Annual report 2021
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Interview

Jérôme Fournel
Director General of Public Finances

Faced with the transitions of the past few years, the Public Finances Directorate General (DGFiP) has confirmed its position as a government administration that is central to the economic and social life of France. Read on for an interview with Director General Jérôme Fournel followed by the report on 2021’s activities.
I have every faith in us, given the considerable collective talent we have to draw upon

Jérôme FOURNEL

— What are your takeaways from 2021?

The way we managed the crisis, which involved developing and organising an approach to revive economic activity, elicited ever greater levels of creativity and innovation, as described in this year’s annual report. Not only did the crisis highlight the dedication of our people and the essential role of the DGFiP, but it also intensified the challenges we face. Based on the very high scores from our user satisfaction surveys, I feel that public opinion of what we do is quite positive and has even improved with the crisis.

But 2021 was also a year in which we renewed partnerships. This includes our collaborations with the Budget Directorate on the interactive visualisation of our data, with the national railway company SNCF for the recovery of fines, with the Ministry of Justice on anti-fraud efforts, and with the social security collections agency URSSAF in developing a shared roadmap. There have also been new international collaborations and advances made with the Banque de France on data sharing, as well as hackathons, agreements signed during the year and partnerships with local or decentralised entities in each département. The service level and resources contract that I signed in 2020 with the Secretary-General of the economic and financial ministries and the Budget Director – the first of its kind in the history of the DGFiP – has been a success. It has served as a compass, setting the course for all our functions, and we now have our first set of results, which are very encouraging overall.

(1) A satisfaction rate of over 82% from the general public, 90% of businesses satisfied with their tax partnership with the DGFiP and 87% of local authorities satisfied with their consultant.
— What accomplishment are you most proud of?

In a directorate this large with such a wide range of operations, it’s difficult to single out just one. Everything we do is interrelated. But I think I would choose the transformation of our working methods. The world is changing so quickly, and the DGFiP is no exception. In 2019, we began a major overhaul of our local network. By 2021, 21 departments, representing some 500 jobs, had been transferred out of large cities and into mid-sized municipalities. Hundreds of consultants for local decision-makers were introduced across the country, we greatly increased the number of points of contact with our users in partnership with France Services, and our accounting network has been restructured with the introduction of accounts management units. These past two years have been anything but ordinary, both personally and professionally, but everyone has stepped up despite the challenges.

In terms of management and communication, we began holding daily meetings to help our teams stay connected. Thanks to the efforts of our people, the training we provided and the 70,000 laptops we ordered, we ensured that everyone was able to participate in discussions. And these habits have stuck with us, even as we exit the crisis phase, with consultation now a core tenet of how we work.

The labour unions, which I’m in regular contact with, have played a key role in bringing these changes about. Our discussions led to a collective agreement being signed recognising the involvement of DGFiP employees in the Directorate’s transformations. This resulted in a special compensation measure, career advancement measures and a fund for improving working conditions in the field.

— The top three questions fielded by contact centres are about income taxes. What do you make of that?

It’s true that tax time remains a major event in the administrative lives of French citizens. But in recent years, our focus has been on reducing the stress associated with filing tax returns by streamlining the process and making it more of a routine task. Also, the questions we receive are less about the tax filing procedure itself than about changes of circumstances, special situations or withholding at source rates. In any event, we are continuing to improve our contact methods, with an increased presence across the country as well as remote contact options. The driving principle behind our actions is to always be attentive to the concerns of all our users. For example, 2021 saw our contact centres answering questions from businesses about the Solidarity Fund, in addition to the usual queries.

In total, our network fielded over 11 million phone calls, more than 5 million questions from walk-in appointments during tax season and some 24 million emails, across all types of users.
There are misconceptions about what our careers are about, particularly among younger generations, whose concerns are nevertheless aligned with the values of the public service. This inspired us to look inward and conduct an assessment. It’s why, starting in 2020, I wanted to make the appeal of DGFiP careers a major component of our service level and resources contract.

