Timber Legality Risk Assessment
Austria

Version 1.1  |  April 2018

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A. Introduction

This Timber Legality Risk Assessment for Austria provides an analysis of the risk of sourcing timber from areas of illegal harvesting and transport. NEPCon has been working on risk assessments for timber legality, in partnership with a number of organisations, since 2007.

In that time, NEPCon has developed timber risk assessments for more than 60 countries, illustrated in Figure 1.

![Figure 1. Countries for which NEPCon have developed a legality risk assessment for timber](image)

The risk assessments are developed in collaboration with local forest legality experts and use an assessment methodology jointly developed by FSC and NEPCon. A detailed description of the methodology can be found on the NEPCon Sourcing Hub.

For risk assessment conducted according to the FSC-STD-40-005, ONLY entries (or information) that have been formally reviewed and approved by FSC and are marked as such can be considered conclusive and may be used by FSC candidate or certified companies in risk assessments and will meet the FSC standards without further verification.

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All FSC Risk Assessments can be downloaded in the FSC Document Centre.

This risk assessment was prepared by NEPCon between 2014 and 2015 as follows:

- **Draft prepared by NEPCon:** December 2014
- **Stakeholder consultation:** September 2017
- **Final approval by FSC:** April 2018
FSC CW effective date: 3 April 2018
B. Overview of legality risks

Timber Risk Score: 100 / 100 in 2017

This report contains an evaluation of the risk of illegality in Austria for five categories and 21 sub-categories of law. We found:

- Low risk for 17 sub-categories.
- No legal requirements for 4 sub-categories.

Timber source types and risks

There are three timber source types found in Austria. Knowing the “source type” that timber originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risk of non-compliance with the legislation. We have analysed the risks for all source types and found the risks are the same.

<table>
<thead>
<tr>
<th>Plantation</th>
<th>Plantations grown for energy wood on farmland (conversion from agriculture to energy wood production). A permit for conversion from agriculture to energy wood production.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semi-natural/natural production forest</td>
<td>Semi natural/natural forest managed for production. A harvesting permit is required.</td>
</tr>
<tr>
<td>Semi-natural/natural protected forest</td>
<td>Semi-natural/natural protected forest, which if harvested shall be reforested with the wood species already growing in the area. Permission of the landowner, perhaps with state notice or a permit, is required for harvest.</td>
</tr>
</tbody>
</table>
This table summarises the findings of the timber legality risk assessment by source type.

<table>
<thead>
<tr>
<th>Legal Category</th>
<th>Sub-Category</th>
<th>Risk conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All source types</td>
<td></td>
</tr>
<tr>
<td><strong>Legal rights to harvest</strong></td>
<td>1.1 Land tenure and management rights</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>1.2 Concession licenses</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>1.3 Management and harvesting planning</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>1.4 Harvesting permits</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Taxes and fees</strong></td>
<td>1.5 Payment of royalties and harvesting fees</td>
<td>NA</td>
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<td><strong>Timber harvesting activities</strong></td>
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<td>1.11 Health and safety</td>
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<td>1.12 Legal employment</td>
<td>Low</td>
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<td><strong>Third parties’ rights</strong></td>
<td>1.13 Customary rights</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>1.14 Free prior and informed consent</td>
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<tr>
<td></td>
<td>1.15 Indigenous/traditional peoples’ rights</td>
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</tr>
<tr>
<td><strong>Trade and transport</strong></td>
<td>1.16 Classification of species, quantities, qualities</td>
<td>Low</td>
</tr>
<tr>
<td></td>
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<td>Low</td>
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</tr>
<tr>
<td></td>
<td>1.21 Legislation requiring due diligence/due care procedures</td>
<td>Low</td>
</tr>
</tbody>
</table>
C. Overview of the forest sector in Austria

Austria’s forests cover 47% or 3.96 million hectares of whole country. Of this, 54% are in possession of farms <200 ha, 31% owned by companies> 200 ha and 15% are in possession of the Austrian State forest. 85% of the 3.96 million hectares of forest are in yield (production forest and protection forest) Of these, 74% coniferous forest. The services of the forest as a habitat are varied.

The general functions of Austrian forest (according to the Forest Development Plan) spread in% on:  
- economic function 64.55%,
- protective function 30.73%,
- beneficial functions 3.61% and
- recreational function with 1.11%

Austria’s forests are characterized by a high proportion of Coniferous wood. According to the Austrian Forest Inventory 2000/2002 (ÖWI 2002/2002) currently is growing on 2,255,000 ha conifers, representing a share of 66.8%. The proportion of Broad-leaved wood is 23.9% or 802,000 ha. The remaining 9.3% of the productive forest area consist of pelts, gaps and shrubs. The forest area proportions are (in percent) after mixing types: Coniferous wood 62%, thereof spruce pure of 41%, Coniferous wood and Broad-leaved wood mixed 15%, Broad-leaved wood and Coniferous wood mixed 11% and Broad-leaved wood pure 12%.

Austria’s forest policy pursues the principle of near-natural forest management. The 2008 Forest Report documents the sustainability of Austrian forestry in an impressive way. A 47.6 percent share of forests, 1.1 billion cubic metres of standing wood, rather natural forests, a forest sector which shows a positive balance in spite of difficult framework conditions, a very competitive, export-oriented timber industry as well as a dynamic wood energy sector testify the success story of Austria’s forestry and wood-based industry. The Forest Act 1975 is the main source of law of the forest law. The Forest Act is carried out in the framework of indirect federal administration, thus by the provincial governor and the district administrations. The goal of the Forest Act 1975 is the preservation of the forest and the forest floor and ensuring the effects of forests and sustainable forest management. The Forest land use planning is defined in the Forest Act 1975. The instruments of forest land use planning are the Forest Plan, the Forest Development Plan and the Hazard Zone Plan.

The Forest Development Plan (FDP) presents and describes the whole area of Austria’s forests and is currently the most important tool for assessing the forest functions in the public interest. Pursuant to the provisions of the Austrian Forest Act, the forest functions as defined in Section II are demarcated as ‘function areas’ on the basis of expert opinions provided by the provincial forest services. The function areas are then entered into working maps. The Hazard Zone Plan presents the total sum of all hazards due to torrents and avalanches in terms of intensity and extent in word and figures. It constitutes the basis for measures to be taken in torrent and avalanche control. Whereas the two other plans are established by the authorities, the Forest Plan as a third instrument of forest land-use planning is prepared at the initiative of the forest manager. The governor, represented by the forest district office or forest provincial authority, reviews the Forest Plan (FP).

The Austrian Forestry is not a separate part of the Acquis Communautaire, but individual aspects of relevance to forests are addressed. These topics are addressed by a number of Community policies of the EU, in particular by the EU environmental policy, the Common Agricultural Policy, the EU trade policy, the EU energy policy, etc. Measures of relevance to forestry are taken in particular within the framework of the rural development policy. In 1989 the Standing Forestry Committee was set up as a consultative committee for the
European Commission. The strategy emphasises the implementation of international obligations, principles and recommendations concerning national or regional forest programmes and underlines the necessity of improving communication and cooperation in all fields of policy of relevance to the forest sector. The EU Forest Action Plan is to provide a concrete frame for the implementation of the EU Forest Strategy.

The Management goals vary in different categories of ownership. Larger forest properties are managed primarily for timber production. They have well-trained personnel, detailed management plans and special harvesting equipment. For farmers, market-related considerations in forest management are of minor importance. The market value of their forest has to be seen in connection with the farm and in a subsistence economy. They use wood for fuel and timber for construction, and grazing is still potentially important in certain regions. It is typical of farmers to regard the forest as a reserve for unexpected or extraordinary expenses. Public ownership in Austria is characterised by the market-oriented goal of wood production.

