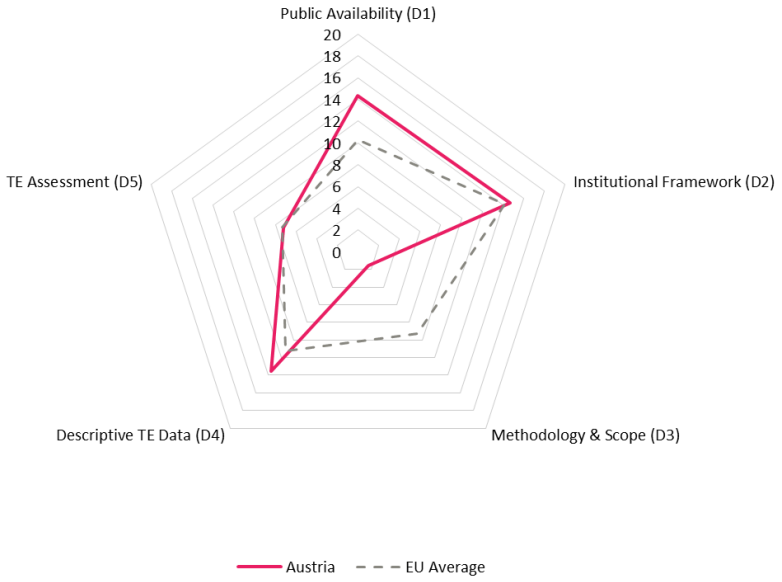
[35] The original wording in German is the following: "Die im Förderungsbericht dargestellten indirekten Förderungen sind Einnahmeverzichte aus Steuerbegünstigungen, die einer natürlichen oder juristischen Person für eine von dieser in ihrer Eigenschaft als Träger von Privatrechten erbrachten Leistung, an der ein vom Bund wahrzunehmendes öffentliches Interesse besteht, gewährt werden." (Förderungsbericht 2024, page 42).

[36] International comparisons of subsidy and tax expenditure levels should be interpreted with caution. Differences in institutional arrangements, the boundary of the government sector and the relative use of direct spending versus tax incentives can affect the measured level of support. For example, some activities financed through tax incentives in other countries are supported through direct expenditure in Austria. Nevertheless, Austria ranks among the countries with the highest levels of government support in the EU, with national accounts transactions with subsidy characteristics amounting to 6.7% of GDP in 2024, the fourth-highest share in the EU (Förderungsbericht 2024, pages 69f).

[37] See the Global Tax Expenditures Transparency Index (GTETI) companion paper (2026) and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches) for details. The GTETI summarises information in five dimensions. These are (1) Public availability — whether a TE report exists and is accessible; (2) Institutional framework — its legal mandate, periodicity, and integration into the budget process; (3) Methodology and scope — the benchmark definition, estimation method, and coverage of taxes; (4) Descriptive tax expenditure data — the granularity and classification of reported provisions; and (5) Tax expenditure assessment — the quality of revenue-forgone estimates and whether TEs are evaluated for effectiveness.

dimension capturing 'Methodology and scope' is critically deficient (1.6 vs. EU average 9.3), indicating that Austria's TE report lacks benchmark definitions, estimation methodology, data source disclosure and any treatment of structural provisions.

Figure 1: Austria vs. EU average - GTETI dimension scores (max. 20 per dimension)



Source: GTETI v2.1.

Austria has formal processes for the review and evaluation of tax expenditures in place. The Federal Budget Act of 2013 requires that all federal subsidies, including tax expenditures, be linked to clearly defined objectives and impact dimensions and be subject to regular evaluation ([38]). As part of Austria's performance-oriented budgeting framework (*wirkungsorientierte Haushaltsführung*, WFA), ministries are required to conduct ex ante impact assessments for new legislative initiatives and to evaluate ex post whether the intended objectives have been achieved. The WFA framework covers economic, social, environmental and administrative impacts and aims to strengthen evidence-based policymaking ([39]).

