



Fee Setting Principles for the Public Accounting Professions

Laid down by the Working Group for Fees and General Conditions of Contract of the Chamber of Certified Public Accountants and recommended for use by the Board of the Chamber of Certified Public Accountants in its decision of December 13, 1999.

Preamble

(1) In view of their complicated nature the qualified and specialized activities of persons entitled to exercise one of the public accounting professions can be judged only with difficulty. The Autonomous Guidelines for Public Accountants (AHR) of the Chamber of Certified Public Accountants became ineffective on June 30, 1999. It is therefore in the interest of the public that the fee setting principles developed in the course of decades are identified and summarized in the version currently applied in order to be able to assess the reasonableness of the fees charged.

(2) The principles relate to the services of all persons entitled to exercise the respective profession.

(3) The good relationship between those entitled to exercise a public accounting profession and their clients is above all based on agreements on fees that are as clear as possible. Thus, questions relating to the reasonableness of fees arise mainly when special fee contracts are absent or when such agreements are unclear.

(4) As a rule, the total remuneration for the services of a person entitled to exercise the respective profession shall consist of

a remuneration based on time,
an ad valorem fee,
incidental expenses and
value added tax.

(5) Experience has shown that the calculation of fees is usually based on the joint consideration of a remuneration based on time and an ad valorem fee.

SECTION I

Ordinary Remuneration of Persons entitled to Exercise the Profession

1. Remuneration Based on Time

(1) The appropriate time fee commonly used for services requiring the full qualifications of a person entitled to exercise the respective profession shall be ATS 1,020 per hour (basic amount); in the circumstances indicated in Item 2 this hourly rate is usually raised by up to 100% (supplementary charge). The hourly rate charged for other activities (e.g. bookkeeping, payroll accounting) – even if they are carried out by the person entitled to exercise the profession himself/herself – is the common

hourly rate usually charged for an employee sufficiently qualified to carry out this work. In special cases the hourly rate thus calculated may be reduced by as much as 20% or in some cases (e.g. urgent services which result in working overtime, on public holidays, at night or on weekends) it may be raised by up to 20%.

(2) Within the overall framework provided in Item 1, when setting the hourly rate, the type, range and the qualification of the service rendered, the significance of the work of the person licensed to practice for the client, the office facilities required to carry out the work and the social situation of the client shall all be taken into account. Work which differs from the general activities of the person entitled to exercise the profession in requiring particular knowledge or experience shall be classified as qualified or difficult, while extensive services are particularly labor-intensive and/or time-consuming.

(3) One hour of work provided by an employee is usually charged at a rate 2% of his/her gross monthly remuneration. The gross monthly remuneration shall be taken as 1/12 of the gross annual remuneration (monthly salaries, special payments and other financial benefits from the employment), as applied to normal working hours specified in the collective agreement. In contrast to this, a higher amount shall be charged for services which are urgently required by the client, as provided for in Item 1.

(4) Reports, expert opinions and notifications shall be written in German. Should the client require translations into foreign languages which the person entitled to exercise the profession is prepared to supply, the time required for this shall be charged in accordance with Point 1 Item 1 (only basic amount) and Item 3 respectively.

(5) The minimum charge for services provided in accordance with Items 1, 3 and 4 shall be the charge for a period of thirty minutes.

(6) Necessary travelling time shall also be charged.

(7) A person seeking advice from and calling upon the services of the person entitled to exercise the profession in his/her office for the first time and on one occasion for a consultation lasting for a maximum of one hour shall be charged for this professional service a fee of ATS 500 without any incidental expenses but excluding value added tax.

2. Ad valorem Remuneration

(1) For the following activities an ad valorem fee shall be charged in addition to a time fee:

1. Auditing, statutory audits of the financial statements and cost auditing,

2. Preparing annual financial statements, interim financial statements, special balance sheets and cash basis of accounting,
3. Organizational consultation (commercial books and EDP consulting), cost accounting, profitability appraisals and the like,
4. Business consulting,
5. Handling of and providing representation in matters of taxation and other legal matters,
6. Drawing up expert opinions,
7. Trusteeships and asset management,
8. Matters relating to the Austrian Stock Exchange and Capital Market Act.

(2) The ad valorem fee shall be calculated on the basis of the value of the item or asset. The value of the item or asset shall be taken as the current market value of the value of the asset in litigation, in matters pertaining to financial statements it shall be taken as the net asset value according to the financial statements for tax purposes. If, in view of professional experience, this value is deemed to be inappropriate, the value of the asset can alternatively be calculated as 30% of total assets (asset side of the balance sheet minus offsetting items). In the case of cash basis of accounting the value of the asset shall, as a rule, be taken as the sum of disbursements. If the ad valorem fee calculated on the basis of the sum of disbursements does not result in an appropriate ad valorem fee due to the relatively small sum of disbursements, the value of the asset will usually be calculated as 2/3 of receipts.