There are three levels of forest administration in Austria:

- Ministry of Agriculture and Forestry has jurisdiction over forest-related matters.
- In the provinces, the governor (Landeshauptmann) is the competent forest authority. The governor acts as general authority deciding not only on forest matters but also on other subjects like hunting, nature protection or trade and industry.
- A separate forestry department (Landesforstdirektion) assists the provincial governor in forest-professional questions.

Austria has a CPI (Corruption Perception Index) of 72, which is above FSC’s threshold for low risk, which is 50. There are no indications of corruption within the Austrian forest sector or significant inefficiencies within the relevant supervising authorities. On a scale of -2.5 to +2.5 Austria scores 1.83 for Rule of Law and 1.51 for Control of Corruption under the World Bank Worldwide Governance Indicators. These conditions together with statistics and other information from Austrian supervising authorities regarding legal compliance have been used to a large extent as a basis for this Forest legality Risk Assessment for Austria.

**Sources of information**

The list of sources provided in FSC-PRO-60-002a, section 3.3.3 has been reviewed for relevance in regards to the national legality risk assessment of Austria. The following sources have been used:

a) Chatham House: http://www.illegal-logging.info/

b) EU FLEGT process: http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm

c) Government reports and assessments of compliance with related laws and regulations;

d) Independent reports and assessments of compliance with related laws and regulations

e) Interpol: http://www.interpol.int/Crime-areas/Environmental-crime/Projects/Project-LEAF;

f) Stakeholder and expert consultation outcomes from NRA development processes;
g) Transparency International Corruption Perceptions Index:  
http://www.transparency.org/policy_research/surveys_indices/cpi;

h) World Bank Worldwide Governance Indicators:  

i) In cases where other sources of information are not available, consultations with experts within the area were conducted.  
Where relevant, they have been specifically referenced under “Sources of Information” for each applicable sub-category.
D. Legality Risk Assessment

### LEGAL RIGHTS TO HARVEST

#### 1.1. Land tenure and management rights

Legislation covering land tenure rights, including customary rights as well as management rights that includes the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legal required licenses. Risk may be encountered where land rights have not been issued according to prevailing regulations and where corruption has been involved in the process of issuing land tenure and management rights. The intent of this indicator is to ensure that any land tenure and management rights have been issued according to the legislation.

1.1.1. Applicable laws and regulations

- § 2 Austrian federal Forestry AG
- List of properties according §2 (3). Appendix 1.
- General land register Law 1955, BGBI Nr. 39/1955
- Valuation Act (BewG) 1955, § 20c.

1.1.2. Legal authority

- Ministry of Agriculture, Forestry, Environment and Water Management.
- Ministry of Finance
- There are three levels of forest administration in Austria:
  - Ministry of Agriculture and Forestry has jurisdiction over forest-related matters.
  - In the provinces, the governor (Landeshauptmann) is the competent forest authority. The governor acts as general authority deciding not only on forest matters but also on other subjects like hunting, nature protection or trade and industry.
  - A separate forestry department (Landesforstdirektion) assists the provincial governor in forest-professional questions.

1.1.3. Legally required documents or records

- Certificate of Land registry (Can be obtained on-line from website or request from court)
- Website for land register certificate: www.grundbuchauszug-online.at

1.1.4. Sources of information
Timber Legality Risk Assessment – Austria

Government sources


- grundbuchauszug-online.at (N.Y.). *Official Website for land register certificate.* [online]. Available at: www.grundbuchauszug-online.at


Non-Government sources


1.1.5. Risk determination

Description of risk

54% of Austria’s forests are owned by farms (<200 ha), 31% are owned by companies (>200 ha), and 15% are owned by the Austrian state forests and the Church. Austria has a high share of forests on private hands. The ownership patterns in Austria are well implemented, and the ownership and rights are registered in the land register, where information of type of use, area size, address, customary rights, etc. can be found.

The land register is a public register under the responsibility of the district court, where properties and existing rights are registered. Every purchase of a property is registered in the land register, which is managed by the Ministry of Justice. To be registered in the land registry, the ownership and tax registration will be verified by the authorities. Insight into the land registry can be given through court or by direct request through the website of land register certificate (http://www.grundbuchauszug-online.at/) for a small fee.

There is no major reporting of logging out of bounds. Austrian forest owners can be held accountable for felling timber near the boundary line of another forest owner’s if this affects windshields, etc. Thus, logging along boarders and out of bound is well-regulated.

Law enforcement in Austria is considered strong, and as the land management and tenure rights are well established and regulated, the risk is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.1.6. Risk designation and specification

Low risk
1.1.7. Control measures and verifiers
N/A

1.2. Concession licenses

Legislation regulating procedures for the issuing of forest concession licenses, including use of legal methods to obtain concession license. Especially bribery, corruption and nepotism are well-known issues in connection with concession licenses. The intent of this indicator is to avoid risk related to situations where organizations are obtaining concession licenses via illegal means such as bribery, or where organizations or entities that are not eligible to hold such rights do so via illegal means. Risk in this indicator relates to situations where due process has not been followed and the concession rights can therefore be considered to be illegally issued. The level of corruption in the country or sub-national region is considered to play an important role and corruption indicators (e.g., Corruption Perception Index, CPI) should therefore be considered when evaluating risks.

1.2.1. Applicable laws and regulations

Not applicable. The is no concession forestry in Austria and no legislation covering forest concessions.

1.2.2. Legal authority
N/A

1.2.3. Legally required documents or records
N/A

1.2.4. Sources of information
N/A

1.2.5. Risk determination
N/A

1.2.6. Risk designation and specification
N/A

1.2.7. Control measures and verifiers
N/A

1.3. Management and harvesting planning

Any legal requirements for management planning, including conducting forest inventories, having a forest management plan and related planning and monitoring, as well as approval of these by competent authorities. Cases where required management planning documents are not in place or are not approved by competent authorities should be considered. Low quality of the management plan resulting in illegal activities may be a risk factor for this indicator as well.

1.3.1. Applicable laws and regulations
• Austrian Federal Forest Act 1975, idF. BGBl. I Nr. 440/1975
https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010371 Section II, § 6 forest land-use planning, §8 forest land-use planning, §10 Forestry Plans

1.3.2. Legal authority

• Regional government authority
• District authority

1.3.3. Legally required documents or records

• Degree of Forest development Plan (Verordnung für Waldentwicklungsplan, Fassung 14.09.2014)

1.3.4. Sources of information

Government sources

• Austrian Federal Forest Act 1975, idF. BGBl. I Nr. 440/1975
https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010371

• Austrian Forest Report 2008

1.3.5. Risk determination

Overview of Legal Requirements

The creation of a forest management plan is voluntary, but if a forest manager wishes to create a forest management plan, this will be regulated through the Forest Act with specifications of requirements and contents.

Description of Risk

Generally, forests of over 0.5 ha and the state forests create forest management plans. The small forest enterprises are supported by the Chamber of Agriculture in planning. Under the Austrian Forest Act it is required that all forests of over 0.5 ha have qualified personnel connected. All forests of over 0.5 ha therefore have forest ranger with the competence of developing management plans employed.

The Austrian forests are inventoried by the Austrian Forest Inventory. The large-scale inventory aims at providing information on the raw material of wood and the status of and changes in the forest ecosystem. The results of the forest inventory are used as a tool for decision-making in forest and environmental policy.