Despite this comparatively developed institutional framework, challenges remain regarding the systematic evaluation of tax expenditures. The subsidy reports provide detailed information on the legal basis and fiscal cost of individual measures, including macroeconomic impacts, administrative burdens as well as social and environmental effects, but the underlying objectives are not always formulated in a sufficiently specific or measurable manner to enable robust effectiveness assessments. The Austrian Fiscal Council has called for a more comprehensive review of the subsidy system, including tax expenditures, in light of their growing fiscal importance and the need for budget consolidation. In its recommendations, the Fiscal Council argued that all support measures should be evaluated regularly and on a mandatory basis, that measures without demonstrated effectiveness should be allowed to expire, and that greater use should be made of the Transparency Database to identify overlaps and multiple support schemes

[38] See the Federal Budget Act from 2013. See in particular §§ 17 and 18 *Bundeshaushaltsgesetz* 2013 (BHG 2013), which establish the framework for impact-oriented ex ante assessment and internal ex post evaluation of federal legislative and other major projects; see also § 30 BHG 2013 on the budgetary definition of subsidies.
[39] For more information see the WFA website and the latest report from 2025 (in German).

across levels of government ([40]). The Council also recommended assessing support measures against criteria such as effectiveness, targeting, distributional impact, climate impact and administrative efficiency, and advocated a gradual reduction of environmentally harmful subsidies alongside a stronger focus on areas with positive externalities, including research, innovation, decarbonisation, education and infrastructure. According to the Fiscal Council, temporary, targeted and regularly reviewed support measures are preferable to permanent schemes that risk increasing the structural expenditure base without clear evidence of policy effectiveness.

In its ongoing budget consolidation efforts in order to reduce the fiscal deficit to 3.0% of GDP and to exit the EU deficit procedure, the federal Austrian government intends to implement measures which are less detrimental to growth. For this reason, measures to improve the tax structure and combat tax fraud, among other things, are a central component of the recently developed two-year budget 2027/2028 as well as the preceding budget period 2025/2026. This includes cuts in several tax expenditures as well as the closure of tax-gaps, including phasing out of tax benefits for remote work, elimination of several tax exemptions for electric vehicles and beginning of the phasing out of environmentally harmful subsidies.

3.2 Policy tax gaps in VAT

Since 2025, several changes to VAT rates have been introduced. These include a new 0% VAT rate on hygiene and contraceptive products introduced on January 1, 2026, which was enacted with the explicit political aim of reducing the financial burden associated with menstruation and promoting equitable healthcare access. Additionally, effective July 1, 2026, a new reduced VAT rate was implemented, reducing the tax on a specific basket of staple foods (including milk, eggs, vegetables and bread) from 10% to 4.9%. This permanent food sector tax cut was established as a targeted anti-inflation measure designed to lower grocery bills and ease cost-of-living pressures facing households.

The VAT policy gap in Austria is mostly driven by the VAT rate gap, while the size of the national policy-driven VAT exemption gap is more limited. Revenues forgone due to the application of reduced rates and national policy-driven exemptions reached over EUR 16 billion in 2023 ([41]). The national policy-driven VAT exemption gap ([42]) was estimated at around EUR 4 billion in 2023, or 5% of the notional ideal revenue ([43]), while the EU average was 11%. The VAT rate gap ([44]) was estimated at around EUR 13 billion in 2023, or 18% of the notional ideal revenue, above the EU average of 12%.

[40] See the Fiscal Recommendations of the Austrian Fiscal Council, June 2026 report.
[41] 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, available at https://data.europa.eu/doi/10.2778/7868422.
[42] 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. 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.
[43] 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.
[44] 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.

