



Newsletter

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AFRAC 20 years celebration at the Austrian Ministry of Justice

On November 27, 2025, the Austrian Financial Reporting Advisory Committee (AFRAC) celebrated its 20th anniversary with a jubilee event at the Austrian Ministry of Justice. The occasion honored two decades of outstanding contributions to accounting and financial reporting through an engaging lecture program featuring speakers from the Austrian Ministry of Justice (BMJ), the Austrian Ministry of Finance (BMF), the Austrian Financial Market Authority (FMA), the German Accounting Standards Committee (DRSC), the Austrian Financial Reporting Enforcement Panel (OePR), the International Accounting Standards Board (IASB), the International Sustainability Reporting Board (ISSB), and the European Financial Reporting Advisory Group (EFRAG).

CAR's Georg Schneider, AFRAC member and member of the Steering Committee of AFRAC's Sustainability Reporting working group (AG SR); Alfred Wagenhofer, AFRAC Vice Chair, Head of AFRAC's International Financial Reporting working group (AG IFR), and Co-Head of the Steering Committee of AG SR; and CAR Post-Doc Theresa Wittreich, assistant at AFRAC, participated in this notable event. The presentations offered valuable insights into AFRAC's accomplishments and provided new perspectives on the future of financial and sustainability reporting.



Wagenhofer, Florian Esterer (IASB), and Wolf Klinz (EFRAG) at a panel.

The program included a keynote by Romuald Bertl, AFRAC Chair, on AFRAC's future activities, followed by a panel discussion, as well as three workshops covering current issues in Austrian financial reporting, international financial reporting, moderated by CAR's Alfred Wagenhofer, and sustainability reporting.



Schneider, Wittreich, Lanfermann (President DRSC), Barbaric (University of Graz and assistant at AFRAC), and Wagenhofer at the Ministry of Justice.

Smart Regulation and Technology Impact Summit 2025

The "Field of Excellence" Smart Regulation, in which CAR researchers work together with researchers in law, psychology, and ethics, held its sixth Symposium in November 2025. The topic of this year was "Rethinking Regulation for Sociotechnical Futures". CAR's Georg Schneider took part in a panel discussion, talking about the balance between innovation and regulatory frameworks.



Lederer, Habijanic, Sallmutter, Müllner, Trummer, Schneider, and Wittreich at the Sky Room.

The Technology Impact Summit (TIS), a Think Tank event that provides a platform for discussion and reflection on the latest developments and trends, took place for the second time at the Seifenfabrik in Graz in November 2025. The topic of this year's TIS was "AI in use: Competencies – Applications – Impact". CAR's Georg Schneider was part of the first "near future" debate, talking about the impact of AI: hard numbers or soft factors – how do we measure true value?



Schneider during the debate.

Practice-oriented articles

In the article "Änderungsvorschläge betreffend CSRD und CSDDD gemäß Omnibus I und Änderungen der Umwelttaxonomie VO zur Stärkung der europäischen Wettbewerbsfähigkeit", recently published in "RWZ – Zeitschrift für Recht & Rechnungswesen", CAR's Georg Schneider and Theresa Wittreich take up the deregulation package Omnibus I, issued by the European Commission in February 2025 to reduce administrative burdens for firms. The article summarizes the proposed cuts to sustainability reporting requirements in the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy Regulation, and the proposed modifications to due diligence obligations under the Corporate Sustainability Due Diligence Directive (CSDDD).

DART student Lisa Walcher and CAR's Georg Schneider and Theresa Wittreich published the article "Unzureichendes vertikales Alignment in der Nachhaltigkeitsberichterstattung nach ESRS" in "RWK – Reporting & Wirtschaft kompakt" in 2025. The article examines the lack of vertical alignment between the sustainability reporting requirements set out in the European Sustainability Reporting Standards (ESRS) and the information needs of data users. The misalignment creates frictions in the data exchange between companies operating at different levels of the value chain. The article offers practical recommendations for addressing these issues.

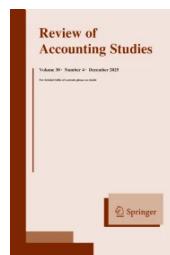
CAR's Theresa Wittreich and Jacqueline Strakova (WU) have published "Comment Letter des AFRAC zu den Entwürfen der überarbeiteten ESRS Set 1" in "RWZ – Zeitschrift für Recht & Rechnungswesen". As part of Omnibus I, the European Commission announced a series of adaptations to ESRS Set 1, developed by EFRAG. Between August and September 2025, stakeholders had the opportunity to provide feedback through a public consultation, in which the Austrian standard setter, AFRAC, also participated. This article provides an overview of the regulatory background of the revised ESRS Set 1, summarizes the draft amendments, and highlights AFRAC's comment letter submitted during the consultation process.