A management plan for felling and management is not mandatory, and no issues in connection with contents of the management plans occur. This category is therefore considered low risk.
### Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.3.6. Risk designation and specification

Low risk

1.3.7. Control measures and verifiers

N/A

1.4. Harvesting permits

Legislation regulating the issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. It includes the use of legal methods to obtain the permit. Corruption is a well-known issue in connection with the issuing of harvesting permits. Risk relates to situations where required harvesting is carried out without valid permits or where these are obtained via illegal means such as bribery. In some areas, bribery may be commonly used to obtain harvesting permits for areas and species that cannot be harvested legally (e.g., protected areas, areas that do not fulfil requirements of minimum age or diameter, tree species that cannot be harvested, etc.). In cases where harvesting permits classify species and qualities to estimate fees, corruption and bribery can be used to classify products that will result in a lower fee. The level of corruption in a country or sub-national region is considered to play an important role and corruption indicators should therefore be considered when evaluating risks. In cases of illegal logging, harvesting permits from sites other than the actual harvesting site may be provided as a false proof of legality with the harvested material.

1.4.1. Applicable laws and regulations

Austrian Federal Forest Act 1975, idF. BGBl. I Nr. 440/1975

- §17 (1-6) Forest clearance (Rodung)
- §17a Registration obligation of forest clearance
- §18 Allowance of Forest clearance
- §21-§25 protection forest
- §80 Protection of unfellable wood
- §82 prohibition of clear cutting
- §85 subject to authorization of harvesting

Available at:
https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010371

1.4.2. Legal authority

- Regional government authority
- district authority
1.4.3. Legally required documents or records

- Felling license

1.4.4. Sources of information

**Government sources**

- Report on grubbing decree (Rodungserlass): http://www.bmlfuw.gv.at/forst/oesterreich-wald/Forstrecht/Forstgesetz.html, Document "Rodungserlass" is in the Downloads area (on the right site)

**Non-Government sources**

- No reporting of illegal logging occurring on search in www.illegal-logging.org

1.4.5. Risk determination

**Overview of Legal Requirements**

Clear-felling and felling of single trees above the area of 0.5 ha require a permit from the forest authorities. The application shall specify the size of felling area, as well as the location and types of wood to be harvested. The area can be cleared only after approval by the forest authorities. The felling is conducted by the land owner or a contracted felling company.

Also, the felling of individual trees in protected areas can only be allowed with a permit, and the felling shall be justified (Forest Act, paragraph §21-§25 protection forest). However, this is not allowed for commercial harvesting.

**Description of Risk**

The majority of the felling taking place in Austria does not require a felling permit. In 2010 the share of felling taking place with a permit constituted about 30% of the total clear-felling and 4.5% of the total single tree felling. For each felling the authorities will review the felling area and verify the extent of the area harvested through on-site visits.

Harvesting wood without required permits or felling license is not known to be a significant issue in Austria - based on international sources and reports in relation to illegal logging.

Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption are ranking in the 90 to 100 Percentile according to World Bank.

It is not common for companies to make irregular payments or bribes connected with public contracts and licenses (GCR 2013-2014). There is no reporting of corruption in connection with the issuing of permits in the forest sector, and the governance and enforcement is
considered reliable with on-site follow-up control. Therefore the risk of illegal actions is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.4.6. Risk designation and specification

Low risk

1.4.7. Control measures and verifiers

N/A
### TAXES AND FEES

#### 1.5. Payment of royalties and harvesting fees

*Legislation covering payment of all legally required forest harvesting specific fees such as royalties, stumpage fees and other volume based fees. It also includes payments of the fees based on correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue often combined with bribery of officials in charge of controlling the classification.*

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Details</th>
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</thead>
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<tr>
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<tr>
<td>1.5.2. Legal authority</td>
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</tr>
<tr>
<td>1.5.3. Legally required documents or records</td>
<td>N/A</td>
</tr>
<tr>
<td>1.5.4. Sources of information</td>
<td>N/A</td>
</tr>
<tr>
<td>1.5.5. Risk determination</td>
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</tr>
<tr>
<td>1.5.7. Control measures and verifiers</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### 1.6. Value added taxes and other sales taxes

*Legislation covering different types of sales taxes, which apply to the material being sold, including selling material as growing forest (standing stock sales). Risk relates to situations where products are sold without legal sales documents or far below market price resulting in illegal avoidance of taxes.*

<table>
<thead>
<tr>
<th>Subsection</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.6.1. Applicable laws and regulations</td>
<td></td>
</tr>
</tbody>
</table>
1.6.2. Legal authority

- Ministry of Finance

1.6.3. Legally required documents or records

- VAT return (Umsatzsteuererklärung (U1a))
- Advance Tax Return U31 (Umsatzsteuervoranmeldung U31)
- Request for issue of a VAT identification number (U15) (Antrag auf Vergabe einer Umsatzsteuer Identifikationsnummer (U15))

1.6.4. Sources of information

**Government sources**


**Non-Government sources**


1.6.5. Risk determination

**Overview of Legal Requirements**

Charges for agriculture, forestry products, and services are generally subject to sales tax, often referred to as VAT.

The raw material is delivered to the sawmill and measured on calibrated measuring equipment. The sawmill establishes a credit voucher incl. VAT to the seller. The company is obliged to submit a VAT declaration to the tax office.

**Description of Risk**

The requirements for the designation of value added tax for products and services are regulated by the Value added tax law. 10% VAT has to be paid on wood material. The value added tax is to be paid on a monthly or quarterly basis. The authorities verify tax payment per tax examination and verify the accounts for plausibility.

**Risk Conclusion**

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.6.6. Risk designation and specification
1.6.7. Control measures and verifiers
N/A

1.7. Income and profit taxes
Legislation covering income and profit taxes related to the profit derived from sale of forest products and harvesting activities. This category is also related to income from the sale of timber and does not include other taxes generally applicable for companies or related to salary payments.

1.7.1. Applicable laws and regulations
- Income Tax Act 1988 (Einkommensteuergesetz /EStG 1988). [online]. §125 Legal obligation to keep records (Bundesabgabenordnung), § 21 Agriculture and Forestry, § 2 Type of income (Einkommensarten), §21 Income of agriculture and forestry. Available at: https://www.bmf.gv.at/steuern/selbststaendige-unternehmer/einkommensteuer/einkommensteuer.html

1.7.2. Legal authority
- Ministry of Finance

1.7.3. Legally required documents or records
- Income Tax Statement formular E1 (Einkommensteuererklärung E1)

1.7.4. Sources of information

Government sources
- bmf.gv.at (N.Y.). Official website of the Ministry of Finance. [online]. Available at: www.bmf.gv.at

Non-Government sources
1.7.5. Risk determination

**Overview of Legal Requirements**

The payment of income tax is regulated by law and the value based on the profit and loss of the unit. There are two types of bookkeeping, the double entry bookkeeping or the cash accounting. The choice of type is dependent on the size and turnover of the unit. The profit is the criteria for the calculation of income tax. The Forest management unit must report tax to the Ministry of Finance, and The Ministry of Finance performs random on-site verifications of the forest management units.

**Description of Risk**

The raw material is supplied in the sawmill and measured on calibrated measuring equipment. The sawmill establish a credit voucher with VAT to the seller. The company is obliged to report the income to the tax office. The tax office prescribes and adjust the amount of income tax.

The fees shall be paid to defined deadlines. This will be enforced by the authorities and in serious incidents the authority can conduct the execution of a company.

The control and sanctions by the treasury are implemented by tax auditors with sample auditing of forest owners. Austria has a high CPI of 72 and on a scale of -2.5 to +2.5 under the World Bank Worldwide Governance Indicators Austria scores 1.83 on the rule of law and Control of Corruption on 1.51 in 2013. No major issues of tax fraud have been reported in connection to forestry and according to the Business Anti-Corruption Portal is it uncommon for Austrian companies to engage in tax fraud. Thus, the risk is considered low.