In 2025, restaurants and accommodation account for the largest share of forgone revenue from reduced VAT rates in Austria, followed by food and beverages then housing, water and electricity ([45]). Specifically, microsimulation results indicate that Austria's reduced VAT rates are concentrated in a small number of categories. The category "Restaurants and accommodation" accounts for the largest share at 40.7%, more than double the EU-wide share of 20.4%. "Food and beverages" come second at 30.1%, below the EU-wide share of 39.8%. "Housing, water and electricity" ranks third at 18.7%, more than double the EU-wide share of 8.5%. These three categories together account for 89.5% of Austria's total forgone revenue.

Austria's reduced VAT rates have a relatively strong redistributive effect as they reduce the Gini coefficient by 0.53 pps (EU average: 0.50 pps). The category 'Food and beverages' contributes 0.28 pps (52.8% of the total), below the EU mean contribution of 0.32 pps. Category 'Housing, water and electricity' contributes 0.12 pps (22.1% of the total), above the EU mean contribution of 0.07 pps.

3.3 Policy tax gaps in corporate income tax

The reported fiscal importance of CIT-related tax expenditures appears modest, although the high share of non-quantified measures limits the completeness and interpretability of the published estimates. CIT-related tax expenditures reported by Austria are relatively limited in value but subject to important data gaps. The 2024 Subsidy Report identifies 14 CIT-related tax expenditure measures under the Corporate Income Tax Act (*Körperschaftsteuergesetz*, KStG). However, only three of these measures are quantified, while 11 measures (79% of the total) are not assigned a revenue estimate ([46]). The total reported fiscal cost of quantified CIT tax expenditures amounts to EUR 208 million in 2024 (ca. 0.04% of GDP), unchanged from 2022 and 2023. The largest quantified measure is the group taxation regime (*Gruppenbesteuerung*), accounting for EUR 200 million, followed by the tax exemption for restructuring gains (*Sanierungsgewinne*), estimated at EUR 8 million ([47]). Given the high share of non-quantified measures, the reported amount should therefore be interpreted as the fiscal cost of the quantified measures rather than as a comprehensive estimate of CIT-related tax expenditures.

Beyond the measures reported under the Corporate Income Tax Act, Austria provides substantial support for business investment and innovation through the research premium (*Forschungsprämie*). While not classified as a CIT tax expenditure in the subsidy report,

[45] The VAT rate gap is analysed using EUROMOD's household consumption tool. No behavioural adaptation is considered. Note that VAT rates are mostly not an efficient tool for redistributive policies, in part due to incomplete pass-through to consumer prices, in part due to limited targeting of reduced rates. For more details on assessing the impacts of reduced VAT rates with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Ricci et al. (2026), Fiscal Costs and Redistributive Effects of Reduced VAT Rates in the EU, European Commission, European Economy Discussion Paper 244; Trzcinski and Amores (2026), The VAT Policy Gap and Redistribution in the European Union 2025, European Commission, Seville, JRC14876; and the accompanying method section European Commission (2026), Methods and data for analysing tax gaps and compliance enforcement capacity in EU Member States, Directorate-General for Taxation and Customs Union.

[46] The Förderungsbericht notes that some measures cannot be quantified because the necessary information from tax returns, assessments or reliable secondary statistics is not available. Collecting the additional information required for comprehensive quantification may also impose disproportionate administrative burdens, while estimates without a sufficient data basis could result in poor data quality. According to the Austrian authorities, these constraints are particularly relevant for CIT, including because of missing returns from exempt entities and comparatively long assessment periods.

[47] The report also notes that the estimate for group taxation has not been updated since 2019, despite corporate income tax revenues having increased substantially over the same period, suggesting that the reported figures may underestimate current revenue forgone.

the refundable tax credit functions as a major business tax incentive and amounted to EUR 1.2 billion in 2024, following EUR 1.3 billion in 2023 and EUR 0.8 billion in 2022. As a result, the research premium exceeds by a wide margin the total volume of quantified CIT tax expenditures reported under the KStG. The large number of non-quantified corporate tax relief measures, combined with the importance of business-related incentives outside the formal CIT tax expenditure category, limits the completeness of aggregate fiscal-cost estimates and complicates a comprehensive assessment of the effectiveness of corporate tax expenditures.