(3) The ad valorem remuneration is derived from the value of the asset as follows (in Austrian Shillings):

Asset Value	Percentage Surcharge on Additional Amount	Fee as Calculated for the Highest Value in Each Case
For the first ATS 1,000	Fixed	ATS 275
over ATS 1,000 up to ATS 5,000	8.25%	at ATS 5,000 ATS 605
over ATS 5,000 up to ATS 10,000	5.5%	at ATS 10,000 ATS 880
over ATS 10,000 up to ATS 50,000	1.79%	at ATS 50,000 ATS 1,595
over ATS 50,000 up to ATS 100,000	1.51%	at ATS 100,000 ATS 2,351
over ATS 100,000 up to ATS 500,000	0.55%	at ATS 500,000 ATS 4,551
over ATS 500,000,- up to ATS 1,000,000	0.41%	at ATS 1,000,000 ATS 6,601
over ATS 1,000,000 up to ATS 2,500,000	0.344%	at ATS 2,500,000 ATS 11,761
over ATS 2,500,000	0.206%	

(4) Instead of the ad valorem fee chargeable according to Item 2 in connection with Item 3, the ad valorem fee may be charged up to 100% on the basis of the fee charged pursuant to Point 1 for the person entitled to exercise the profession and qualified employees (accountants qualified to prepare balance sheets, employees handling taxes) in cases where the value of the asset is either difficult to ascertain or where the fee calculated according to the value of the asset has produced an obviously inappropriate result from an

economic point of view. The reason for such an inappropriate result can be found in the particular nature or in the special facilities of the office.

(5) As regards matters under Point 2 Item 1 lit. 8 the ad valorem fee according to Item 3 can be increased by up to 100%.

(6) For simple activities of secondary importance (e.g. paper work, routine notifications sent to the Department of Social Security, errands and the like) only the appropriate time fee pursuant to Point 1 Item 3 shall be charged.

SECTION II

Rates for Audits Carried Out with a View to Issuing the Auditor's Certificate

3. Remuneration based on Time

(1) The appropriate remuneration for services provided by an auditing assistant shall be ATS 640 per hour, and ATS 1,020 for an auditor, in each case the minimum remuneration shall be in accordance with Point 1 Item 3. An auditor shall be deemed a qualified auditor, if he/she has at least 4 years of professional experience in this field.

(2) For auditors with a license to practice a surcharge of up to 100% can be charged in line with the regulation concerning time fees pursuant to Point 1, resulting in an hourly rate of between ATS 1,020 and ATS 2,040.

(3) For the services of a certified public accountant (Wirtschaftsprüfer) or certified accountant (Buchprüfer), in charge and responsible for the assignment, the maximum hourly rate charged for an auditor licensed to practice can be raised by up to 100%.

(4) For services which the client requires urgently (e.g. working overtime, on public holidays, at night or on weekends) the hourly rates pursuant to Point 3 can be raised by up to 20%.

(5) The minimum charge for a service provided in accordance with Items 1, 2, and 3 shall be the charge for a period of 30 minutes.

(6) Necessary travelling time shall also be charged.

4. Ad valorem Remuneration

(1) In addition to the remuneration based on time, which is regulated in Point 3, an ad valorem fee shall be charged. The ad valorem remuneration for the following assessment basis shall be (in ATS):

Assessment Basis	Up to ATS	10,000,000	10,000
Over ATS	10,000,000 up to	11,250,000	10,700
Over ATS	11,250,000 up to	12,500,000	11,400
Over ATS	12,500,000 up to	13,750,000	11,900
Over ATS	13,750,000 up to	15,000,000	12,400
Over ATS	15,000,000 up to	16,250,000	12,900
Over ATS	16,250,000 up to	17,500,000	13,400
Over ATS	17,500,000 up to	18,750,000	13,900

