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In Demand: Austria's Lawyers and Tax Consultants

Austria's law and tax consultancy firms have been active in Eastern and South-Eastern Europe for decades. Today, they benefit from their early involvement in the former Eastern Bloc countries, and their competence when it comes to Eastern Europe puts them in demand more than ever before among internationally active companies.

SINCE THE FALL OF THE IRON CURTAIN twenty years ago, and especially since the eastern European expansion of the EU in 2004, Vienna has shifted into a position as the centre of the "new" Europe and has become a central base for expansion efforts into Eastern and South-Eastern Europe. Austria's law firms and tax consultancies had already recognized this trend decades before, and with Vienna as their base, they either set up their own offices in these promising markets or entered into co-operations with local firms. Today, they can benefit from the many years of experience and enjoy an excellent reputation among internationally active companies thanks to their competence when it comes to Eastern Europe. "Due to the geographical proximity to CEE and the presence of Austrian companies there, the Austrian firms have good background knowledge about the region. The legal constitution and concept in the countries of the CEE/SEE region are built similarly to the EU and Austria, and they even have common roots with the latter that stem from the times of monarchy," as Erik Steger, Partner and Spokesman for the Management at Wolf Theiss, points out. This law firm, which was founded in 1957, opened its first office abroad in 1998 in Prague. "Vienna was

the ideal base because many of Wolf Theiss' Austrian clients, such as banks and insurance companies, started their expansion into the Eastern and South-Eastern European region after the fall of the Iron Curtain. But international companies also use Vienna as a hub for their activities in CEE/SEE," Steger continues. Besides their Vienna office, Wolf Theiss operates twelve offices throughout the CEE/SEE region today and employs a total staff of 575, of which approximately 320 are lawyers. Wolf Theiss' strongest departments are Corporate/Mergers & Acquisitions, Banking & Finance, Dispute Resolution, Real Estate and Projects (Energy, Infrastructure and Project Finance).

The Successful Way East

The tax consulting and auditing firm TPA Horwath, founded in 1979, already began its expansion into Eastern Europe in the early 1990's. Today, with 24 offices and more than 900 employees, the group is one of Austria's largest tax consulting and audit enterprises. Besides their locations in Austria, TPA Horwath also has offices in Bulgaria, Croatia, Poland, Romania, Slovakia, Slovenia, the Czech Republic and Hungary. Their comprehensive range of consulting services covers

the areas of international tax consulting, auditing and business consulting. Klaus Bauer-Mitterlehner, who is in charge of TPA Horwath's expansion in CEE and the continued development of their locations in Central and Eastern Europe, says about the expansion: "Aside from the geographical proximity, which facilitates many things, Austria – based on its history – is also a 'melting pot' with many immigrants, especially from the Eastern-European region. That of course enhances the mutual understanding and the inter-cultural competence." Both firms point out that the collaboration with their foreign offices is very tight and characterized by a continuous transfer of knowledge. "There are ongoing training courses and strategy meetings among the departments, so we consider ourselves more of a regional company than a Viennese company," states Erik Steger of Wolf Theiss. For Leopold Kühmayer, who is also a Partner at TPA Horwath and in charge of the CEE expansion, it is crucial that "local flexibility is maintained – many decisions can and should be made locally. This is the only way that we can quickly and flexibly react to the needs of clients in the various countries."

Partnerships with Local Firms

The expansion of Austrian lawyers and consultants into Eastern and South-Eastern Europe did not only happen by way of establishing offices abroad. The attorney partnership of Weber Maxl & Partner, for example, relied on cooperations with partner firms in foreign countries, following a "best friends" approach. "This has the advantage for clients that they receive advice from a familiar source, while at the same time they can rest assured that specialized lawyers who know the local conditions and meet our high quality standard are working for them on location," says Daniela Witt-Dörning, Partner at Weber Maxl & Partner and in charge of the area of real estate law. The firm's roots go back as far as 1919. Today, a team of 40 people consisting of lawyers and other staff advises clients in all commercial legal matters on a national and international level – from conducting cross-border transactions to structuring and legal coordination of business activities in other countries.

There also are hybrids among the Austrian law firms when it comes to their international consulting activities. Cerha Hempel Spiegelfeld Hlawati (CHSH) with more than 170 lawyers is one of Austria's leading corporate law firms and operates offices in Belgrade, Bratislava, Budapest, Bucharest, Minsk, Sofia and Timișoara. In addition, CHSH maintains close relationships with renowned law firms in those countries where they don't operate their own office. The subsidiaries in CEE primarily specialize in the fields of Mergers & Acquisitions, Corporate Law, Banking & Finance as well as Real Estate, Construction and Project Development. The law firm of Nemetschke Huber Koloseus (NHK), founded in 2010, also relies on this form of international cooperation. "Konrad Koloseus, one of our partners, spends the majority of his time in Bucharest for client-related reasons; in Hungary we are working together with Szecsenyi & Partner in Budapest, and in the Czech Republic we are working with Dvorak & Spol in Prague. In Bratislava, we will open



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Erik Steger,
Wolf Theiss



"In order to quickly and flexibly react to the needs of clients, local flexibility needs to be maintained."