3.4 Policy tax gaps in personal income tax

PIT-related tax expenditures are by far the largest category of quantified tax expenditures in Austria, both in absolute numbers and in forgone revenue terms. In 2024, tax expenditures under the Income Tax Act (*Einkommensteuergesetz*, EStG) amounted to EUR 12.3 billion (ca. 2.5% of GDP), accounting for 46% of the total reported volume of indirect subsidies. The largest measures are family-related tax benefits, notably the Family Bonus Plus (*Familienbonus Plus*), with a fiscal cost of EUR 2.7 billion, and the child tax credit (*Kinderabsetzbetrag*), amounting to EUR 1.6 billion. Other major provisions include the refund of social security contributions for employees (EUR 1.2 billion) and the favourable tax treatment of overtime premiums and of hardship, dirt and hazard allowances (EUR 1.2 billion). Overall, PIT-related tax expenditures are concentrated in a relatively small number of measures pursuing family, labour market and social policy objectives.

Microsimulations suggest that PIT-related tax expenditures in Austria in 2025 have a progressive effect ([48]). PIT-related tax expenditures included in the analysis were estimated to imply revenue forgone equivalent to 11.7% of actual PIT revenues, well below the EU average of 19.1% ([49]). The largest share of revenue forgone arises from family-related TEs (6.9% of PIT revenue). The tax expenditures were estimated to reduce the Gini coefficient by 1.01 pps, more than the EU average reduction of 0.46 pps. Despite the relatively low revenue forgone, PIT tax expenditures are associated with a comparatively large reduction in income inequality.

4. Effectiveness of tax administration

4.1 Registration/identification of taxpayers

Austria operates a partially unified yet segmented tax identification system. For personal income tax (PIT) and corporate income tax (CIT), individuals and entities are assigned a tax number (*Steuernummer*). For VAT, taxpayers must first register with the Chamber of Commerce for establishing their business. The tax administration (*Finanzamt*) then automatically assigns a distinct VAT identification number (*UID-Nummer*) ([50]). While ID Austria (the national e-ID) grants access to digital tax services, like *FinanzOnline* ([51]), it does not replace tax-specific identifiers.

[48] Simulations are based on EUROMOD and do not account for behavioural changes. For more details on assessing the impacts of tax expenditures in the PIT with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Leventi et al. (2026), Personal Income Tax Expenditures in the EU, European Commission, Seville, 2026, JRC148748; and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

[49] According to the European Commission's taxation trends data, PIT revenues in Austria amounted to approximately EUR 49.0 billion in 2024. This would imply revenue forgone of approximately EUR 5.7 billion due to PIT tax expenditures according to the microsimulation (11.7% of EUR 49.0 billion).

[50] VAT Identification Number

[51] FinanzOnline Login

Austria's VAT identification and registration system combines digital tools with integrated data management. The *FinanzOnline* portal allows digital registration and provides taxpayers transparent guidance and real-time data management, enabling visualisation, modification, and validation of their VAT records. Database accuracy is ensured through automated interfaces between accounting systems and tax administration subsystems, with built-in procedures for systematic review and correction ([52]).

Austria's risk-based verification framework strengthens registration integrity. The tax administration conducts preliminary risk assessments, including on-site visits, while tracking denied applicants. By using third-party data, premises inspections, and sector-specific initiatives (targeting high-risk areas like e-commerce, construction, and hospitality), authorities detect unregistered businesses. Post-registration VIES checks further ensure fraud-linked IDs are systematically removed, maintaining database reliability.

Austria monitors e-commerce VAT compliance through integrated data systems and pro-active One Stop Shop (OSS) oversight. While Austria does not maintain a separate e-commerce register, it can extract and track VAT-registered online sellers, including digital service/goods providers. The customs and tax administration share data within legal frameworks to combat fraud. The dedicated OSS information channel supports compliance, with systematic preliminary checks performed for all OSS registrations ([53]).