First of all, it means communicating the full range of what we do. We launched an ambitious communications campaign for the Public Finances employer brand in support of Ministry-level initiatives. This involved increasing our social media presence and redesigning communications materials about our careers and our areas of work. We’ve also been signing agreements with higher education institutions across the country.

To attract new talent, we need to stimulate interest in DGFiP careers. We’ve been actively participating in national and local career fairs, which resumed in 2021, and this has helped publicise the wide range of work we do, the central role we play in the public service and the career development opportunities we offer our employees.

Let’s not forget that the DGFiP is a major recruiter: we hired more than 5,000 employees in 2021 and 2020, across all recruitment channels.

It’s no small undertaking, and it requires us to focus on our recruitment methods as well as how we support and onboard new employees. In 2021, we expanded our recruitment routes to enhance our workplace community, with ambitious targets for recruiting contract employees as well as young people on apprenticeship, internship and civic service volunteer contracts.

“Appeal” encompasses more than just recruiting – it’s a multifaceted issue. That’s why we’re also making commitments in terms of working conditions, mobility opportunities, training and career development.

The transformations we’re going through, which have been accelerated by the pandemic, have shown the importance of government action. It’s an opportunity we need to seize, and I have every faith in us, given the considerable collective talent we have to draw upon.

In our administration, we are committed to the major causes championed by the public service.

— There’s a focus on “employer appeal” and “employer brand” in the civil service right now. How is the DGFiP approaching these ideas?

We onboarded and trained 1,400 apprentices and interns in 2021
Where does the DGFiP stand on the issues of equality, inclusion and accessibility?

These are important issues for us; like I said, the DGFiP is a forward-looking administration. In the private sector, there’s a lot of talk about corporate social responsibility (CSR). As for the DGFiP, I can gladly say that it is a wholly civic-minded administration with strong values.

All our applications are regularly audited to ensure compliance with digital accessibility requirements. We’re committed to combating digital illiteracy and supporting users who aren’t used to doing things online. Our Public Finances centres are equipped with spaces where people can take care of their tax affairs, with either step-by-step instructions or assistance from an employee or civic service volunteer. For people who are deaf or hard of hearing, the DGFiP uses a service that facilitated more than 4,500 contacts in 2021.

Within our administration, we’re also continuing to advance diversity by combatting discrimination and promoting equal opportunity for access to public sector jobs. The DGFiP has an action plan for equality in the workplace that includes more than 50 concrete action items. Diversity and equality officers have also been assigned to our eight delegations.

I would also like to mention the major green shift that we’ve undertaken, which in 2021 involved carrying out energy-efficient renovations on public buildings and environmental upgrades of the administration’s assets. A carbon assessment will be published in the next few months allowing us to set a roadmap for our decarbonisation efforts.

Once again this year, the DGFiP has scored highly on surveys measuring people’s perception of public services.

Nearly 150 local disability officers (CHLs) in each département.
Overview of 2021*

At the Public Finances Directorate General (DGFiP), we use our expertise to serve the public interest and support all our users.

Serving **individuals** where they live

- **13,000** tobacconists offering local payment options (20 tobacconists per 100,000 inhabitants)
- **2,700** municipalities with a DGFiP presence (up 35% from 2019)

Online services to make users’ lives easier

- **32%** of gifts declared online
- **4.5 million** visits

**82%** user satisfaction rate

*This overview uses selected figures which have been rounded. For comprehensive DGFiP data, see the key performance indicators.*
Our **people**, delivering change

95,000 dedicated employees across France

4,700 applicants passed competitive exams

1,300 contract hires

450 senior managers counselled by management career advisors

10,000 participants in the new digital skills programme

Work-from-home arrangements

5% of employees pre-pandemic

49% of employees today
Support for **businesses**

**830** SMEs received customised tax support

**2,500** partner businesses

**100 voluntary tax compliance requests**

**53** protocoles

**Our crisis response in 2021**

**Solidarity Fund**
- Nearly **4.5 million** applications
- More than **€24bn** paid out
- More than **2.5 million** unfounded applications screened out and rejected