**Risk Conclusion**

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.7.6. Risk designation and specification

Low risk

1.7.7. Control measures and verifiers

N/A
1.8. Timber harvesting regulations

Any legal requirements for harvesting techniques and technology including selective cutting, shelter wood regenerations, clear felling, transport of timber from felling site and seasonal limitations etc. Typically this includes regulations on the size of felling areas, minimum age and/or diameter for felling activities and elements that shall be preserved during felling etc. Establishment of skidding or hauling trails, road construction, drainage systems and bridges etc. shall also be considered as well as planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered.

1.8.1. Applicable laws and regulations

- Austrian Forestry Act 1975 idF BGBl. I nr.189-2013. [online]. Section VI: §87 Abs.1-4 Fällungsantrag / harvesting application, §88 Abs. 1 - 5 Fällungsbewilligung / harvesting authorization, §17 (1-6) Forest clearance (Rodung), §17a Registration obligation of forest clearance, §18 Allowance of Forest clearance, §80 Protection of unfellable wood, §82 prohibition of clear cutting, §85 Authorized illegal harvesting. Section V: § 58- 69: The supply of wood out of forest. Available at: https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010371

1.8.2. Legal authority

- Ministry of Agriculture, Forestry, Environment and Water Management (Forestry).
- The Forest Act is carried out in the framework of indirect federal administration, thus by the provincial governor and the district administrations.

1.8.3. Legally required documents or records

- Felling license

1.8.4. Sources of Information

Government sources

- Bmlfuw.gv.at (N.Y.). The Austrian Forest Programme. Available at: https://www.bmlfuw.gv.at/forst/walddialog/dokumente/walddialog-kurz.html

Non-Government sources

1.8.5. Risk determination

Overview of Legal Requirements

Harvesting of timber is regulated by the Forest Act with a focus on avoiding environmental risks and hazards. There are different types of harvesting activities, such as clear-cutting, individual tree selection and deforestation. The Forest Act regulates the forest treatment along the property boundaries as a protection of the neighboring forest, in order to avoid disasters.

The federal Forest Act restricts final cuts to stands over age 60 and clear-fellings to certain areas depending on the forest type. The forest road construction must be approved by the authorities and a permit issued.

Description of Risk

The forest authorities verify the compliance on-site in connection with each harvesting permit issued, and the harvesting rules are well controlled and enforced. The harvesting not requiring a permit is considered to be low scale harvesting, and thus the potential impact on the environment from the harvesting is considered to be low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.8.6. Risk designation and specification

Low

1.8.7. Control measures and verifiers

N/A

1.9. Protected sites and species

International, national, and sub national treaties, laws, and regulations related to protected areas allowable forest uses and activities, and/or, rare, threatened, or endangered species, including their habitats and potential habitats. Risk relates to illegal harvesting within protected sites, as well as illegal harvest of protected species. Note that protected areas may include protected cultural sites, including sites with historical monuments.

1.9.1. Applicable laws and regulations


• Forest Protection Regulation, 09.12.2014 (Forstschutzverordnung)
  https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20002457

• Austrian Federal Forestry Act 1975 idF BGBI. I nr. 189-2013. [online]. §6 forestry land use planning, §9 Forest development plan, §11 Harzard zone plan, §21 Protection Forest Regulation, §32a Forest with notably living environment, §17 forest clearance. Available at:
  https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010371

• Forest Protection Regulation 09.12.2014, IV paragraph
  §11 Hazard zone Plan (legally required, ministry of forestry and agriculture makes this) - are not allowed to harvest in this area. plan for smeltevandstrømme. they draw a zone on this area (applicable under 3.2. and 3.3.)
  http://www.bmlfuw.gv.at/forst/oesterreich-wald/raumplanung/gefahrenzonenplan/Gefahrenzonenplan.html

• In Austria conservation is in the responsibility of the federal states. There are therefore nine provincial nature conservation laws and related legislation for National Parks.

1.9.2. Legal authority

• Regional government authority and district authority

1.9.3. Legally required documents or records

• Nature protection register: Available at: http://www.geoland.at/site/themes.htm

1.9.4. Sources of Information

Government sources


• umweltbundesamt.at (N.Y.). Nature protection and biodiversity - National Responses. [online]. Environment Agency Austria. Available at:
Overview of Legal Requirements

In Austria the provincial governments are responsible for the legislation in nature conservation, management, monitoring and controlling. In the nature reserve any intervention is prohibited, except as management and development measures. For each country there is a separate conservation law. The protection areas are designated by the authorities and marked with labels positioned along the boundary line of the protected area, with important information and pictures in relation to the protected area.

The protected areas are described in the nature protection register. Under the regulation about nature protection area, the Ministry of forestry and Agriculture conducts a Hazard zone Plan. In these areas it is not allowed to harvest.

Around 27% of the territory of Austria is protected under nature conservation legislation: 16% is strictly protected as Natura 2000 sites, national parks or nature conservation areas, while 11% comprises less strictly protected sites, such as landscape conservation areas.

Description of Risk

The Natural Forest Reserve Programme allows the state to make private contracts with forestry owners. The aim is to develop a representative network with all of Austria’s forest associations. There are currently 200 natural forest reserves.

Austria is currently working on a new Biodiversity Strategy 2020. By 2020, introduction of forest management plans or equivalent instruments related to sustainable forest management will be in place in order to be a measurable improvement of the conservation status of species and habitats that depend on forestry or are influenced by it.

The species and habitats are known and documented by the authorities and the forest owners. A violation is enforced with a penalty for the violator and on-site control in connection of the issuing of permits, and verification is continuously conducted by the forest department. A forest owner is well aware of the location of the protected areas. These areas can be found on maps (www.geoland.at) and/or the information can be retrieved from the authorities. The risk is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.
### 1.9.6. Risk designation and specification

Low risk

### 1.9.7. Control measures and verifiers

N/A

### 1.10. Environmental requirements

National and sub-national laws and regulations related to the identification and/or protection of environmental values including but not limited to those relating to or affected by harvesting, acceptable level for soil damage, establishment of buffer zones (e.g. along water courses, open areas, breeding sites), maintenance of retention trees on felling site, seasonal limitation of harvesting time, environmental requirements for forest machineries, use of pesticides and other chemicals, biodiversity conservation, air quality, protection and restoration of water quality, operation of recreational equipment, development of non-forestry infrastructure, mineral exploration and extraction, etc... Risk relates to systematic and/or large-scale non-compliance with legally required environmental protection measures that are evident to an extent that threatens the forest resources or other environmental values.

#### 1.10.1. Applicable laws and regulations

- Austrian Federal Forest Act 1975, idF. BGBl. I Nr. 440/1975. [online]. §87 Abs.1-4 harvesting application (Fällungsantrag), §88 Abs. 1 - 5 harvesting authorization (Fällungsbewilligung, § 16 forest degradation, §47 - §57 Forested air pollution Available at:
  [https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010371](https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010371)

- Protection Forest Regulation (Schutzwaldverordnung), BGBl. Nr. 398/1977. [online]. Available at:
  [https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010385&ShowPrintPreview=True](https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010385&ShowPrintPreview=True)

- Regulation on Forest development Plan, BGBl.Nr. 582/1997 (Verordnung über den Waldentwicklungsplan)
  - [http://www.bmlfuw.gv.at/forst/oesterreich-wald/raumplanung/praxisplan.html](http://www.bmlfuw.gv.at/forst/oesterreich-wald/raumplanung/praxisplan.html)

- Forest Protection Regulation 2014 (Forstschutzverordnung). [online]. Available at:
  [https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20002457](https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20002457)
  - §87 Abs.1-4 harvesting application (Fällungsantrag)
  - §88 Abs. 1 - 5 harvesting authorization (Fällungsbewilligung )
  - §16 forest degradation
  - §47 - §57 Forested air pollution
  - Lower Austrian nature protection law 2000 (5500-11)
• Regulation about nature protection areas (5500/13-33) in Lower Austria.