Austria's qualification and invalidation of VAT identification numbers in response to Eurofisc MTIC fraud risk alerts may be procedurally burdensome. As temporary suspension is not available, and in some cases the relevant facts cannot be verified before the deadline for submitting tax declarations expires, this may limit the speed of swift invalidation of missing traders' VAT numbers needed to prevent VAT losses and identify further fraudsters across the EU. However, when facts and circumstances of the case are duly ascertained, deregistration appears to be a fast process.

4.2 Tax filing and assessment

Austria's digital tax compliance reflects steady progress under its Recovery and Resilience Plan (RRP) commitments. As part of its RRP, Austria has advanced digitalisation in tax administration, focusing on e-filing expansion and compliance-by-design tools.

Austria's pre-filling system automatically populates PIT returns using third-party data, but VAT lacks any pre-fill functionality. Austria's tax administration automatically pre-fills PIT returns using third-party data (employers, insurers, pension funds), accessible via *FinanzOnline.* However, no pre-filling exists for VAT (as of 2024). While real-time data integration is not fully realised, the system supports secure online VAT data management (view/modify) and structured e-invoicing (only for supplies to government (B2G) ([54]).

Austria's e-filing rates are near EU averages, with PIT submissions showing significant growth: 89.4% of tax declarations in 2024 have been filed online (vs. 88.4% EU average), up from

[52] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[53] Ibidem.
[54] https://ec.europa.eu/digital-building-blocks/sites/spaces/DIGITAL/pages/467108876/eInvoicing+in+Austria and https://taxadmin.ai/country/austria-ai-country-report/.

79.1% in 2018, while CIT stands at 97.1% (2024, nearly matching the 97.3% EU average) and VAT at 94.5% (2024, under the EU average) ([55]).

Taxpayer support for filing combines various self-service tools. Support includes the above-mentioned *FinanzOnline* (with over 6.3 million users and 15 000 daily logins), tax calculators, dedicated PIT/CIT/VAT portals, and the annual Tax Book guide in addition to chatbot "Fred" (since 2018, using artificial intelligence) for basic queries. Filing deadlines are visible on *FinanzOnline* and the website of the Ministry of Finance. In case of late filing, the revenue agency issues reminders and assessments of estimated tax liability and eventually imposes penalties.

Austria makes broad use of data obtained through automatic exchange of information (AEOI), under the Directive on administrative cooperation in the field of taxation (DAC) ([56]). DAC1 ([57]), DAC2 ([58]), and DAC7 ([59]) are used in the fields of PIT and CIT. The identification of relevant taxpayers is very efficient as far as DAC1 and DAC2 are concerned: in 2025, the matching rate ([60]) (measuring success in identifying taxpayers concerned by DAC exchange) is close to 100% for DAC1 ([61]) and DAC2, above the EU-average (84% and 92%, respectively). Austria uses manual matching as a complementary method to identify taxpayers, which enables maximum data use afterwards. However, Austria did not share the matching rate for DAC7, and the lack of specific monitoring tools prevents Austria from assessing and sharing the benefits stemming from the exploitation of DAC data. The TIN validation tool envisaged in the DAC recast proposal will eliminate the need for manual matching and further support the matching process to reach a 100% automatic matching rate, ultimately allowing Austria to deploy resources more efficiently and in a more targeted manner. Once the taxpayers concerned have been identified, tax authorities use the available data for tax risk assessment to detect possible undeclared income, and if relevant, tax assessments or general audit. In Austria, this use is not only relevant for personal income tax, but also for detection of undeclared professional activities, as tax authorities take into account the most recent exchange of information on income from digital platforms (DAC7).