**Struggling businesses**
- Nearly **24,000 businesses** detected through the Early Warning Signs initiative, of which some **12,000** were selected (an average of 118 businesses per département)

**Crisis recovery plan**
- Support provided to nearly **4,000 businesses**

**Goodwill gestures**
- Gestures made to more than **68,000 businesses**
- More than **€25bn** in support

In 2021, work began on a programme using the same model for local authorities.
Cooperation agreements and commitments for our partners

- 11 APIs
- 129 partners
- 15 million calls recorded
- 850 access requests
- 11 APIs
- 129 partners
- 15 million calls recorded
- 850 access requests

New bilateral cooperation agreements

- Algeria
- Tunisia
- Togo
- Lebanon

86% satisfaction rate among elected officials

447 CDLs*

Accounts management units created in all départements

263 SGCs

*Consultants for local decision-makers
Local services

Improving public service quality and reaching out to users

“This is an unprecedented, partnership-focused, multi-year initiative by the DGFiP to update its network, rebalance its operations across France and bring ourselves closer to the public we serve. It’s based on two key principles: transparency, with broad consultation and the involvement of all stakeholders, and progressiveness, in how we both develop and implement the initiative.”

Isabelle ROUX-TRESCASES
Director of the New Local Network project
2.4 million conversations with users

62 programmed scenarios
Considerable progress was made setting up the DGFiP’s new local network in 2021, with an increased presence of DGFiP employees in the field. We opened numerous local service sites, in the form of either regular office hours staffed by DGFiP employees in municipalities without a Public Finances centre, or France Services locations offering services from multiple administrations at the same site. To help users locate the service sites closest to them, we have made an interactive map available on impots.gouv.fr. In 2021, the DGFiP had a presence in 2,672 municipalities, up from 1,977 in 2019, for an increase of 35%, exceeding our target.

To improve the quality of the support we provide communities, especially smaller ones, the DGFiP introduced a new role: consultants for local decision-makers (CDLs). It is a senior role designed to provide personalised and tailored guidance and decision-making support to local managers and elected officials, primarily on tax, accounting and financial issues. At year-end 2021, there were 447 CDLs and the satisfaction rate for their services among elected officials stood at 86%.

For the past three years, the DGFiP has been progressively updating its network, based on a concerted and comprehensive planning exercise that considers the high expectations of its users. With an improved regional presence, the DGFiP’s network is able to provide more advisory services and step up as a local partner.

Reaching more users where they live
Local payments services are now available at 13,000 tobacconists across France – that’s roughly one in every two shops, with most of them in rural areas. This gives users a way to pay their taxes, fines and local public service invoices close to where they live, with convenient business hours and a full range of payment methods, including in cash.

The DGFiP also underwent a restructuring that saw some jobs move outside major urban centres. In 2021, 21 departments, representing nearly 500 jobs, were transferred away from large cities to mid-sized municipalities. This was made possible largely due to new organisation models, such as the national registration department that opened in Roanne on 1 March 2021, the e-commerce VAT unit that opened in Noyon on 1 April 2021, and new contact centres for businesses and fine payments.

By the end of 2021, 263 accounts management units (SGCs) – responsible for regulatory tasks entrusted to public accountants and designed to achieve efficiency gains, particularly in terms of payment times – were opened across all départements, which is more than half of our 2023 target of 522 units.

«Having a larger and more efficient presence is the result of the modernising work the DGFiP needed to undertake intersecting with the needs of communities and citizens.»

Guillaume ROBERT
Head of the Local Authorities Department
The first two contact centres for professionals opened in 2021, with a total of ten slated to open by 2024. Staffed by 35 to 50 employees, these centres will provide remote reception services for all the Business Tax Departments in one or more départements. In late 2021, as a pilot project, remote reception services for professional users in the Rhône département began being transferred to the Lons-Le-Saunier contact centre, and the Gironde and Haute-Garonne départements had theirs transferred to the Pau centre. Lessons learned from these experiences will be used to adjust the rollout plan for the other eight centres from September 2022.

