ANNUAL REPORT 2015
PUBLIC FINANCES
DIRECTORATE GENERAL
PREFACE 3

THE DGFiP’s FUNCTIONS AT A GLANCE 4

THE YEAR’S HIGHLIGHTS 6

ACTIVITIES IN 2015 8

1- Expanding services for individual taxpayers 8

Strengthening online services
Modernising user relations
Enhancing service quality and efficiency
Individual users appreciate the DGFiP’s service quality

2 - Further development of paperless formalities for businesses to enhance legal certainty 10

Continued expansion of online procedures
Enhancing legal certainty

3 - Support for local authorities undergoing changes 11

Accelerating the shift to paperless financial procedures for local authorities
Providing support for institutional reform and for struggling local authorities

4 - Ensuring sound finances for public institutions 13

Stepping up the fight against tax fraud to ensure equal treatment of taxpayers
Higher and higher accounting quality standards
Modernised expenditure processes
Optimising the government’s real property

5 - Ensuring the best training and working environment 16

Training is a key strategic activity
Improving the working environment

DGFiP ORGANISATION CHART 18

MANAGEMENT TEAM 20
The sovereign responsibilities that we exercise give the DGFiP a special place within the Government, with regard to both taxation and public governance.

Our many partners acknowledge the DGFiP’s expertise. This expertise is an asset for fulfilling the tasks that the political authorities have entrusted to us, such as supporting the various local government reforms, managing the introduction of income tax withholding at source in 2018 and overseeing implementation of the government’s real property policy.

The constraints on the national budget make it imperative to streamline the workload of our staff in order to maintain the quality of our services. Developing trust and transparency with regard to our partners will help us find new ways of reducing workloads.

This goal of simplification and streamlining also drives the DGFiP’s continuing efforts to computerise its processes, move to paperless procedures and develop its online services for individuals, businesses and local authorities.

The DGFiP is also involved in major interministerial projects, such as online invoicing by all suppliers to the public sector, the government’s “Tell Us Once” simplification initiative and the creation of a secure online server that will give active and retired civil servants access to their pay and pension records and their individual retirement accounts.

The DGFiP can rely on the professionalism and commitment of its staff to meet all of these challenges. At the same time, the DGFiP has a duty to pay special attention to each member of its staff and to provide them with the means to achieve their full potential by giving them responsibilities that are consistent with their abilities and their aspirations.

Many key events took place in 2015. Some examples include preparations for the revision of notional rental values for property tax assessments, ramping-up the activities of the Offshore Disclosure Unit (STDR), the first audits of hospitals’ financial statements and support for implementation of new legislative measures, such as exemptions from local taxes for low-income households.

This annual report presents the DGFiP’s various actions, the achievements of its staff and the key that – directly or indirectly – had an impact on the organisation in 2015.
The DGFiP performs a wide variety of tax-related and public governance functions.

**In the area of taxation**, the DGFiP helps define tax policy and drafts bills and changes to regulations. It oversees tax assessments, audit and collection of taxes, levies, contributions and tax obligations and handles appeals and applications from taxpayers.

It fights tax evasion via audits and preventive means, but also employs more dissuasive measures, particularly prosecution.

The DGFiP's remit also includes topographic, land registry and property registration duties.

Finally, the DGFiP represents France in international tax negotiations and examines requests for advance rulings and special tax arrangements.

**In the area of governance**, the DGFiP is tasked with keeping the central government accounts. It compiles the financial statements and is responsible for their accuracy.

The DGFiP drafts and implements rules and procedures governing auditing and settlement of public expenditure, including public sector payrolls, financial and accounting management for national government-funded institutions as well as local government-funded teaching institutions.

The DGFiP's remit also includes financial and accounting management for local authorities, local authority institutions and government healthcare institutions (auditing and settlement of expenditures, collection of local revenue, bookkeeping, financial analysis, consulting and economic and financial expertise for public investment projects).

The DGFiP drafts and implements rules and procedures concerning the acquisition, management and sale of State property, and also implements the government's policy regarding this property.
The DGFiP ensures sound management of the central government pension scheme. This task includes maintaining individual retirement accounts and collecting contributions, as well as paying pensions.