1.10.2. Legal authority
• Nature protection is the competence of provincial government
• Ministry of Agriculture, Forestry, Environment and Water Management

1.10.3. Legally required documents or records
• Felling license

1.10.4. Sources of information

Government sources
• lebensministerium.at (N.Y.). *Official website of Ministry of Agriculture, Forestry, Environment and Water.* [online]. Available at: www.lebensministerium.at

Non-Government sources

1.10.5. Risk determination

Overview of Legal Requirements
Compliance with environmental requirements is regulated in the Forest Act and there are requirements for conducting Environmental Impact Assessments.

All forest owners must comply with the requirements under § 16 of the Forest Act to avoid forest degradation. Measures have to be taken to protect soil quality and to ensure reforestation and proper fertilization. Also hazards due to harvesting have to be avoided. Under the Regulation of nature protection areas, the Ministry of Forestry and Agriculture conducts the Hazard zone Plan. In these areas it is not allowed to harvest.

The forestry machines have evolved and adapted to the environmental requirements, and the forestry equipment is state of the art. The operation fluids are bio degradable. A large forest road network allows gentle harvesting and offers storage space. Rough material can be sorted on the forest road or in the storage yard, but delivery of the rough material directly to the sawmill is striven for, in order to reduce the need for a storage yard in the forest area along the forest road. This reduces the environmental impact of building activities on the forest.

Description of Risk
Compliance with environmental requirements is regulated through the Forest Act. For harvesting areas larger than 0.5 ha, an application is submitted, with a description of the harvesting activities. After verification, the authorities will issue a permit. The permit can include obligations to reduce the impact on the environment.
The forest authorities verify the compliance on-site in connection with each harvesting permit issued, and the harvesting rules are well controlled and enforced. The harvesting not requiring a permit are considered to be low scale harvesting, and therefore the potential impact on the environment from the harvesting is considered to be low and no control is conducted.

The forest department is constantly monitoring on-site for larger scale harvesting, and the requirements are clearly regulated. Austrian forests have often been in a family for generations and the awareness for ensuring sustainability is high amongst the forest owners. The risk is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.10.6. Risk designation and specification

Low risk

1.10.7. Control measures and verifiers

N/A

1.11. Health and safety

Legally required personnel protection equipment for persons involved in harvesting activities, use of safe felling and transport practice, establishment of protection zones around harvesting sites, and safety requirements to machinery used. Legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relate to operations in the forest (not office work, or other activities less related to actual forest operations). Risk relates to situations/areas where health and safety regulations are consistently violated to such a degree that puts the health and safety of forest workers at significant risk throughout forest operations.

1.11.1. Applicable laws and regulations

- Federal law for safety and health protection by the work BGBl


• Federal Law according the regulation of employment law in the by agriculture and forestry (Bundesgesetz betreffend die Grundsätze für die Regelung des Arbeitsrechts in der Land- und Forstwirtschaft)

• Agricultural labor act (Landarbeitsgesetz1984 – LAG) BGBl. 287/1984), idF. 19/2012. [online]. Available at: https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008554

• Austrian Federal Forest Act 1975 idF BGBI. I nr.189-2013. [online]. Available at: https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010371


1.11.2. Legal authority

• Federal Ministry of Science, Research and Economy

• Federal Ministry of Labour, Social affairs and Consumer Protection

• Federal Ministry of Health

1.11.3. Legally required documents or records

• N/A

1.11.4. Sources of information

Government sources


• landforstbetriebe.at (N.Y.). Forest and Forestry. [online]. (Land and Forst). Available at: http://www.landforstbetriebe.at/content.php?p=75
1.11.5. Risk determination

Overview of Legal Requirements

The safety and health of forest work (which includes the harvesting, transport, the work-up of snow breakage and windthrow and management measures) is regulated in § 88 of the Lower Austria Rural Worker Regularity.

In Austria work safety is regulated by numerous laws and regulations (Federal law for safety and health protection by the work and labor protection act). The employee receives from the employer a safety briefing. This includes wearing protective equipment and handling of hazardous substances.

Every employee is insured by a health insurance coverage. The employee and the employer share the financial cost.

Description of Risk

Forestry work is considered a dangerous work activity. The Forest accident statistics 2013 from the General Accident Insurance company (Allgemeine Unfallversicherungsanstalt-AUVA) show that 1,380 accidents occurred in the forest and wood industry. In 2013, 22 persons died in connection with forest work. The cause of accidents and accidents leading to death varies, for example, slippery ground, caused by the weather, motor saw accidents, etc. In Austria 280,000 people work in the forest and wood industry sector. Thus, there are about 480 accidents per 100,000 workers in the industry and 8 occurrences of death per 100,000 workers. The number of fatal accidents is low in comparison to countries such as the US (92 deaths per 100,000 workers) (US Department of Labor Bureau of Labor Statistics, 2011).

The strict laws ensure compliance with occupational safety and health at the workplace. The General Accident Insurance makes annual verifications of the on-site compliance with law. The working conditions are verified and safety training offered, together with information material about safety working in the forest. The strictly regulated laws and the representatives of the social partners ensure compliance of occupational safety and health in the workplace.

Due to a low level of accidents in the agriculture and forest sector, and the extensive focus on health and safety on the work-site, the risk is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.11.6. Risk designation and specification

Low risk

1.11.7. Control measures and verifiers

N/A
1.12. Legal employment

Legal requirements for employment of personnel involved in harvesting activities including requirements for contracts and working permits, requirements for obligatory insurances, requirements for competence certificates and other training requirements, and payment of social and income taxes withheld by employer. Furthermore, the points cover observance of minimum working age and minimum age for personnel involved in hazardous work, legislation against forced and compulsory labour, and discrimination and freedom of association. Risk relates to situations/areas where systematic or large scale noncompliance with labour and/or employment laws. The objective is to identify where serious violations of the legal rights of workers take place, such as forced, underage or illegal labour.

1.12.1. Applicable laws and regulations

- Employee Act 2014, BGBl. Nr. 292/1921. [online]. §1. Available at: 
  https://www.ris.bka.gv.at/Dokument.wxe?Abfrage=Bundesnormen&Dokumentnummer=NOR11008219
- Labour Protection act (Arbeitsmittelverordnung) 450/1994, idF. 50/2012 by law: Regulation relating to Operating Material BGBl. 164/2000, idF 21/2010. [online]. Available at:  
  https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20000727
- Protection of Employees Act (ArbeitnehmerInnenschutzgesetz). [online]. Available at: 
  https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008910

1.12.2. Legal authority

- Federal Ministry of Science, Research and Economy
- Federal Ministry of Labour, Social affairs and Consumer Protection

1.12.3. Legally required documents or records

- Collective agreement  
  (http://www.kollektivvertrag.at/cs/Satellite?pagename=KV/index&n=KV_0 )
- Contract on employment right
- Contract on employer-employee relationships rights

1.12.4. Sources of information

Government sources

  http://www.arbeiterkammer.at/beratung/arbeitundrecht/index.html
- sozialministerium.at (N.Y.). Official website of the Ministry of Social Affairs (Sozialministerium). [online]. Available at:  
  http://www.sozialministerium.at/site/Arbeit/Arbeitsrecht/

Non-Government sources
1.12.5. Risk determination

Overview of Legal Requirements

Austria has ratified several ILO conventions. In addition the ILO fundamental principles, rights at work have been re-enforced by the accession of Austria into the EU, and the related implementation of the aquis communitaire into the national legislation.