The DGFiP has demonstrated its commitment to user services by participating in the Services Publics + programme. Designed to promote continuous improvement of public services, the programme has set nine commitments to meet the top expectations of French citizens, which include faster processing times, streamlined procedures, more reachable public services and more personalised case handling.

To significantly reduce the number of inquiries to be processed by land registry departments (SPFs) and land registry and registration departments (SPFEs), a pilot project to give notaries access to the property registry database has been successfully running in four départements (Sarthe, Haute-Garonne, Haute-Loire and Cantal) since 5 October 2021. The goal is to reduce the administrative burden on these departments by 70%. The project will be expanded to 56 départements in 2022 and to all of France in 2023.
The launch of a virtual assistant for income tax filing season shows the DGFiP’s desire to innovate to better support our users. Named AMI (for Assistant Messagerie Impôts), the virtual assistant pops up when users log in to the secure messaging section of their account and can help point them to the right form or answer basic tax questions.

**Top 3 inquiries:**
- Change of circumstances
- My documents
- Calculating my taxes

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5 million in-person visits during income tax filing and tax notice seasons

3.1 million downloads of the impots.gouv.fr app

24 million emails received
Innovating to benefit our employees, users and partners

«Our user-centric approach is key to our transformation. Users include taxpayers, users of public services, colleagues from other administrations—in other words, all of us. First and foremost, the digital systems of the future need to meet the needs of these users and be accessible to everyone. Our role is to provide support to projects and professionals in this transformation of design and approach.»

Gilles TAUZIN
Delegate for Digital Transformation
In the top 5 most downloaded datasets, 6 datasets on data.economie.gouv.fr were available, with 6.2 million visits recorded to data.economie.gouv.fr.
Continuing to move the digital transformation forward

La Fabrique numérique

In early 2021, the Digital Transformation Delegation set up a lab for experimentation, dubbed La Fabrique numérique. It is an incubator exclusively for DGFiP employees who want to develop new digital public services. Two “State and local start-up” projects were selected in 2021. The first is for a panel of dynamic and easy-to-use visual tools designed to help consultants for local decision-makers support small local governments in setting up their investment projects. The second is a project to create a new application to help collect tourist taxes by pooling and improving the reliability of data on tourist accommodation rentals.

Creation of a data lake

Work began on creating a data lake in 2021. It is a repository that will eventually store all of the DGFiP’s data, centralising it, securing it and making it easier to access, ultimately helping to optimise the use of it. Data will gradually be added from the DGFiP’s various computer systems, which will create more opportunities for using and cross-referencing data. An initial project involving property transactions was able to identify under- and over-valued transactions, leading to the recovery of more than €2.7m.
Stepping up the use of artificial intelligence

Digital assistants for fine recovery

Digital assistants can help departments with time-consuming and repetitive tasks, freeing up staff to focus on areas where their expertise adds more value. Since digital assistants were introduced to the fine recovery network in March 2021, incoming bank transfers are now automatically processed for accounting, and employees have been able to improve formal recovery results with more time to focus on prosecution cases. The results have been quite positive so far: the processing rate for bank transfers received by the DGFiP is above 50% on average, with some specific accounting items coming in at over 90%.

Assistance for contact centres

In 2021, the DGFiP began using artificial intelligence to help contact centre employees respond to user emails about payment issues. The template response database was updated and a search engine was introduced to provide full access to all DGFiP documentation.
Once again this year, we were committed to providing the necessary support to all hard-hit sectors.

Jérôme FOURNEL

Early Warning Signs initiative: a tool to detect struggling businesses

This is a multi-ministry digital initiative that uses an algorithm to identify vulnerabilities in businesses so that they can be offered support as proactively as possible. In late October 2021, the first list of businesses detected via the initiative was sent to the permanent secretariats of the Département Committees for the Examination of Business Financing Problems (CODEFIs) and to the initiative’s partnership members via a special-purpose application.