Over	ATS	18,750,000 up to	20,000,000	14,400
Over	ATS	20,000,000 up to	22,500,000	14,900
Over	ATS	22,500,000 up to	25,000,000	15,300
Over	ATS	25,000,000 up to	27,500,000	15,800
Over	ATS	27,500,000 up to	30,000,000	16,300
Over	ATS	30,000,000 up to	32,500,000	16,800
Over	ATS	32,500,000 up to	35,000,000	17,300
Over	ATS	35,000,000 up to	37,500,000	18,100
Over	ATS	37,500,000 up to	40,000,000	18,800
Over	ATS	40,000,000 up to	42,500,000	19,600
Over	ATS	42,500,000 up to	45,000,000	20,300
Over	ATS	45,000,000 up to	47,500,000	21,000
Over	ATS	47,500,000 up to	50,000,000	21,800
Over	ATS	50,000,000 up to	75,000,000	28,100
Over	ATS	75,000,000 up to	100,000,000	35,200
Over	ATS	100,000,000 up to	125,000,000	41,300
Over	ATS	125,000,000 up to	150,000,000	46,200
Over	ATS	150,000,000 up to	175,000,000	50,100
Over	ATS	175,000,000 up to	200,000,000	52,800
Over	ATS	200,000,000 up to	300,000,000	59,800
Over	ATS	300,000,000 up to	400,000,000	67,800
Over	ATS	400,000,000 up to	500,000,000	75,100
Over	ATS	500,000,000 up to	1,000,000,000	103,100
Over	ATS	1,000,000,000 up to	2,000,000,000	137,500
Over	ATS	2,000,000,000 up to	3,000,000,000	171,900
Over	ATS	3,000,000,000 up to	4,000,000,000	192,500
Over	ATS	4,000,000,000 up to	5,000,000,000	206,300
Over	ATS	5,000,000,000 up to	7,500,000,000	240,000
Over	ATS	7,500,000,000 up to	10,000,000,000	270,000
Over	ATS	10,000,000,000 up to	15,000,000,000	320,000
Over	ATS	15,000,000,000 up to	20,000,000,000	360,000
Over	ATS	20,000,000,000 up to	25,000,000,000	390,000

For each additional ATS 5 billion
an additional ATS 25,000

(2) The balance sheet total minus offsetting items shall be taken as the assessment basis in case of auditing annual financial statements and audits of the foundation of companies; offsetting items shall be any losses (period loss plus loss carried forward) up to the amount of reported equity capital and any value adjustments.

(3) If the ad valorem remuneration calculated according to Item 1 is inappropriate, in cases where audits are carried out with a view to issuing an official auditor's certificate, the ad valorem fee is usually calculated according to the provisions of Point 2.

SECTION III Expert's Fees

5.

When issuing private expert opinions and court expert opinions pursuant to Section 34 Paragraph 2 of the Fee Schedule Act, Federal Law Gazette No. 136/1975, as amended, the present fee setting principles shall be used as a basis. Remuneration based on time plus ad valorem fee result in the ordinary total fee. In addition, incidental expenses and value-added tax (Point 9) shall also be charged.

SECTION IV Supplementary Provisions Concerning Fees

6.

In view of the loyalty to the client in case of particular financial hardship, a reduction in fee may be granted. In

frequent cases this reduction is openly identified as such on the invoice.

7.

If a previously negotiated fee turns out to be insufficient due to particular circumstances which have subsequently arisen or due to certain demands subsequently put forward by the client, additional negotiations may be held in order to come to an agreement on an appropriate remuneration. This shall also apply to insufficient flat rates.

8.

The right to negotiate fees independently shall not be affected by these empirically based fee setting principles. In special cases the ad valorem remuneration according to Point 2 shall be replaced by an ad valorem remuneration dependent on performance, which shall be agreed upon in addition to the remuneration based on time.

SECTION V

Ancillary Expenses and Value Added Tax

9.

(1) The person entitled to exercise the respective profession shall charge ancillary expenses and value added tax in addition to his/her ordinary fee.

(2) Ancillary expenses shall include out-of-pocket expenses supported by receipts or consolidated into a lump sum, travel expenses (first class rail travel plus sleeper, if applicable), daily allowance, mileage allowance, photocopying costs and similar incidental expenses.

(3) Should special liability insurance be required, the corresponding insurance premiums shall be included in the incidental expenses.

(4) Furthermore, incidental expenses shall also include a reasonable share of the costs incurred by the use of EDP equipment.

(5) In addition, incidental expenses shall also include – notwithstanding an ad valorem fee (Point 2 or Point 4) – personnel and administrative costs incurred in the preparation of reports, expert opinions and the like. As far as personnel costs are concerned, Point 1 Item 3 shall apply.

SECTION VI

Other Provisions

10.

(1) If several persons licensed to practice have been entrusted with the task of jointly executing a contract, each of them shall be entitled to the fee corresponding to his work. This shall not apply to an ad valorem remuneration in the case of statutory audits pursuant to Section 134 of the Austrian Stock Corporation Act

(AktG) and to Section 268 ff of the Austrian Commercial Code (HGB).

(2) In the absence of other agreements fees and fee advances shall be due without delay immediately after they have been invoiced in writing. If payment for fees is effected more than 14 days after the due date, the appropriate interest on arrears may be charged.

(3) The statutory limitation period is stipulated in Section 1486 of the Civil Code (ABGB) and shall commence upon completion of the service or upon subsequent invoicing within reasonable time.

SECTION VII

Final Statement

11.

The fee setting principles summarized above are based on empirical facts identified in October 1999. It will probably be the task of the Working Group for Fees and Conditions of Contract to introduce changes to these principles after a reasonable time period has elapsed.