It also manages funds deposited with the central government and acts as the Caisse des Dépôts's official receiver, keeping customer accounts and managing consignments.

The DGFiP also helps prefects and local economic players support businesses. It plays a key role in working out repayment plans for tax and social security arrears through the Tax and Social Security Debt Settlement Committee (CCSF) and it is also involved in prevention and support for struggling businesses through its role in the Département Committees for the Examination of Business Financing Problems (CODEFI).

The DGFiP can rely on one of the widest networks of central government services to perform all these functions, with nearly 6,000 locations throughout the country.

It strives to adapt its organisation to maintain a high level of public service quality. This results in the best allocation of its resources while ensuring its continuing presence at the local level.

The DGFiP endeavours to adapt its network structure to economic, demographic, sociological and technological changes. It also considers the major organisational changes experienced by its partners, including local authorities. The DGFiP has adapted to the new organisation of local authorities in response to the new regional boundaries, the transfer of powers under the Local Administration Reform Act and changes to boundaries of intermunicipal structures and hospital catchment areas.
January

Coordinating the publication dates of tax rules
As part of the Responsibility and Solidarity Pact, new tax rules concerning businesses will be published on the first Wednesday of each month, making it easier for businesses to keep up with changes in the tax system.

Cut in personal income tax for low-income and medium-income households. Online income tax simulator.
The 2015 Budget Act includes a tax cut for low-income and middle-income households. The DGFiP website (impots.gouv.fr) now features an income tax simulator that enables users to calculate their upcoming tax bill and to use this information to change their monthly installment payments or advance payments.

February

Experiments with the revision of residential rental values
Five départements (Charente-Maritime, Nord, Orne, Paris and Val-de-Marne) are experimenting with a new method for revising residential rental values.

March

Seminar of DGFiP staff from regional enforcement groups
The 42 members of the DGFiP’s regional enforcement units (GIRs) held a seminar with the national coordinator of the Ministry of the Interior’s regional enforcement units and the representative of the Central Office for Combating Illegal Employment (OCLTI). The seminar was used to share best practices by presenting some of the most significant cases in 2014.

Meeting of the Bureau of the OECD Forum on Tax Administration
The Tax Commissioners from the 12 member countries of the Bureau of the OECD Forum on Tax Administration announced a plan of action for the implementation of the G20 guidelines. The plan includes establishing an international standard for automatic information sharing and improving the mutual agreement procedures aimed at preventing double taxation.

Revision of business premises rental values
The Minister of State for the Budget announced that the entry into force of revised business rental values would be delayed by one year to allow for further analysis of the transfers triggered by the change.

April

New organisation of the Caisse des Dépôts’s official receiver activity
A joint seminar was held with the Caisse des Dépôts et Consignations for its banking staff.

Impots.gouv.fr, “the helpful site”
The impots.gouv.fr website now has a mini-site that can be used to explore how to file tax returns online and the related advantages. On the site, Lucienne, the famous television and radio grandmother, explains all of the online services available at impots.gouv.fr: “it’s as easy as pie!”.

Seminar for Paris area accountants
A seminar on 14 April 2015 discussed the creation of the Greater Paris Metropolitan Area (MGP) and the new regional plan for intermunicipal cooperation.

May

Withholding at source of personal income tax
The President of the Republic announced the project to introduce withholding at source of personal income tax.

Tax expenditure consultation process
This process, in which the Tax Policy Directorate holds consultations with the various ministries, provides an opportunity to review the measures that each ministry would like to include in the Budget Bill in the autumn.

Accounting standards for government-funded institutions
For the first time, national institutions coming under the responsibility of the central government now have a specific set of accounting standards that have been approved by the Public Sector Accounting Standards Council.
### June

**Publication of the 2014 Financial Report**
The DGFiP published the 2014 Financial Report, with the central government’s financial statements, the presentation report and the report on internal control of central government accounting.

**DGFiP’s participation in the payment means symposium (Assises des moyens de paiement) on 2 June 2015 at the Ministry of Finance**
A review of the work on defining a national payment means strategy was presented, with more online possibilities for users to make payments to the central government and local authorities.