Austria has a relatively low activity in VAT administrative cooperation ([62]). In 2024, Austria sent 438 requests for information, representing an increase from 2023 (+18.4%) ([63]). Austria received 752 requests in 2024. Based on a standardised measure, taking into account the relative

[55] International Survey on Revenue Administration data, see https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.
[56] Sources: Yearly Assessment 2026.
[57] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC: automatic exchange of information on income from employment, pensions, director's fees, immovable properties, life insurance products, royalties.
[58] 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: automatic exchange of information on financial accounts.
[59] Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation: automatic exchange of information on income from digital platforms.
[60] 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.
[61] Income from employment, pensions, director's fees, immovable properties.
[62] Based on Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (VAT), as subsequently amended, the EU and Member States' national tax authorities cooperate to help ensure the correct application of VAT rules on cross-border transactions.
[63] The data is assessed based on the annual statistics, provided pursuant to Commission Implementing Regulation 79/2012 (Annex IV) and presented to the Standing Committee on Administrative Cooperation (SCAC).

size of the Austrian economy, Austria is below the EU weighted average on the number of requests sent and very close to the EU weighted average on the number of requests received ([64]).

Austria is actively engaged in automatic exchange of VAT information. It reported 13 872 VAT identification numbers allocated to taxable persons not established in the Member State. For information on new means of transport, it forwarded 1 109 cases. Based on a standardised measure, taking into account the relative size of the Austrian economy, Austria is well above the EU weighted average on both VAT identification numbers allocated to taxable persons not established in the Member State and the volume of information on new means of transport ([65]).

4.3 Compliance risk management

Austria operates a comprehensive, tailored and data-driven compliance risk management (CRM) system. The CRM strategy targets key taxpayer groups using data from various sources e.g. tax records, company registers, and residence databases. Within the Ministry of Finance's Central Management division, the Predictive Analysis Competence Centre (PACC) ([66]) supports this system by embedding data-driven risk management at the core of Austria's tax administration.

Austria uses AI to enhance both enforcement and taxpayer support, operating across predictive, advanced, tax, and customs analytics. The PACC applies machine learning and predictive models to automate risk assessment, fraud detection, and audit selection, flagging high-risk cases (e.g. false employee tax claims) by analysing a specialised database containing tax return data, audit records, VAT filings, and commercial register information ([67]). The "Fred" chatbot is part of Austria's AI-enabled Bot Federation, linking specialised government chatbots across public administration. All these innovations streamline tax processes, reduce manual checks, accelerate legally binding decisions, and ease administrative burdens for both taxpayers and authorities.

Austria harnesses behavioural insights and proactive tools, like nudging, real-time alerts, and limited pre-filling. A recent EU funded project (which also included Belgium and Portugal) demonstrated the impact of behaviourally tailored interventions: deterrence-focused reminders, highlighting penalties, boosted compliance among taxpayers with multiple income streams ([68]). Tailored communication, adjusting tone based on taxpayer history, complements automated nudges, like *FinanzOnline* alerts for missed deadlines. Though pre-filling remains limited to PIT (73.1% coverage in 2023), real-time data checks and simplified processes (e.g. default deduction options) streamline compliance.

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[64] The standardised measure normalises the number of requests per EUR 1 billion of GDP, allowing for comparison relative to the size of the economy. In 2024, Austria sent 0.89 requests per 1 EUR billion of GDP compared to an EU weighted average of 1.60 requests sent per EUR 1 billion of GDP; and received 1.52 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.59 requests received per EUR 1 billion of GDP.

[65] The standardised measure normalises the number of requests per 1 EUR billion of GDP, allowing for comparison relative to the size of the economy. In 2024, Austria reported 28.08 VAT identification numbers allocated to taxable persons not established in the Member State per EUR 1 billion of GDP compared to an EU weighted average of 7.77 VAT identification numbers per EUR 1 billion of GDP; and new means of transport 2.24 requests per EUR 1 billion of GDP compared to an EU weighted average of 0.95 new means of transport per EUR 1 billion of GDP.

[66] Predictive Analytics Competence Center

[67] Based on the outcomes of a previous TSI project "Modernising the assessment of tax returns in Austria - Reforms and Investments".

