

Austrian Small Farm Taxation

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Project code:

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Template for good practice cases

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Dissemination Level		
PU	Public	
PP	Restricted to other programme participants	
RE	Restricted to a group specified by the consortium	
CO	Confidential, only for members of the consortium	

1. Title of the case description

[Austria small farm taxation](#)

2. Indicate your role in the Smart Food Supply Chain:

individual member of the chain:

chain operator:

network operator:

association:

technical, scientific, or management expert:

advisor:

policy maker:

other:

3. Indicate the region (if applicable): [Austria](#)

4. WP2 Cross-reference table

Please indicate with an X in the relevant box of the matrix for which needs and the steps / functions of the supply chain the described innovative solution is applicable

		Individual steps of the SFSC							Short food supply chain as whole						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Needs of the consumers (citizens)	food safety														
	food quality														
	trust														
	ethical aspects														
	accessibility														
Needs of the chain actors	fair price													X	
	increased negotiating power														
	shared use of available resources														
	product development support														
	access to markets and consumers														
	access to infrastructure														

- 1: Farming**
- 2: Primary production**
- 3: Transport**
- 4: Processing and packaging**
- 5: Storage**
- 6: Logistics**
- 7: Sale**
- 8: Product integrity, authenticity, transparency**
- 9: Marketing concepts**
- 10: Food chain management and networking for enhancing cooperation among chain actors**
- 11: Business modelling**
- 12: Policy environment**
- 13: Legal requirements**
- 14: Labelling**

5. Short description of the innovative solution

- **Describe the specific need or problem being addressed by the case and please explain what is the novelty of this innovative solution**

Agricultural activity is carried out on small family farms in most European countries, we therefore consider it a best practice that in many Member States taxation is related to the economic size of the farms.

The distinction and differentiated taxation of agricultural and non-agricultural activities entail the application of several methods and records at the same time, which makes it difficult for the farmer to comply with tax administration.

- **Describe the enabling function(s) and the practical benefit(s)-(e.g. for which types of problems and opportunities is used and can it be used, and how)**

In order to ensure a long-term survival of small farms and family farms, tax rules allow a simplified tax calculation in view of the size of these farms. The system also offers simplified administration for the farmers but excludes tax evasion over a certain size.

Another important issue and good practice at the same time in agricultural taxation is that small farmers may use flat rate tax, based among others on the geographical, environmental, social, and infrastructural and soil characteristics of the farm.

Agricultural activities in addition to basic activities include secondary agricultural and forestry activities, processing, farm catering service, selling of stum, room hire up to 10 beds and cooperation between the various farms and holdings.

Another important issue to note is the fact that the certain processed traditional products (e.g. cheese) are defined as primary products, rather than processed products.

- **Describe the method/procedure/technology/solution implemented. (Please explain, whether the innovative method is a product / service / process / marketing or organisational / management innovation) After completing the description, please indicate, whether this innovation is a technological or non-technological one.**

This is a legislative solution determining supportive income taxation system for small farmers.

technological

non-technological X

- **Describe the business, which implemented the innovated solution (size, country, region, location, type of food)**

Taxation of agricultural activities: Agricultural and forestry income includes revenues from primary production (agricultural, forestry, fishing and hunting). When establishing the income from agricultural and forestry activities, farmers may select one of the four methods depending on their size.

Criteria relating to size	Full flat rate	Partial flat rate	Income-cost records
Unit value	max. EUR 75,000 agricultural and forestry land cultivated independently	EUR 75,000 -130,000	max. EUR 150,000
Sales revenues	max. EUR 400,000	max. EUR 400,000	max. EUR 550,000
Other size features	max. 60 hectares cultivated area and max. 120 animal units, and max. 10 hectares intensive plantation	more than 60 hectares cultivated land or 120 animal units	
Administrative burden	none	Income recording	Recording of income and expenses (cash fund+bank) and recording of depreciation

- **Describe the distribution channels of the product(s)**
N.A.
- **Describe what makes the innovation work.**
This taxation system applies for any type of distribution channel.

- **Describe the specific prerequisites for the business related to the implementation of the method and/or related to the location, method, procedure, solution**
 - a: **List the relevant necessary resources (including the estimated cost) for the specific innovation.**
Please list the relevant ones only (list is annexed)

Political intention of the respective governments.

- b: **List the relevant necessary capabilities for the specific innovation.**
Please list the relevant ones only (list is annexed)

6. Describe the results, achievements and typical failures

Farmers may comply easier to tax payment obligations while tax system support small farming activity.

7. Summarize what makes the case to a good practice for the members of the SFSCs (e.g. lessons learned)

Tax system is differentiated on capacities and income earning ability.

8. Aspects, methods for transfer of methods for other SFSC members

Governments should make research on this type of taxation system.

9. Recommendations for members of other SFSCs for further applications

Governments should make research on this type of taxation system.