Leopold Kühmayer,
TPA Horwath

our own office early next year," says Michaela Unteregger, Spokeswoman for Nemetschke Huber Koloseus. This way, the company will combine national presence with international contacts and ensure that cross-border projects are handled successfully as well. After 20 years of experience in complex real estate transactions and developments in Austria and CEE/SEE, Nemetschke Huber Koloseus today has access to a large pool of highly specialized lawyers, tax consultants, auditors and technical advisors in the various jurisdictions. Its activities include real estate law with a focus on M&A transactions, consulting for developers, financing agreements, corporate law, alternative energies, public procurement law and PPP models.

Vienna's Significance in the Times of Economic Crisis

Even in times of the economic crisis, the business location of Vienna carries great significance as a stable and secure environment. "Vienna was not susceptible to the overreactions that characterized the great financial centres. Internationally active businesses will find conditions in Vienna that are conducive to consequent and sustainable operations, such



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Attorneys at Law



“Nemetschke Huber Koloseus will open their own office in Bratislava in 2011.”

Alfred Nemetschke, Alexandra Huber, Konrad Koloseus (Left to Right)

as the high quality of employees,” says Daniela Witt-Döring. The economic crisis caused the fields of activity for lawyers and tax consultants to shift. Michaela Unteregger: “There have been significantly fewer real estate transactions in the last two years, but the demand for professional advice with regard to restructuring, renovations and clean-ups in the broadest sense has increased considerably.” Due diligence investigations are in greater demand than ever before, and crisis prevention has also become more important. Herta Vanas with Taxand: “Cost reduction programmes have increased. Consultants always have work if they are good at what they



“Austria’s history enhances the mutual understanding and the inter-cultural competence.”

Klaus Bauer-Mitterlehner, TPA Horwath



“The economy in Europe’s core countries and the CEE region is recovering surprisingly fast.”

Klaus Fischer, Gassauer-Fleissner Attorneys at Law

do! What’s in demand are versatile, flexible global networks, where clients don’t feel the burden of the organization but rather that the commitment of the partners is at the fore.” The tax advisory Taxand Austria is the Austrian member of the consulting network of the same name which is active worldwide. The national affiliate, founded in Vienna, is also set to become the company’s competence centre for CEE.

A Glimpse into the Future

Given the current economic situation, law firms overall show careful optimism. Everyone agrees that the crisis is not over yet, but that tendencies towards recovery are noticeable. Erik Steger, for example, says: “We are registering increasing activity among our clients; in the field of M&A, for example, there are signs of a market upturn in the years of 2011 and 2012. However, from our point of view, it is still too early for a general all-clear.” Another noticeable trend is the increase in activity in the national markets during the economic crisis. “Acquisitions and foreign direct investments in the region from outside have dropped significantly, but restructuring and dispute resolution mechanisms have become more important,” as the expert from Wolf Theiss continues to say. It is not possible to make generalizing statements with regard to the economic crisis in Europe, particularly because recovery is proceeding at different speeds in the various countries. “The peripheral countries are not developing well. On the other hand, the economy in Europe’s core countries and the CEE region is recovering surprisingly fast thanks to the export economy and a relatively robust consumption. We believe that this trend will continue in the next few years,” Klaus Fischer with Gassauer-Fleissner is convinced. The firm of Gassauer-Fleissner Attorneys at Law was founded in 2002 and is an independent Austrian partnership of business lawyers who advise Austrian businesses and multinational groups of companies in Austria and the CEE/SEE region. The office’s main focus is on the field of real estate, but they also count Corporate, M&A and Intellectual Property Law among their wide-ranging fields of activity. Due to strategic reasons, law firms for the most part hold back from revealing information about current deals. Nemetschke Huber Koloseus is currently handling multiple development projects in Austria and CEE as well as the restructuring of refineries in SEE, and is advising institutional real estate investors on an ongoing basis. Among other projects, Wolf Theiss accompanied the first emission of Eurobonds in Albania as well as the sale of the IZD Tower in Vienna during the past months. Gassauer-Fleissner names the development of the gambling and entertainment project “EUROVEGAS” in Hungary as one of their current largest cases.

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Thanks to their early expansion into Eastern and South-Eastern Europe, Austrian lawyers and tax consultants have gained comprehensive knowledge about the eastern regions. Their good reputation and geographical proximity make them popular partners for internationally active companies that use Vienna as a hub into CEE/SEE.