The employees' rights and duties are governed by the Employee Protection Act. The remuneration of employees is governed by the collective agreement. The employee protection law regulates the minimum age of employees and child labour is prohibited.

Description of Risk

The Austrian Trade Union Federation (OGB) is a non-partisan association of employees and has 1.2 million members. The OGB and its unions represent the interests of all employees against employers, the state and political parties. The establishment and membership of a union is voluntary. The Austrian federation of unions consists of 7 unions and has 1, 2 Mio members. Austria has a strong union history.

The legislation on legal employment is very strict and will be reviewed by the Chamber of Labour and the unions reviewed the compliance of law. The worker or employee has the right to sue the employer, if there are violation of labour rights.

Violations of legal employment is not known as a problem in Austria and the risk is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.12.6. Risk designation and specification

Low risk

1.12.7. Control measures and verifiers

N/A
# THIRD PARTIES’ RIGHTS

## 1.13 Customary rights

*Legislation covering customary rights relevant to forest harvesting activities including requirements covering sharing of benefits and indigenous rights.*

### 1.13.1. Applicable laws and regulations


- Code of civil law JGS 946/1811. [online]. §472 Concept of the right of servitude and §473 Division of easements in basic easements and personal. Available at: [https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10001622](https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10001622)

### 1.13.2. Legal authority

- District authority (always the first contact person)
- Regional government authority
- Ministry of Agriculture, Forestry, Environment and Water Management.

### 1.13.3. Legally required documents or records

- Website for land register certificate: [www.grundbuchauszug-online.at](http://www.grundbuchauszug-online.at)

### 1.13.4. Sources of information

**Government sources**


- [jusline.at](http://jusline.at) (N.Y.). *Online Land Survey.* [online]. Available at: [https://www.jusline.at/grundbuch.html](https://www.jusline.at/grundbuch.html)

### 1.13.5. Risk determination

**Overview of Legal Requirements**

The customary rights are based in the Code of Civil Law §472 and §473.

**Description of Risk**

To Austrian property law servitudes are limited property rights to outside property whose owner is obliged to tolerate or to refrain from an action or use.
Customary rights can be obtained for a single person for an indefinite amount of time, if he has exercised a right for a longer period of time. Common examples of use right are the use of roads or grazing rights. The right must be exercised in compliance with the legislation. Servitudes become time-barred by disuse (after 30 or 40 years). The servitude can be lost, if the property owner does not approve the customary right, and the servitude user does not exercise his right within 3 years.

The Servitude are registered in the Land Registry or it is stipulated through contract. The customary rights in Austria are well established in the land registry, and thus easily identifiable, and there are no major issues reported in relation to this criteria. The risk for violation is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.13.6. Risk designation and specification

Low risk

1.13.7. Control measures and verifiers

N/A

1.14. Free prior and informed consent

Legislation covering “free prior and informed consent” in connection with transfer of forest management rights and customary rights to the organisation in charge of the harvesting operation.

1.14.1. Applicable laws and regulations

N/A.

No legislation is covering “free prior and informed consent” in connection with transfer of forest management rights and customary rights.

1.14.2. Legal authority

N/A

1.14.3. Legally required documents or records

N/A

1.14.4. Sources of information

N/A

1.14.5. Risk determination

N/A
### 1.14.6. Risk designation and specification

N/A

### 1.14.7. Control measures and verifiers

N/A

### 1.15. Indigenous/traditional peoples’ rights

*Legislation that regulates the rights of indigenous/traditional people as far as it’s related to forestry activities. Possible aspects to consider are land tenure, right to use certain forest related resources or practice traditional activities, which may involve forest lands.*

#### 1.15.1. Applicable laws and regulations

N/A

Due to the accession of Austria to the European Union and the implementation of the aquis communautaire in the national legislation, recognised processes to resolve conflicts related to traditional rights, cultural interests and traditional identities are effective. Austria has not yet ratified ILO Convention 169. However, indigenous peoples are not living in Austria. Furthermore, no tribal peoples are known to be resident in Austria.

#### 1.15.2. Legal authority

- Ministry of Agriculture, Forestry, Environment and Water Management
- Ministry of Labour, Social affairs and consumer Protection

#### 1.15.3. Legally required documents or records

N/A

#### 1.15.4. Sources of information

**Government sources**

- sozialministerium.at (N.Y.). *Official website of the Ministry of Social Affairs (Sozialministerium).* [online]. Available at: [http://www.sozialministerium.at/site/Arbeit/Arbeitsrecht/](http://www.sozialministerium.at/site/Arbeit/Arbeitsrecht/)

**Non-Government sources**


#### 1.15.5. Risk determination

N/A

#### 1.15.6. Risk designation and specification

N/A

#### 1.15.7. Control measures and verifiers
| N/A |
TRADE AND TRANSPORT

1.16. Classification of species, quantities, qualities

Legislation regulating how harvested material is classified in terms of species, volumes and qualities in connection with trade and transport. Incorrect classification of harvested material is a well-known method to reduce/avoid payment of legality prescribed taxes and fees. Risk relates to material traded under illegal false statements of species, quantities or qualities. This could cover cases where this type of false classification is done to avoid payment of royalties or taxes or where trade bans on product types or species are implemented locally, nationally or internationally. This is mainly an issue in countries with high levels of corruption (CPI<50).

1.16.1. Applicable laws and regulations

1.16.2. Legal authority
- Vienna Stock Exchange

1.16.3. Legally required documents or records
- Austrian Wood Trade Standard 2006

1.16.4. Sources of information

Government sources

1.16.5. Risk determination

Overview of Legal Requirements
The criteria for the classification of harvested material is the Austrian wood trade standards (Holzhandelsusancen).

Description of Risk
The supplier delivers the rough material to the sawmill. The forest owner or his employee establishes a delivery document, issued by species, quantity and classification. The exact classification is defined in the sawmill. The rough material (logs) are measured on a
calibrated measuring system. The seller gets a credit voucher from the sawmill. On each delivery, the forest owner makes an on-site check measurement per estimation or measurement of each log per hand.

The classification of the raw material is in accordance with the Austrian wood trade standards. The Austrian wood trade standards are part of any contract.

The classification and quantification are based on the calibrated measuring instruments. The measuring equipment must be calibrated every 2 years, in order to keep the risk of manipulating the measurement result low.

*Risk Conclusion*

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.16.6. Risk designation and specification
Low risk

1.16.7. Control measures and verifiers
N/A

1.17. Trade and transport

All required trading permits shall exist as well as legally required transport document which accompany transport of wood from forest operation. Risk relates to the issuing of documents permitting the removal of timber from the harvesting site (e.g., legally required removal passes, waybills, timber tags, etc.). In countries with high levels of corruption, these documents are often falsified or obtained by using bribery. In cases of illegal logging, transport documents from sites other than the actual harvesting site are often provided as a fake proof of legality with the harvested material.

1.17.1. Applicable laws and regulations

1.17.2. Legal authority
- District authority (always the first contact person)
- Regional government authority
- Ministry of Agriculture, Forestry, Environment and Water Management.

1.17.3. Legally required documents or records
- Delivery Document (CMR)
1.17.4. Sources of information

Government sources


1.17.5. Risk determination

Overview of Legal Requirements

The system of wood transportation is based upon the dense forest road net in Austria. Direct timber transportation from the road landing to the mill prevails up to distances of about 150 km. The delivery document is the CMR (full title Convention on the Contract for the International Carriage of Goods by Road). The document comprises the origin of the wood, the kind of species, the amount, and the identity of the purchaser.

