



Center for  
Accounting  
Research

# Newsletter

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## Research Project: Non-Financial Reporting: Economics and Real Effects

The Austrian Science Fund has committed to funding the 45-month project “Non-Financial Reporting: Economics and Real Effects” which is led by CAR’s Georg Schneider. The research project’s objective is to develop theoretical results on associations and causal effects of mandatory and voluntary non-financial reporting. In more detail, the project will focus on capital markets as the primary target group of non-financial reporting but also include suppliers, competitors, and other stakeholders whose reaction to non-financial information impacts the reporting companies. Some of the research project’s anticipated results comprise a better understanding of potential interactions of earnings management in financial reporting and greenwashing and the effects of auditing non-financial information. Furthermore, the project examines the economic effects of non-financial reporting regulations, e.g., investments in sustainability or the level of carbon emissions released. The expected results primarily target the international accounting research community but also should be relevant for policymakers, regulators, and standard setters.

## Presentation at “Business Valuation, Accounting, and Auditing” in Linz

On November 29<sup>th</sup>, CAR’s Alfred Wagenhofer was invited to present at a workshop hosted by the research initiative “Business Valuation, Accounting, and Auditing” at Johannes Kepler University in Linz (JKU). The research initiative was created by JKU and the Vienna University of Economics and Business (WU) as a platform for the exchange of ideas on current topics from theory, practice and case law in company valuation, accounting, and auditing.

Alfred Wagenhofer gave a presentation with the title “Sustainability Reporting from a Financial Reporting Perspective”, comparing main features of sustainability reporting with the corresponding features of financial reporting. Andrea Sternisko (partner at KPMG and member of the EFRAG Administrative Board) discussed the topic from the standard setter and practitioner angle. The

presentations were followed by questions and discussions from both attendants in person and online.



Alfred Wagenhofer at JKU Linz.

## Theresa Wittreich now PostDoc at CAR

After being a member of the DART program for three and a half years and obtaining a Ph.D. in accounting from the University of Graz, I am happy to join CAR as a postdoctoral researcher. My key responsibility is to conduct high-quality research within the research project “Non-Financial Reporting: Economics and Real Effects” funded by the Austrian Science Fund. My research interest is closely related to the topic of my Ph.D. thesis and includes the effect of mandatory and voluntary non-financial reporting on firms’ real economic decisions. I look forward to expanding my analytical research skills, enhancing my network in the research community, and addressing some of the current issues in accounting and non-financial reporting. I hope that I can positively contribute to the research community at the Center for Accounting Research.



## “Aktuelle Entwicklungen in der Nachhaltigkeitsberichterstattung” in RWZ

In this article, published in “RWZ – Zeitschrift für Recht & Rechnungswesen” in 2022, CAR’s Georg Schneider, Ewald Aschauer (WU) and Jacqueline Strakova (JKU) take up aspects of the CSRD proposal and compare objectives and issues in the development of sustainability reporting standards at the international and European level.

## „Die österreichische Gruppenbesteuerung aus Sicht der Praxis“ (BFuP)

In this article, published in "Betriebswirtschaftliche Forschung und Praxis" in 2022, Martina Rechbauer and Silke Rürger (Institute for Accounting and Taxation) summarize practical experiences in connection with Austrian group taxation. The article is based on an interview study with Austrian tax consultants focusing on areas in which Austrian group taxation differs significantly from German group taxation. It concerns the inclusion of foreign companies, the statutory minimum period of existence, and the agreement on tax equalization required for the use of Austrian group taxation. In the event of a reform, the German legislature could take into account the experiences of Austria described in this article and counteract the occurrence of those problem areas identified in practice when implementing Austrian group taxation.



## AFRAC International 2022

On November 28<sup>th</sup>, AFRAC organized its annual "AFRAC International" event (formally IASB&EFRAG@AFRAC), which provided an opportunity to discuss recent developments in financial and sustainability accounting with high-ranking members of the IASB, ISSB, and EFRAG. The event was chaired by CAR's Alfred Wagenhofer, chairman of the AFRAC's International Financial Reporting working group. This year's event featured two workshops – one focusing on developments in financial reporting, with talks by Andreas Barchow (IASB chair), Wolf Klinz (EFRAG FRB chair), and Chiara Del Prete (EFRAG FR TEG chair), and one focusing on sustainability reporting, with talks by Patrick de Camborg (upcoming EFRAG SRB chair), Richard Barker (ISSB member), and Chiara Del Prete.

## Workshop Presentations in Paderborn & Oslo

On October 11<sup>th</sup>, CAR's Alfred Wagenhofer presented a working paper titled "The Economic Effects of Litigation Risk on Corporate Disclosure and Innovation", joint work with Stefan Schantl (University of Melbourne) at the accounting research workshop at the BI Norwegian Business School in Oslo and at the Taxation, Accounting, and Finance research seminar at the University of Paderborn on November 2<sup>nd</sup>. The presentation in Paderborn was part of a seminar series in the German TRR "Accounting for Transparency". Wagenhofer was also a panelist in another event organized by the TRR, joint with the Schmalenbach-Gesellschaft für Betriebswirtschaft, on November 3<sup>rd</sup>, "Wissenschaft trifft

Praxis – Die neue Transparenz: Chance oder Bremse". The panel discussed research and practice of disclosure of non-financial and financial information.



Alfred Wagenhofer with workshop participants in Paderborn.

## DAR&DART Theory Seminars

During the winter term, the DART and the Swiss Doctoral Program Network in Accounting Research (DAR) again organized a series of web theory seminars. The guest speakers were Associate Professor Kevin C. Smith (Stanford University), who presented his working paper "Strategic complexity in disclosure" on the 9<sup>th</sup> of November, and Associate Professor Tong Lu (University of Houston), who held a talk on "Cycle-Turn-Contingent Bank Regulation and CECL Accounting" on the 30<sup>th</sup> of November. The next web seminar will be held on January 25<sup>th</sup> with a talk by Professor Lin Nan (Purdue University).

## "The Effect of an Allowance for Corporate Equity on Capital Structure" (PFR)

In this article, published in "Public Finance Review" in 2022, Silke Rürger (Institute of Accounting and Taxation) and Matthias Petutschnig (WU) conduct a firm-level evaluation of the allowance for corporate equity (ACE) in Austria. They find that the ACE tax system increased corporate equity ratios by approximately 1.36 to 2.30 percentage points. Additionally, they find significant differences in the application of the ACE tax system depending on firm-specific dividend levels and ownership structures. Also, firms with dispersed ownership refrain from applying the ACE tax system, which might be due to the fact that firms with less dispersed ownership can react more quickly to tax law changes.



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