Austrian Steuerlehretag

From September 22nd to 23rd, 2025, the Austrian Steuerlehretag took place at the Genusshotel Riegersburg. This annual event brings together scholars from across Austria to discuss current developments in tax regulation and research. Over the two days, participants engaged with a diverse programme ranging from normative analyses of income tax provisions, to empirical work on anti-profit-shifting rules, to discussions on digitalisation in tax procedures. The conference also featured a presentation by CAR's Rainer Niemann, who presented his paper "Carbon Taxes and ESG-Based Compensation: Should Emission Reduction be Over-Incentivized?", which inspired a lively discussion on the intersection of environmental taxation and incentive design.



When do corporate penalties for financial misreporting enhance long-term firm Value? (Review of Accounting Studies)



In their paper titled „When do corporate penalties for financial misreporting enhance long-term firm Value?“, published in the Review of Accounting Studies, CAR's Alfred Wagenhofer and former DART student Stefan Schantl (University of Melbourne) analyze firm-value effects

of corporate penalties in response to detected financial misreporting. Proponents of punishing firms for their

managers' misreporting may enhance firms' long-term value by mitigating underinvestment in compliance mechanisms, whereas opponents argue that these penalties may harm the very same investors that were already harmed by misreporting. In their model, a myopic manager chooses manipulative effort to misreport unfavorable private information to increase the market price of the firm, and a board of directors oversees reporting by establishing internal controls over financial reporting to curb misreporting at a cost accruing to the firm. They find that governance transparency and board dependence are key factors that moderate the firm-value effects of corporate penalties. Underinvestment in compliance mechanisms such as internal controls only occurs if governance is not transparent and boards are sufficiently dependent, while overinvestment occurs otherwise. Their results have implications for both regulatory practice and empirical research. For example, even though corporate penalties always strengthen boards' incentives to invest in internal controls, this does not necessarily enhance firms' long-term value. Furthermore, their results potentially explain mixed empirical evidence on the capital market effects of public enforcement.

SOWI Faculty Day 2025

On November 20, the SOWI Faculty Day took place. As part of the event, former DART student Benedikt Sieghartsleitner and DART student Oliver Habijanec were awarded for their outstanding theses and had the opportunity to present their doctoral and master theses, respectively.



„Die Kapitaleinkommensbesteuerung: Ein steuerliches Kernthema, das im Koalitionsvertrag vergessen wurde“ (Steuer und Wirtschaft)

In this article, published in *Steuer und Wirtschaft* in 2025 (4), CAR's Rainer Niemann and Dirk Kiesewetter (University of Würzburg) analyze the taxation on private capital income, a topic that was not considered in the coalition agreement. According to the coalition agreement, growth incentives should be created primarily through measures in the field of corporate taxation and through tax relief on labor income.

However, there is no mention of taxation on private capital income. For decades, this has been characterized by an increasingly differentiated pluralism, which may result in substantial distortions of decision-making and efficiency losses, while also generating high costs of tax planning, declaration, and enforcement. If neutral capital income taxation continues to prove politically unfeasible, a minimally invasive measure would be to simplify taxation through standardisation and lump-sum taxation, in particular by significantly expanding and raising the saver's allowance.

Defense of Klaus Haider



DART student Klaus Haider successfully defended his doctoral thesis "ESG Information, Corporate Decisions, and Executive Compensation" at the University of Vienna, supervised by Thomas Pfeiffer and Ulrich Schäfer. His cumulative dissertation comprises three papers on how ESG information shapes corporate investment behavior, disclosure strategy, and managerial pay. The first paper, already published in the *European Accounting Review* (EAR), analyzes how public information triggered by thematic stock index inclusion affects firm investment incentives and stock-based compensation. The second paper, co-authored with Christian Schmid (IMC Krems), studies firms' strategic choices between public ESG disclosure and private communication with rating agencies, showing how private channels can lead to pooling equilibria that hinder investors' ability to assess internal ESG quality. The third paper, co-authored with Markus Eigruber (University of Vienna), Thomas Pfeiffer and Christian Schmid and published in the *Swiss Journal of Business*, examines recent trends in executive compensation at DAX firms, documenting the increasing use of ESG metrics, the adoption of malus and clawback provisions, say-on-pay developments, and the prevalence of relative performance evaluation.

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