Description of Risk

The supplier delivers the rough material to the sawmill (I don't understand this sentence). The forest owner or his employee establishes a delivery document, issued by species, quantity and classification. Every delivery is traceable on site by the supplier documents. The delivery documents contain all necessary information about the wood material (supplier, customer, quality, quantity etc.).

The delivery document will be completed on-site. The organization “forest-wood-paper” (Forst-Holz-Papier) will prepare a uniform delivery document. This organization is an umbrella organization established by chamber organizations from Forest, Wood and Paper. The delivery document is considered proof of legal harvesting for the sawmill.

Every delivery is documented with the delivery note and traceable back to harvest entity. The delivery note is based on a valid contract between the owner and seller, and specifies the quantity, quality and type of trees. Directly it is controlled by the owner and seller and indirectly by authorities, for example the Ministry of Finance.

Thus the criteria is considered ‘low risk’.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.
1.17.6. Risk designation and specification
Low risk

1.17.7. Control measures and verifiers
N/A

1.18. Offshore trading and transfer pricing

Legislation regulating offshore trading. Offshore trading with related companies placed in tax havens combined with artificial transfer prices is a well-known way to avoid payment of legally prescribed taxes and fees to the country of harvest and considered as an important generator of funds that can be used for payment of bribery and black money to the forest operation and personnel involved in the harvesting operation. Many countries have established legislation covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading as far as it is legally prohibited in the country, can be included here. Risk relates to situations when products are sold out of the country for prices that are significantly lower than market value and then sold to the next link in the supply chain for market prices, which is often a clear indicator of tax laundry. Commonly, the products are not physically transferred to the trading company.

1.18.1. Applicable laws and regulations

- Act on Tax Offences 2010. [online]. Available at: https://english.bmf.gv.at/combating-fraud/Combating.Fraud1.html
- Austrian Corporate Tax. [online]. Section 8, paragraphs: 1 and 2. Available at: https://www.bmf.gv.at/steuern/selbststaendige-unternehmer/koerperschaftsteuer/koerperschaftsteuer.html

1.18.2. Legal authority

- Federal Ministry of Finance
- International Tax Law Division (Division VI/8)

1.18.3. Legally required documents or records

- No specific national transfer pricing documentation rules/guidance. All tax payers are obliged to keep sufficient records of their transactions according to section 126 of the Austrian Fiscal Code.

1.18.4. Sources of information
1.18.5. Risk determination

Overview of Legal Requirements

Austria is a member of the OECD and follows the OECD principles on transfer pricing. The requirements to apply the arm’s-length principle on inter-company dealings and for adequate documentation of transfer prices are constituted in the Income Tax Act and Federal Fiscal Code. In order to ensure the implementation of the OECD principles the Austrian Ministry of Finance published Transfer Pricing Guidelines in 2010 (VPR 2010).

Description of Risk

Austrian tax authorities have shown an increasing focus on transfer pricing, which is supported by an increasing number of tax inspectors specializing in international transactions.

It is not custom to conduct audits on transfer pricing alone, and these will be conducted as part of the general tax audit. Companies are being audited on a three to five years basis if exceeding a certain threshold. For smaller companies audit will take place if they have not been audited for an extended period of time; there might be a focus on certain industries from time to time; or if based on a 'professional judgment' or exceptional fluctuations in key ratios. Regularly examined are transactions with group companies based in low-tax jurisdictions, cross-border transfer of functions, assess or risks, financing transactions as well as inter-company services and licensing.

There are units within the tax audit department that specialize in international transactions, including transfer pricing. Special training is given to this unit and an increase in the amount of these auditors has been seen in recent years.

There are no specific transfer pricing penalties stipulated in VPR 2010, but interest can be charged on the difference between the tax paid and the final tax assessed, and fines and imprisonment charges in cases of tax evasion and fraud.

Austria has raised the focus on transfer pricing and are incorporating the OECD principles on transfer pricing. The CPI of Austria is 69 (above the threshold of 50).

No major issues are reported within the Austrian forest sector

Thus the criteria is considered ‘low risk’.

Risk Conclusion

Non-Government sources

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.18.6. Risk designation and specification
Low risk

1.18.7. Control measures and verifiers
N/A

1.19. Custom regulations
Custom legislation covering areas such as export/import licenses, product classification (codes, quantities, qualities and species).

1.19.1. Applicable laws and regulations

- Austria applies the European customs law.
- Commission regulation (EC) No 1192/2008
- Regulation (EG) Nr. 2173/2005 and (EU) Nr.995/2010 (import of wood material)
- Regulation (EEC) No 2913/92

1.19.2. Legal authority

- Federal Ministry of Finance
- Custom office

1.19.3. Legally required documents or records

- Export and import documents
- Customs documents

1.19.4. Sources of information

Government sources

- bmf.gv.at (N.Y.). Official website of the Federal Ministry of Finance. [online]. Available at: [www.bmf.gv.at](http://www.bmf.gv.at)
- exporthandbuch.at (N.Y.). Export / import guide of the Austrian Economic Chamber. [online]. EU- Customs codex. Available at: [www.exorthandbuch.at](http://www.exorthandbuch.at)
1.19.5. Risk determination

Overview of Legal Requirements

In April 2005, the European Parliament and the Council of the European Union passed an amendment to the Customs Code (Regulation (EC) No 648/2005) with the objective of increasing security when importing and exporting goods into and out of the European Community. The details of this security amendment were regulated in the amendment to the Customs Code Implementing Regulation (Regulation (EC) No 1875/2006).

Since 1. April 2004 the transit procedure has to be conducted as obligatory in NCTS (New Computerized Transit System). Its legal provisions are summarized in the Austrian working guidelines ZK-0910 and ZK-0917.

The TIR-procedure – summarized in the Austrian working guidelines ZK-0911 - can only be used in the European Community where the movement either starts or ends in a third country, or where the goods move between two or more EU Member States via the territory of a third country.

Truckers making use of the TIR procedure must first obtain an internationally harmonized customs document, referred to as a TIR carnet. TIR carnets are issued by national road transport associations. This customs document is valid internationally and as well as describing the goods, their shipper and their destination, represents a financial guarantee. When a truck arrives at a border custom post it need not pay import duties and taxes on goods at that time. Instead the payments are suspended. If the vehicle transits the country without delivering any goods, no taxes are due. If it fails to leave the country with all the goods, then the taxes are billed to the importer and the financial guarantee backstops the importer's obligation to pay the taxes. TIR transits are carried out in bond, i.e. the lorry must be sealed as well as bearing the carnet. The security payment system is administered by the International Road Transport Union (IRU).

The export of wood is regulated by the Forest Act. The precipitated amount of wood will be documented and reviewed by the Ministry of Finance, the customs office.

Description of Risk

According to the World Banks Worldwide Governance Indicator the rule of law in Austria is at a level of 97.6% in 2013. The CPI of Austria is 69 (Above the threshold of 50).

Overall, it is uncommon for companies to make irregular payments or bribes connected with imports and exports (GCR 2013-2014). There are no major issues reported on export of timber in connection to export, and the risk is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.19.6. Risk designation and specification

Low risk

1.19.7. Control measures and verifiers
### 1.20. CITES

**CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention).** Note that the indicator relates to legislation existing for the area under assessment (and not e.g., the area from which CITES species are imported).