**Launch of the “national online invoicing roadshow”**
The roadshow was intended to raise local authorities’ awareness of online invoicing, which will come into effect on 1 January 2017. The DGFiP and the Government Financial Information Systems Agency (AIFE) took the roadshow on a tour of France’s regions from June to December 2015, inviting several hundred decision-makers to attend each session.

---

### July

**Online publication of the Tax Manual**
The 2015 Tax Handbook, updated to include the main legislative and doctrinal changes, is now fully accessible online at the impots.gouv.fr website and the DGFiP Intranet.

### August

**Dispensing with signatures for certain administrative notices and decisions**
Under the terms of the Business Simplification Act of 20 December 2014, certain administrative notices and decisions issued by the DGFiP no longer require a signature. This measure reduces workloads and cuts the cost of processing mail by automating certain mass mailings.

### September

**Raising data security awareness**
As the DGFiP’s confidential data and user privacy come under increasingly sophisticated attacks, a campaign was implemented to raise staff awareness about data security.

**Plan to revive apprenticeships**
The DGFiP hosted 190 apprentices throughout France.

### October

**The de Ruyter case**
The Minister of State for the Budget has validated the procedures for filing claims for refunds of the social security contributions paid on property income by persons subject to the social security schemes of other European Union countries, European Economic Area countries and Switzerland.

**Participation in the “public innovation week”**
The DGFiP participated in the “public innovation week” organised by the Secretariat-General for Government Modernisation. Workshops were held in six directorates to give users a say in the revamp of the impots.gouv.fr website.

**Public service volunteers**
The DGFiP hosted the first 18 volunteers.

### November

**Terrorist attacks – the DGFiP in mourning**
Following the terrorist attacks in Paris and Saint-Denis, which affected DGFiP staff directly or indirectly, the Director General invited all of the labour unions in the DGFiP to a meeting on government measures, security measures and support arrangements for staff.

**The G20 adopted the Base Erosion and Profit Shifting (BEPS) project to fight aggressive tax planning**
All of the OECD and G20 countries, including the leading emerging countries, adopted the findings of the BEPS project to fight aggressive tax planning, especially the findings relating to transfer pricing and harmful tax practices, such as rulings that affect other countries’ tax bases.

**Relief from residence and property taxes for low-income seniors in 2015 and return of exemptions in 2016**
The DGFiP staff applied the legislation providing relief from residence and property taxes assessed in 2015 for low-income seniors ahead of schedule and then re-established the exemptions for 2016. Actions included informing the users concerned and waiving taxes.

### December

**Adoption of the 2016 Budget Act**
The 2016 Budget Act provides for withholding at source of personal income tax, phased in online filing of income tax returns for all taxpayers with Internet access in their homes, and electronic payments by direct debit or online payment.

**National meeting of Public Prosecutors and directors of public finances at département level**
As part of the forging of stronger links between the DGFiP and the Ministry of Justice, a meeting was held under the auspices of the Ministers.
1

Expanding services for individual taxpayers

Strengthening online services

Improvements to our online services, and more especially online filing (login-password access for all taxpayers, pre-completed forms for first-time online filers, automatic adjustment of monthly instalment payments, etc.), are continuing. Forty per cent of tax households have filed their returns online. The number of users who no longer file paper returns increased by 33% and users’ consultations of their online tax account information increased by 41% this tax season. This success means that online filing is bound to be adopted by almost all users over time.

The service providing online verification of personal income tax assessments on the impots.gouv.fr/verifavis enables institutional partners and businesses (local authorities, public and private sector landlords, credit institutions and social benefits managers, banks, etc.) to verify the authenticity of the information in the tax assessments or other documents provided by individuals.

New services in 2015

Introduction of the “Amendes.gouv” smartphone application for paying fines in January 2015 and launch of the “timbres.impots.gouv.fr” website for purchasing revenue stamps in March 2015. These services are part of the simplification that the government sought to facilitate administrative formalities for users and enhance the selection of electronic payment methods.

The smartphone application “Amendes.gouv” provides a new electronic means of payment for fines, in addition to online payments at the amendes.gouv.fr website and telephone payments using an interactive voice server, as well as in-person payments at the DGFIP’s offices or at approved tobacconists.