10. More information is available at (web), if it is relevant

LKÖ (2016): Teilpauschalierung für nichtbuchführungspflichtige Land- und Forstwirte ab dem Jahr 2015.

<https://ooe.lko.at/gewinnermittlung-teilpauschalierung-ab-2015+2500+2261936>

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Umsatzsteuerpauschalierung
<https://ooe.lko.at/umsatzsteuerpauschalierung+2500+2756251>

Annex

1. Checklist for necessary resources (tangible and non-tangible):

- materials (access to: raw materials/ ingredients - including volume, land – including size, packaging materials)
- human: labour force: size, knowledge & skills (production, technical, marketing, managerial, ICT, financial, etc.)
- technology: patents, know-how, trademarks, copyrights, trade secrets
- infrastructure, equipment, facilities, - size, minimum volume of production/sales, IT infrastructure
- information, reputation, brand, trust
- financial*

*: estimated cost:

0 - 10 000 Eur
10 001 - 50 000 Eur
50 001 - 100 000 Eur
100 001 - 300 000 Eur
300 001 – 1 000 000 Eur
1 000 000 Eur above –

- other specific necessary resources for the application of the specific innovation

2. Checklist for the necessary capabilities

- **food safety:**
 - basic skills to comply with the EU food safety regulations
 - ability to understand what makes the product safe (the key controls, which ensure the safety of the product – biological, chemical and physical hazards, providing the safety shelf life of perishable products)
 - food safety culture (motivation, responsibility for food safety) and basic skills for the implementation of HACCP

- **food quality:**
 - ability to define the target segments of consumers for SFSCs
 - ability to define the product characteristics which are (tacit) basic requirements for the target segment(s) of consumers;
 - ability to define which product attributes/levels and augmented services represent an added value for the target segments of consumers;
 - food quality culture (motivation, responsibility for food quality);
 - production experiences which help to provide the expected quality reliably, uniformly;
 - ability to provide distinguishable quality which meets the needs of the targeted consumer segment;
 - meeting (local) legal requirements, application of the labelling rules;
 - ability to access the consumer willingness to pay for specific products of SFSCs.

- **trust:**
 - ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools);
 - ability to access external trust enhancers (third party certification, internal certification system, participatory guarantee systems);
 - application of the labelling rules and branding (mandatory and voluntary);
 - ability to meet third party certification requirements

- **ethical aspects**
 - ability to understand consumer needs for ethical behaviour related to the specific product(s) of the SFSCs;
 - culture for ethical food production and supply;
 - ability to implement necessary measures to ensure ethical food production and supply;
 - ability to access the consumer willingness to pay for products meeting ethical aspects

- **accessibility to consumers:**
 - ability to organize logistics efficiently and to exploit innovative solutions and distribution channels;
 - efficient, innovative sales methods;

- ability to develop and implement new business models for ensuring access of consumers to products and augmented services;
- **fair price:**
 - collecting marketing information;
 - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management;
 - ability to define, develop or maintain unique quality of products and augmented services;
 - ability to develop and implement new business models;
 - ability to access the consumer willingness to pay for fair price
- **increased negotiation power:**
 - collecting marketing information;
 - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
 - ability to define, develop or maintain unique quality of products and augmented services;
 - ability to develop and implement new business models;
- **shared use of available resources:**
 - ability to enhance and maintain cooperation among chain actors including the shared and combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
 - the level of value chain management culture;
 - ability to access the consumer willingness to pay for food with reduced environmental impacts

- **input for R+D:**
 - ability to monitor, research, evaluate, and understand the needs and wants of customers and consumers;
 - ability to develop new products, processes, packaging, preservation techniques, systems and access to new markets, including in other categories;
 - access to innovative technologies; distribution and marketing solutions and methods. management systems;
 - access to local input for R+D covered by other aspects

- **access to markets: and market success**
 - effective promotion, customer service, efficient and innovative sales methods;
 - ability to understand consumer's needs;
 - ability to organise logistics efficiently and to exploit innovative solutions and distribution channels,
 - unique value propositions;
 - ability to develop and implement new business models for ensuring access of consumers to products and augmented services, develop the market accessibility for the suppliers.
 - stock control;
 - ability to access to required raw materials within a restricted geographical area

- **access to infrastructure:**
 - ability to use existing own infrastructure in a focused way to serve consumer needs or to combine it with complementary infrastructures of other SFSC actors, cooperation culture;

- **management:**
 - to implement management systems for vision, planning, implementing), coordinating, controlling, monitoring, continuously;
 - improving; ability to motivate, authorize staff;

- **production, processing:**
 - management system, production experience, specific controlling, monitoring, continuously;
 - willingness to consider and ability to evaluate the adoption of TECI and NTI in the current production processes;
 - any additional specific resources necessary for the application of the specific innovation.