A total of 23,227 businesses were identified, of which 11,952 were selected (on average 118 per département) to be contacted by one of the initiative’s partners, after analysis and in coordination with the CODEFI permanent secretariat.
Upgrading our information systems

Improvements to how data is put to use with the creation of big data infrastructure and the expansion of application programming interfaces (APIs) for data transfers

The DGFiP publishes the source code for its major computer applications online, as well as data generated or collected by its departments, in accordance with the Digital Republic Act. Since 20 July 2021, the DGFiP has published 65 datasets on data.economie.gouv.fr and 7 source code files on impots.gouv.fr. It is an open data initiative that preserves the confidentiality of tax information and complies with the General Data Protection Regulation (GDPR). It is based on big data infrastructure involving four main components that allow data to be collected, stored, analysed and viewed. The DGFiP’s datasets are some of the most downloaded in France (all five of the top five), receive the most API calls (four of the top five) and are the most popular (three of the top five). In 2021, DGFiP data was accessed 6.2 million times via data.economie.gouv.fr.

An API is a tool that allows a website or application to communicate with another computer for the automatic, secure and standardised exchange of data. In 2021, the DGFiP expanded its use of these tools, introducing 11 APIs, three of them public, for communication with 129 partners. Over the course of the year, 850 access requests and 15 million calls were recorded.
The DGFiP once again awarded funding in 2021 under the Government Action Transformation Fund (FTAP)

Three DGFiP projects were selected in 2021 for funding by the Government Action Transformation Fund (FTAP), totalling €25.2m:

- An e-invoicing project to create a public invoicing portal so that transaction data can be sent to the DGFiP’s information system

- A project for the transfer of local planning tax assessment, allowing property information and local planning information to be declared online at the same time

- A project for IT developments to consolidate tax collection activities, allowing the DGFiP to become the single point of contact for businesses for the majority of their tax matters, using a paperless-first approach
Government Action Transformation Fund

€700m budgeted for the initial 2017–2021 period

of which:

€11m went toward funding 14 award-winning projects by the DGFiP

Examples:

- Tax evasion detection and prevention targeting
- Online procedures for property tax returns and declarations of developed land
- Online declaration of gifts
- Virtual assistant (E-Contact Plus)

In 2021:

3 projects selected

€25.2 million
People and careers

All staff guaranteed high-quality and motivating working conditions

«The professional training provided by the School of Public Finance is a long chain of shared knowledge and motivated individuals dedicated to performing their roles. While the pandemic created a crisis, it also offered tremendous potential for opportunities.»

Yannick GIRAULT
Director of the National School of Public Finance
Contract employees
766 contracts signed in 2021 (more than double the number in 2020)

1,000 internships
790 civic service assignments
400 apprenticeships

Making spaces for youth
The DGFiP has plans to update its training and its recruitment methods. The goal: to make applicants aware of and inspired by the wide range of careers we have to offer.

- **50+ families of careers**
- **22 recruitment and promotion exams**
- **120,000 staff in training**
Spotlight on the DGFiP as an employer

Building the DGFiP’s employer brand is a way to highlight our assets, such as the wide range of careers we offer, our strong presence across France’s regions, the career advancement opportunities we provide, and our high-quality working conditions. With this goal in mind, a digital communication campaign was put together leading up to the registration period for the major competitive examinations, and new agreements were signed with higher education institutions. So far the results have been promising: for example, the contract recruitment campaign received 800,000 views on Facebook and 65,000 views on LinkedIn, and our profiles of interns and apprentices each have between 5,000 and 40,000 views.

Expanded work-from-home arrangements

After the pandemic ushered in a new era of remote work, as of mid-June 2021 the DGFiP has given its employees new work-from-home options by introducing significantly more flexibility to the rules surrounding the practice. And under a framework agreement signed on 13 July 2021, employees are eligible for a “remote work bonus” designed to help cover expenses associated with working from home. At year-end 2021, roughly 49% of the DGFiP’s employees had submitted a request for regular remote work, up from 5% pre-pandemic.