The “timbres.impots.gouv.fr” website enables users to use a computer, tablet or a smartphone purchase electronic revenue stamps online for the purpose of obtaining a passport. The sales site will be expanded gradually to include revenue stamps required for other types of official documents, such as boating licences and national identity cards.
Modernising user relations

Following the opening of the test site in Rouen in August 2014, the first contact centre was opened by the local Directorate in Chartres to test a structure for telephone and e-mail contact with users covering several départements. The centre provides information and also enables users to complete basic formalities by telephone and e-mail.

The DGFiP has also experimented with in-person user contact aimed at improving user relations in more complex cases and enhancing the quality of service for the most straightforward cases, thereby saving users from making unnecessary trips. The experiment was based on a multi-channel system for setting up appointments and made a positive impression on both users and staff. The system will be expanded in the future.

Individual users appreciate the DGFiP’s service quality

According to a user satisfaction survey conducted by the CSA Institute in 2015, 93% of users polled reported that they were satisfied with the quality of service provided by the DGFiP. More than 4 out of 10 users reported that they were “very satisfied” with their most recent contact with the DGFiP, regardless of the type of contact. The survey also identified some areas for improvement, which are key components of the DGFiP’ user relations strategy: improving service quality in all types of contacts (Internet, telephone, in person) to enable users to choose the one most convenient for them.

Enhancing service quality and efficiency

The DGFiP has undertaken a project to computerise the attachment of bank accounts by staff in charge of recovery action. This project improves efficiency and security, as well as reducing the workload of staff and cutting operating costs.
Further development of paperless formalities for businesses to enhance legal certainty

Continued expansion of online procedures

Enhancing legal certainty

A new procedure called EDI IR, introduced for the 2015 income tax season, enables accounting firms to file their business customers’ tax returns online using a procedure similar to the one businesses use to file their tax returns directly.

The expansion of online procedures also continued in 2015 with paperless assessment notices for the business premises contribution (CFE) and the flat-rate tax on network businesses (IFER). All businesses are now required to consult their business page on the “impots.gouv.fr” website to see their online assessment notice before the payment deadline on 15 December.

The DGFiP’s actions are in line with the new ministerial measures announced in April 2015 to enhance transparency and legal certainty during tax audits. These measures include:

- publicising abusive practices and arrangements and using this publicity to prevent tax adjustments;
- implementing ten commitments to generalise tax audit practices that promote dialogue, through mutual definition of the practical procedures for audits and special attention by auditors to timeliness and the legal certainty for the business;
- setting up a national committee of experts to provide outside advice for the administration in its analysis of the most complex cases in the event of a disputed audit. The committee members will represent different areas of tax expertise (judges, academics, corporate tax managers, etc).
Support for local authorities undergoing changes

Accelerating the shift to paperless financial procedures for local authorities

Use of the PESV2 data exchange protocol was extended to all local government bodies for transmitting their accounting records to DGFiP. The work in progress now focuses on paperless transmission of vouchers, which will lead to productivity gains for both local authorising officers and DGFiP staff.

The range of online payment methods made available to users for payments to central government and local authorities has been enhanced. The TIPI online credit card payment solution simplifies revenue collection and enhances security. By the end of 2015, nearly 8,500 local authorities had adopted TIPI. The specific payment solution established for public hospitals also saw rapid growth in 2015, with double the number of hospitals adopting it compared to 2014.

As of 1 January 2017, public sector bodies must be able to accept and process electronic invoices from their main suppliers and other public sector partners. This large-scale project is slated for generalised use in 2020 and will eventually handle more than 100 million invoices annually. The DGFiP is supporting all of the players concerned by overseeing the “electronic invoicing 2017” campaign in conjunction with the Government Financial Information Systems Agency. The campaign was launched at 18 test locations in 2015.
Providing support for institutional reform and for struggling local authorities

The DGFiP staff worked hard to provide support for local authorities under the measures to overcome toxic loans. The government decided to increase the support fund for local authorities that contracted risky structured loans to €3 billion and to make an additional €300 million available to the support facility for hospitals that contracted structured loans. A total of 676 local authorities filed applications relating to 1,163 loans in all.