[68] https://knowledge4policy.ec.europa.eu/projects-activities/strengthening-tax-compliance-implementing-behavioural-insights-revenue_en

Austria has started leveraging Central Electronic System of Payment Information (CESOP) Data for VAT compliance. By cross-referencing CESOP-reported payment flows ([69]) with national VAT filings, authorities have identified mismatches in declared sales, prompting targeted enforcement actions ([70]).

Austria also uses reports exchanged automatically under the DAC, i.e. DAC3 ([71]), DAC4 ([72]) and DAC6 ([73]) for risk-analysis purposes in the field of corporate income taxation. The tax authorities identified successfully 100% of the taxpayers concerned by DAC3 and DAC4 reports, and 71% of the taxpayers concerned by DAC6 (the EU average being 98%, 94% and 90% respectively). In practice, DAC3, DAC4 and DAC6 are broadly used for risk-assessment purposes (i.e. to identify risks related to transfer pricing, base erosion and profit shifting, harmful tax practices) and possible follow-up actions as general tax audits, thereby supporting the fight against tax evasion and avoidance. Moreover, DAC4 is used for economic and statistical analysis and DAC6 to identify possible legal loopholes. This comprehensive use of the relevant data suggests that Austrian authorities have successfully integrated it into an efficient process.

Austria's VAT gap analysis directly informs risk assessment by identifying compliance weaknesses. While no comprehensive VAT gap estimate exists, audit coverage rates, subsidy reports, and impact assessments feed into an outcome-oriented risk framework. Strengthened data analytics and anti-fraud evaluations, bolstered by the Fraud Combating Act 2025, contribute to better risk detection and mitigation ([74]).

4.4 Audits

Austria's tax administration employs a risk-based, data-driven audit strategy. The range of audit activities – desk audits, limited-scope reviews, single-issue checks, comprehensive audits, and avoidance/evasion investigations - reflects a multi-layered compliance approach, supported by AI-assisted risk scoring, plausibility checks, and real-time data analytics (e.g. web scraping for VAT fraud detection). Austria has a declining but still above-EU-average share of personnel (46.85% of all FTEs in 2023) dedicated to audits. The declining trend is partly offset by AI adoption ([75]).

[69] The Central Electronic System of Payment Information (CESOP) is an EU-wide system launched on 1 January 1 2024 and established under Directive (EU) 2020/284 to support the fight against VAT fraud in e-commerce. It requires payment service providers to report cross-border payment data on a quarterly basis to national tax authorities, which then transmit the information to CESOP. The system centralises and analyses this data, enabling Member States to detect undeclared online sales, identify fraudulent traders, and enhance administrative cooperation in combating cross-border VAT fraud.

[70] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection.

[71] 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: automatic exchange of information on rulings and advanced pricing arrangements

[72] 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: automatic exchange of information on country-by-country reports of multinational entities.

[73] 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.: automatic exchange of information on potentially tax-harmful cross-border arrangements.

[74] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

[75] https://data.rafit.org/regular.aspx?key=74180916 – tab "Post filing enforcement actions" and "interventions after filing, intervention effectiveness" and findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

Austria's segmentation strategy targets high-risk and high-value taxpayers, with the Large Taxpayer Office (LTO) driving revenue outcomes despite limited staffing. The LTO covers taxpayers exceeding EUR 10 million sales revenue, multinational groups, financial services, and specific legal forms. It does not include a high-net-worth individual programme. Though comprising just 7.8% of all staff (in FTEs, 2024), the LTO generates 56.8% of total revenue and 38.2% of audit revenue ([76]). While there is no dedicated e-commerce (audit) department, risk detection is based on cross-source data as explained above. Cooperative compliance (e.g. horizontal monitoring for firms with more than EUR 40 million turnover) further reduces audit burdens for low-risk entities.