#### 1.20.1. Applicable laws and regulations


- Regulation of the Minister of Agriculture, Forestry, Environment and Water Management on the criterion of irrelevance in trade in specimens of wild animal and plant species (Unerheblichkeitsverordnung - ArtHUV). [online]. Available at: [https://www.bmlfuw.gv.at/suchergebnisse.html?queryString=ArtHUV.+113.+Verordnung+des+Bundesministers+f%C3%BCr+Land+und+Forstwirtschaft+%2C+Umwelt+und+Wasserwirtschaft+%C3%BCber+…](https://www.bmlfuw.gv.at/suchergebnisse.html?queryString=ArtHUV.+113.+Verordnung+des+Bundesministers+f%C3%BCr+Land+und+Forstwirtschaft+%2C+Umwelt+und+Wasserwirtschaft+%C3%BCber+…) (Download "Artenhandel-Unerheblichkeitsverordnung")


#### 1.20.2. Legal authority

- Ministry of Agriculture and Forestry, Environment and Water Management
- Federal Ministry of Finance
- Criminal Intelligence Service Austria

#### 1.20.3. Legally required documents or records

- CITES certificate

#### 1.20.4. Sources of information

**Government sources**


- Regulation of the Minister of Agriculture, Forestry, Environment and Water Management on the criterion of irrelevance in trade in specimens of wild animal and plant species (species Trade Unerheblichkeitsverordnung - ArtHUV)
1.20.5. Risk determination

Risk Conclusion

Export: No woody species produced in Austria is mentioned in the CITES lists and the risk is therefore considered low.

Import: Not applicable.

1.20.6. Risk designation and specification

N/A

1.20.7. Control measures and verifiers

N/A

1.21. Legislation requiring due diligence/due care procedures

Legislation covering due diligence/due care procedures, including e.g. due diligence/due care systems, declaration obligations, and/or the keeping of trade related documents, legislation establishing procedures to prevent trade in illegally harvested timber and products derived from such timber, etc.

1.21.1. Applicable laws and regulations

National legislation


European legislation

1.21.2. Legal authority


1.21.3. Legally required documents or records

- Documents required to fulfil the obligation for operators to exercise due diligence system according to article 4.2 and 6 of the Regulation (EU) No 995/2010.
- Documentation on information concerning the operator’s supply, according to article 3, Commission Implementing Regulation (EU) No 607/2012.
- Register of information concerning the operator’s supply as provided for in Article 6.1 (a) of Regulation (EU) No 995/2010 and documentation of application of risk mitigation procedures.

1.21.4. Sources of information

**Government sources**
- Personal interview

1.21.5. Risk determination

**Overview of Legal Requirements**

Austria has implemented the EU Timber Regulation in March 2013. Austrian enforcement of the regulation of EU Timber regulation went into force in August 2013. All forest owners, forestry, companies along the chain of custody must achieve the DDS. The controlling body for the entire implementation of the EUTR is the "Department of Federal Forest office", which was established under the BFW-Act 2005. The Federal Forest Agency is an office of the Federal Ministry of Agriculture, Forestry, Environment and Water Management and employs mainly specially trained personnel of the BFW.
The department is responsible for compliance and verification of Due Diligence by companies or traders exporting wood in the European market.

**Description of Risk**

The district authorities are responsible for controlling and enforcing the implementation of DDS at forest level. The Federal Ministry of Agriculture, Forestry, Environment and Water Management has asked the control to be conducted. However, there is to date no central knowledge on whether the DDS at forest level has in fact been implemented.

The legislative framework has been developed in Austria for enforcing the due diligence system, and the controlling body is determined.

There is limited evidence to suggest that the DDS requirements are uniformly enforced at forest level. However, since low risk has been found in CW Categories 1.1-1.20, it is concluded that the potential impact of this lack of enforcement will be limited both in impact and in scale. As a consequence the risk has been concluded to be low.

**Risk Conclusion**

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

**1.21.6. Risk designation and specification**

Low risk

**1.21.7. Control measures and verifiers**

N/A
Annex I. Timber source types

The table Timber Source Types in Austria identifies the different types of sources of timber it is possible to find in the country of origin.

‘Timber Source Type’ is a term used to describe the different legal sources of timber in a country, in order to allow a more detailed specification of risk. The Timber Source Type is used to clarify:

- which forest types timber can be sourced from legally;
- what the legal requirements are for each source type, and
- if there are risks related to certain source types and not others.

Timber Source Type can be defined by several different characteristics. It may be based on the actual type of forest (e.g. plantation or natural), or other attributes of forests such as ownership, management regime or legal land classification. In this context Timber Source Types are defined and discerned using the following characteristics:

a. Forest type - refers to the type of forest such as plantation or natural tropical forest, or mixed temperate forest. Often the clearest differentiation is between natural forest and plantations.

b. Spatial scale (Region/Area) - relating to meaningful divisions of a nation. However, in some cases the assessment may be carried out at national level where that allows the risk assessment to establish risk at a meaningful level. E.g. a small country with uniform legislation and a uniform level of risk in all areas of the country, as national level assessment may be enough. In case there are significant differences in the legal framework or legality risks between different types of ownership (e.g. public forest, private forest, industrial forest), between different type of forest (e.g. natural forest and plantations) and/or between different geographical regions the conformance risk evaluation shall specify these differences when specifying the risk and apply the appropriate control measures.

c. Legal land/forest classification - refers to the legal classification of land. Focus is on land from where timber can be sourced, and this could entail a number of different legal categories such as e.g. permanent production forest, farm land, protected areas, etc.

d. Ownership - Ownership of land may differ in a country and could be state, private, communal etc. Ownership of land obviously have impacts on how land can be managed and controlled.

e. Management regime - Independently of the ownership of the land, the management of forest resources may differ between areas. Management may also be differentiated as private, state, communal or other relevant type.

f. License type - Licenses may be issues to different entities with a range of underlying requirements for the licensee. A license might be issued on a limited area, limited period of time and have other restrictions and obligations. Examples could be a concession license, harvest permit, community forestry permit etc.
<table>
<thead>
<tr>
<th>Forest type</th>
<th>Region/Area</th>
<th>Legal Land Classification</th>
<th>Ownership</th>
<th>Management regime</th>
<th>License / Permit Type</th>
<th>Description of source type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plantation</td>
<td>National</td>
<td>Energy wood (farm land)</td>
<td></td>
<td>Conversion from agriculture to energy wood production</td>
<td>Permit for conversion from agriculture to energy wood production. Reviewed by governor.</td>
<td>Energy wood (farm land)</td>
</tr>
<tr>
<td>Semi-natural / natural</td>
<td>National</td>
<td>Production forest</td>
<td></td>
<td>Commercial regime Clear cutting and single cutting</td>
<td>Harvesting permit. Reviewed by governor.</td>
<td>Production forest</td>
</tr>
<tr>
<td>Semi-natural / natural</td>
<td>National</td>
<td>Protected forest</td>
<td></td>
<td>Shall be reforested with the wood species already growing in the area</td>
<td>Permission of landowner, perhaps with state notice or a permit.</td>
<td>Protected forest</td>
</tr>
</tbody>
</table>
About

Supporting Legal Timber Trade

Supporting Legal Timber Trade is a joint project run by NEPCon with the aim of supporting timber-related companies in Europe with knowledge, tools and training in the requirements of the EU Timber Regulation. Knowing your timber's origin is not only good for the forests, but good for business. The joint project is funded by the LIFE programme of the European Union and UK aid from the UK government.

NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

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This risk assessment has been developed with funding from FSC™. FSC is not otherwise associated with the project Supporting Legal Timber Trade. For risk assessment conducted according to the FSC-STD-40-005, ONLY entries (or information) that have been formally reviewed and approved by FSC and are marked as such (highlighted) can be considered conclusive and may be used by FSC candidate or certified companies in risk assessments and will meet the FSC standards without further verification. You can see the countries with approved risk assessment in the FSC document: FSC-PRO-60-002b V2-0 EN List of FSC-approved Controlled Wood documents 2015-11-04.