The Local Administration Reform Act (NOTRé) and other institutional reforms

Following the Act on modernising local government and strengthening metropolitan areas of 27 January 2014 (MAPTAM), and the Act on regional boundaries of 16 March 2015, the Local Administration Reform Act (NOTRé) of 7 August 2015 completed the third aspect of local government reform.

The DGFiP is responsible for supporting implementation of this reform, particularly in terms of paperless information sharing and easing workloads (elimination of the legal requirement to create a municipal social work centre for municipalities with fewer than 1,500 inhabitants).

As part of the enhancement of intermunicipal pooling of resources, the DGFiP is helping elected officials draft new département-level plans for intermunicipal cooperation (SDCI). The DGFiP has worked to tight deadlines to support municipal mergers, along with the creation, reconfiguration, transformation or merger of Public Intermunicipal Cooperation Establishments (EPCI).

The creation of metropolitan areas (Lyons, Greater Paris, Aix-Marseille-Provence, etc.) has required close oversight and a great deal of work by DGFiP staff alongside Prefecture staff.

At the same time, the DGFiP has provided support to elected officials for the implementation of the Act of 16 March on improving the rules for creating new municipalities. In 2015, 1,090 municipalities ultimately merged to create 317 new municipalities.
The reduction in the number of non-cooperative countries and territories, and new information resources, such as transfer pricing declarations, have made it possible to step up the fight against international tax fraud. For example, the number of responses to requests for international administrative assistance received from our partners rose from 3,409 in 2011 to 6,567 in 2015.

New resources have been implemented to fight VAT fraud. These resources include the right of access to information about unspecified persons. The procedures for exercising this right were defined by the Decree of 28 August 2015 as part of the fight against VAT fraud in distance selling, and the measures adopted to prevent abuses of the VAT on profit margins scheme with respect to intercommunity trade in second-hand vehicles set out in the Decree of 24 June 2015.
Higher and higher accounting quality standards

The Government Audit Office certified the central government financial statements for the ninth year in a row. The qualifications expressed by the auditors fell from 13 in 2006, following the first audit, to 5 for the 2014 statements, which were certified in 2015. This improvement reflects the DGFiP's efforts to ensure accounting quality.

Large-scale operations were conducted in 2015 to establish and penalise the use of fraudulent software that deletes sales records in order to evade VAT. As part of these operations, a new procedure for random checks of computer systems was implemented.

The fight against VAT refund fraud was stepped up by identification of high-risk businesses based on alerts from the VAT task force and data mining using statistical and predictive techniques.

Since 1 June 2015, seven interregional centres have been set up to strengthen the staff of the Offshore Disclosure Unit. Three of the centres are located in the greater Paris region (Paris, Saint-Germain-en-Laye and Vanves) and four are located in other cities (Lyons, Marseilles, Bordeaux and Strasbourg). The new structure with local centres is aimed at reducing processing times for disclosures of unreported offshore accounts, while ensuring uniform processing of disclosures. As of 31 December 2015, nearly 45,000 taxpayers with unreported offshore assets filed compliance requests with the Offshore Disclosure Unit. The back taxes and penalties collected in 2015 totalled €2.65 billion, bringing the cumulative total to €4.55 billion since the Unit was created.

More generally speaking, the renewal of negotiated settlements and proportionate enforcement of tax laws help promote greater acceptance of tax audits and, ultimately, better compliance.

The DGFiP has started in-depth discussions to enhance the role of the tax audit directorates (DIRCOFI) to support the tax audit activity of local tax directorates by enhancing coordination with the département-level audit and investigation staff and by experimenting with dedicated planning, enforcement and collection units.
Modernised expenditure processes

Over the last four years, regional public finance directorates have seen the establishment of a single centre for processing and paying invoices. This change has resulted in an overhaul of government expenditure and produced good results in terms of payment times. Each invoice unit (SFACt) is overseen by a public accountant and they are being created in all ministries at the central and local levels. They will also be set up for public establishments. The objective is to have the units handle all invoices by 2017.

As part of the government procurement reform set out in the Order of 23 July 2015, the DGFiP is involved in the implementation of paperless procedures and the optimisation of government procurement. It provides more detailed advice to procurement staff and tighter oversight of expenditure.

