

Will Austrian Tax Reforms Send Wine Tourism Packing?

Albert Stöckl, IMC University of Applied Sciences Krems, *Austria*
albert.stoeckl@fh-krems.ac.at

Lena Schachinger, Concircle Management Consulting, Vienna, *Austria*
lena.schachinger@gmail.com

Purpose - The purpose of this paper is to investigate the Austrian Financial Reform 2015/16 and its impact on the Austrian wine tourism sector. The focus is set on aspects such as competitiveness of Austrian wine tourism businesses and Austria's attractiveness as a wine tourism destination. As no study has dealt with the impact of legislative measures on wine tourism activities in Austria so far, this paper attempts to close this gap.

Approach - A review of related literature and an accurate assessment of the novel paragraphs in the relevant legislative texts provide information on legal changes pertaining to wine tourism in Austria. Eight in-depth interviews, totaling a duration of 226 minutes with experts in the field including tax consultants, managing directors of regional tourism boards and wine tourism operators were carried out to identify critical issues in connection with the new legal policies. Furthermore, future impacts and perspectives are evaluated. All interviews were recorded and transcribed to facilitate analysis. Coding followed a general framework of identifying thematic categories followed by interpretation and summing up of findings.

Findings - The increase in value added tax and the mandatory introduction of cash registers significantly affect business operations in wine tourism. Findings reveal that especially small-sized companies – which in the wine tourism context are the vast majority of all businesses - struggle due to these new legal regulations. However, external factors such as interest rates and geopolitical affairs have to be taken into account as well. Thanks to a good tourism infrastructure, high-quality offers and high security standards, Austrian wine tourism operators may be able to maintain a competitive position.

Practical implications - Based on the results of this study, effective tourism policies can be developed in order to establish favorable conditions for wine tourism in Austria. A number of measures and practical implications are outlined in this paper including recommendations concerning investment activities, amortization periods, technical solutions for cash registers and, finally, the advice to consult a professional tax advisor even as a small business. Both, qualitative and quantitative research on the topic along with rigid monitoring on how the sector develops (number of abandonment of the enterprises, bankruptcies) is suggested.

Key words: tax reform, wine-tourism, VAT, cash register, Austria.