New agreement to recognise the involvement of the DGFiP’s employees in its transformations

Signed in October 2021, one of the measures in this agreement is the creation of a €10m fund to improve workplace conditions for employees.
Equipping employees with digital training

Some of the ways we have been preparing our employees for the digital transformation have been offering webinars (on artificial intelligence, start-up incubators, etc.), holding 30 or so events across France as part of “public innovation month”, and including sessions on digital transformation in every introductory training cycle. Additionally, in 2021, 10,000 employees completed a digital skills programme that starts by assessing their level of knowledge and finding them suitable training.
Support and training for DGFiP’s senior managerial staff

Management career advisors have been introduced in all eight of the Directorate General’s delegations to support senior managerial staff, who can benefit from individual coaching, participatory management workshops and management training. Furthermore, to help department heads carry out transformation initiatives under ongoing reforms, a special support programme has been developed. In 2021, management career advisors met with over 450 senior managers for confidential discussions about careers, hiring and mobility.

National School of Public Finance

The DGFiP has its own network of schools which oversee and coordinate preparations for competitive examinations, organise statutory training throughout employees’ careers and produce educational documentation.

Competitive exams

- 5 merit-based preparatory classes
- 52,026 registered candidates
- 8,520 people registered for preparatory classes
- 650 jury members

Training

- 4,186 recipients of introductory training
- 53,681 recipients of all kinds of training (employees and managerial staff)
- 127,801 days’ worth of professional development
- 71.8% of training delivered virtually
Modernising and streamlining tax management and facilitating access to digital options

“We look at issues affecting our users, who reasonably expect the DGFiP to do its job in terms of providing quality service and streamlining and improving our digital tools. The effect of the reforms we’ve made has been to profoundly change some of the habits of French taxpayers. And so these reforms need to come with explanations and support for them to be fully beneficial.”

Olivier TOUVENIN
Head of the Tax Management Department
2020: Residence tax eliminated for 80% of households
2021: 30% residence tax cut for the remaining 20% of households
2022: 65% residence tax cut for the remaining households
2023: Residence tax eliminated for 100% of households (main residences)
Reforming tax collection

After introducing withholding at source and reforming the residence tax, the DGFiP is continuing to streamline and modernise procedures. A selection of them are presented here.

**Pilot project for innovative real property taxation and a new land register map**

The innovative real property taxation project uses aerial photographs from France’s national geography institute (IGN) to algorithmically detect swimming pools and other property additions that should be subject to local property taxes. A pilot project was launched in October 2021 in nine départements to detect undeclared pools. The project will also help improve the reliability of local tax databases and make it easier to represent pools and buildings on the land register map based on aerial images.

The idea behind the RPCU (“single representation of registered plots”), a new land register map currently being trialled in five départements, is to design a new map that ensures geographic continuity between individual pages of the land register map, in order to produce a continuous département-wide map. The work is being carried out jointly between the DGFiP and the IGN.

**Launch of the Gérer mes biens immobiliers service on impots.gouv.fr**

Since 2 August 2021, all property owners, individuals and businesses alike, can consult an overview and details of all their properties in France. Eventually, the service will allow users to electronically file their property tax returns, pay their local planning taxes, declare the occupants of residential premises or collect rents for rented residential premises from landlords as part of the revision of rental values.

In 2021, the DGFiP assumed responsibility for the VAT on petroleum products, the general tax on polluting activities and the first axle tax declaration.
Going 100% paperless

**Launch of e-invoicing**

Further to the “VAT in the Digital Era” report submitted to Parliament in November 2020, this project is designed to help combat VAT fraud, with a dedicated project management team established by the DGFip. By order, all businesses subject to VAT must use e-invoicing for the purpose of reporting transaction data to the tax authorities. To raise awareness among businesses, a campaign was rolled out in the second half of 2021 and a dedicated space was created on impots.gouv.fr.