Austria is a prominent user of the advanced instruments of administrative cooperation: multilateral controls (simultaneous controls, joint audits) and presence in administrative offices and administrative enquiries (PAOEs) are advanced instruments of cooperation provided for in Directive on administrative cooperation in the field of taxation and Regulation 904/2010 to facilitate cooperation on specific cross-border issues. Between 2023 and 2025, Austria initiated 13 multilateral controls; 4 PAOEs and has participated in 26 MLC and 7 PAOEs, representing respectively 12.0%, 6.2%, 8.9% and 5.4% of the total of these operations. The synergies between participating Member States derived from these coordinated activities usually lead to an increase in the tax assessed and, therefore, contribute to reducing the tax gap.

4.5 Payment and collection

Austria outperforms EU averages in e-payment adoption and on-time compliance, reflecting a highly digitised and efficient collection system. Electronic payment rates reached 99% in 2024 (vs. EU 94.9%), while on-time payment compliance exceeded EU benchmarks: CIT (95.7% vs. EU 89.8%), PIT (89.5% vs. EU 79.0%), and VAT (96.8% vs. EU 83.7%) ([77]).

Austria allows cash payments of taxes up to EUR 10 000 per person per day at tax offices, though the tax authority encourages bank transfers or electronic payments ([78]).

The VAT refund process integrates identity verification, risk assessment, and electronic payments. The system links refunds to taxpayer registration checks and the compliance risk management framework, ensuring only verified traders receive refunds ([79]).

4.6 Tax debt recovery

Austria maintains a robust tax arrears management system, with declining arrears levels and a high collectability rate. The closing stock of arrears as a percentage of total revenue collected has decreased significantly, from 7.9% in 2018 to 6.9% in 2024, well below the EU average of 30.7%. Meanwhile, the closing stock of collectable arrears as a percentage of total arrears has remained broadly unchanged, at 43.0% in 2024 ([80]).

Austria employs a risk-based approach to debt recovery. The Austrian tax administration uses an IT system to manage VAT arrears, which allows for prioritisation based on the size and age

[76] Own elaboration based on International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB
[77] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB
[78] In October 2026 Austria directly informed the Commission of these arrangements.
[79] Ibidem.
[80] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB

of arrears, as well as the possibility of collecting them via instalments. The system also helps determine the origin of arrears, enabling targeted recovery actions.

Austrian authorities find that recovery in general is most effective within the first three months following the due date, with recovery rates increasing by 3-4 pps thereafter. However, Austria does not publish a regular tax recovery activity report, nor does it have a formal national tax recovery strategy, instead defining recovery aims based on the general strategy of the fiscal authority. Austria does not have specific legislation on cooperation between the administrator of insolvency proceedings and tax (recovery) authorities. In regard to the write-off of tax debts, Austria applies strict rules ensuring that debts are only written off when enforcement is definitively no longer possible. There is *no* disaggregated information on how long it takes to solve tax disputes (at administrative level or before a court) which usually suspend the recovery of contested tax claims, nor on (administrative or judicial) appeal stages ([81]). 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 ([82]).

Austria also uses the information from DAC1 ([83]) for recovery purposes, leading to an increase in the number of recovery requests to other tax administrations. This is best practice, which could be extended to DAC2 (financial accounts) and DAC7 (income derived from the use of digital platforms) data, where appropriate.

Regarding cross-border recovery assistance within the EU, Austria submits compliant requests to other Member States. Austria's recovery requests to other Member States generally comply with requirements ([84]), focusing on well-established claims. In 2025, 1 567 requests for recovery were sent to other Member States, but only 61 requests for recovery were suspended due to contested claims in the same year ([85]).

[81] Austrian replies to questions 12 and 13 of the 2025 survey on tax recovery.
[82] ISORA Data – Tax arrears collection powers and their usage – Collect any disputed tax while the dispute case is open and under judicial review, and Austrian reply to question 16 of the 2025 survey on tax recovery.
[83] AEOI on income from employment, director's fees, pensions, life insurance products, royalties
[84] Statistics on rejections of requests, reported by Austria as applicant State, relating to recovery assistance in 2025.
[85] Statistics on the suspension of recovery requests, sent by Austria as applicant State, following contestation of the claim, for 2025.