The France Domaine department has been reorganised with a new governance structure that enhances its efficiency. The National Directorate for State Property Operations (DNID) now oversees, coordinates and supports the work of the units and departments responsible for managing the government’s private property assets throughout the country. Efforts to professionalise the real property function are continuing. Such efforts include a large-scale project involving the renegotiation of leases. The project provided training and resources for regional teams that will start working in 2016. At the same time, the resources for closer tracking of assets and developing a dynamic management strategy (regional-level master plans for real property management) will be expanded.
Ensuring the best training and working environment

Training is a key strategic activity

The DGFiP has established a training programme that meets the specific needs of staff dealing with the public. In addition to job skills, the programme includes training in behavioural techniques and a course on managing conflicts and tense situations. The programme is aimed at further improvement of user relations.

As part of the overall digital development approach, the National School of Public Finance (ENFiP) is making a determined shift to online learning to provide new services. In addition to classroom teaching, many online courses are now being offered and are proving to be very popular with all types of trainees.

The ENFiP, in partnership with the National Local Civil Service Centre, has developed a massive online open course (MOOC) on the major mechanisms of the VAT. The topic was chosen in response to demand from local authority authorising officers and accountants seeking training on how the VAT rules apply to their activities.

Since February 2015, SELF (online library of basic training course materials) provides access for all DGFiP staff to all of the course materials used in basic training. It provides free access to course materials dealing with all of the functions of the DGFiP.
Improving the working environment

Large numbers of staff members answered the second survey on **working conditions at the DGFiP**. The survey provided specific data for analysing day-to-day work and gaining a better grasp of expectations. The DGFiP relies on the survey findings to bolster its plan of action to improve the working environment with a consistent emphasis on simplifying day-to-day tasks.

Training for **supervisory staff has been enhanced with an approach** dealing with working conditions, psychological and social risks, ethics, employee protection and support for struggling employees.

The DGFiP has provided its network with a **library of letter templates (Pégase DGFiP) to facilitate the work of its staff**. This library was verified and expanded in 2015 with a view to centralising printing and envelope stuffing at computer services sites.

The rollout of the **remote printing solution** Clic’ESI, to all work stations in September 2015 means that all printing, envelope stuffing and franking tasks for certain outgoing mail can now be done remotely at the computer services site. There are two advantages to this solution: it reduces the logistical workload of departments and saves on postage through mass mailings.

The DGFiP has also **improved its documentation resources with a search engine** that can search several document bases: Nausicaa, BOFiP-Impôts, the national intranet Ulysse and the Tax Handbook.
Management team

First row: Daniel Dubost (Head of the Audit and Risk Management Unit), Audran Le Baron (Head of the Tax Management Department), Isabelle Martel (Delegate of the Director-General, Sud-Pyrénées), Vincent Mazauric (Deputy Director-General), Véronique Bied-Charretton (Head of Tax Policy Directorate), Bruno Parent (Public Finances Director-General), Danièle Mougnoit de Blasi (Delegate of the Director-General, Ouest), Régine Dupuy (Delegate of the Director-General, Rhônes-Alpes Bourgogne), Antoine Magnant (Head of Human Resources Department), Nathalie Biquard (Head of Local Authorities Department), Jean-Paul Bléhaut (Delegate of the Director-General, Centre Auvergne-Antilles Guyane), Nathalie Morin (Head of France Domaine Department),

Second row: Lionel Ploquin (Acting Head of the Digital Projects Department), François Tanguy (Head of the Public Accounting Department), Alain Piau (Head of the Public Pensions Service), Bruno Rousselet (Head of the Information Systems Department), Cécile Vandamme (Director-General’s Office – Communications and International Affairs), Alexandre Gardette (Head of the Strategy, Steering and Budget Department), Sylvie Sturel (Head of the International Cooperation Unit), Jean-Luc Barcon-Maurin (Head of the Legal Department – Taxation), Denise Bonel (Delegate of the Director-General, Nord), Olivier Sivieude (Head of the Tax Audit Department), Marc Dora (Delegate of the Director-General, Est), Samuel Barreault (Delegate of the Director-General, Sud-Est Réunion Mayotte), Jean-François Stoll (Delegate of the Director-General, Île-de-France), Yannick Girault (Head of Customer Relations Strategy Unit).