**Launch of the online gift declaration service**

A new service for declaring gifts online (e-enregistrement) was launched in late June 2021 for declarations not giving rise to a payment and in October for those involving payment. The service has helped the DGFip’s departments absorb the impact of the increase in the total number of gift declarations in recent years. Preliminary results on the service have been quite positive, with the percentage of electronic declarations continuing to increase, standing at an overall rate of 31.1% for 2021.

- **283.4 million visits** to impots.gouv.fr
- **37.9 million** individual accounts created
- **34.1 million** tax returns filed online or automatically

The Public Finances Directorate General
V. Trust-based relationship and anti-tax evasion measures

Supporting the new trust-based relationship, furthering the enforcement of tax legislation and combatting evasion

«There are now two main pillars to tax audit policy. The DGFiP supports taxpayers acting in good faith and doesn’t penalise them for mistakes they may make. And it proactively provides legal certainty. The corollary to that is a more severe approach to fraud, with stricter penalties.»

Frédéric IANNUCCI
Head of the Legal Certainty and Tax Audit Department
44.1% of tax audit scheduling
Building a trust-based relationship with taxpayers is one of the DGFiP’s core objectives. There are two ways it accomplishes this: customised tax support for SMEs and a dedicated tax partnership with major corporations and mid-tier companies.

Major strides have been made with the customised tax support for SMEs, with more than 827 businesses now receiving support. As for the tax partnership with major corporations and mid-tier companies, ten new groups have been added, bringing the number of protocols signed to 53 at year-end 2021, representing over 2,500 partner businesses.

The DGFiP now also offers businesses pre-audit legal certainty in the form of advance rulings, where the administration provides its interpretation of the tax legislation as it pertains to the business’s situation, which is then binding.

Some 20,000 advance rulings were issued in 2021, with more than 80% of requests processed in under three months (93% for general advance rulings).

Since January 2021, businesses can have a preventive audit performed by a provider in the form of a tax compliance review (ECF). This does not exempt the business from a tax audit, but in the event of an assessment on an element deemed compliant by the provider, interest on arrears and tax base penalties will not be applied so long as there is no reason to doubt the good faith of the taxpayer.

Additionally in 2021, the Tax Compliance Department (SMEC) recorded 100 voluntary compliance requests.

The trust-based relationship is founded on reciprocal commitments between businesses and the DGFiP, as well as transparency, efficiency, understanding and good-faith dialogue.
Improving relationships between administrations and users, and better guiding, advising and supporting them and streamlining processes for them, these are the objectives of the Government Reform Act for a Trust-Based Society.

In summary

<table>
<thead>
<tr>
<th>Customised tax support for SMEs (number of businesses)</th>
<th>827</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax partnership with major corporations and mid-tier companies (number of businesses)</td>
<td>2,500</td>
</tr>
<tr>
<td>Advance rulings issued during the year</td>
<td>20,000</td>
</tr>
<tr>
<td>Satisfaction rate among businesses (%)</td>
<td>89.74</td>
</tr>
</tbody>
</table>

Olivier DUSSOPT
Continuing to combat tax evasion

In 2021, anti-tax evasion operations returned to pre-pandemic levels, with performance figures approaching 2019’s excellent results: €13.4bn in reassessment notices were issued to individuals and businesses, netting €10.7bn. Among businesses, VAT evasion was targeted in particular, and among individuals, fraud to avoid paying taxes on personal wealth.

2021’s solid results are also the result of using data mining to better target tax audits. At 31 December 2021, output from the tax evasion detection and prevention targeting (CFVR) data mining project represented more than 44% of the tax audit schedule, with an objective of 50% for 2022.

To improve remote auditing for individual taxpayers, the first National Remote Audit Unit (PNCD) opened in September 2021 in Châteaudun as part of the initiative to relocate departments outside of large urban centres. The goals of the unit are to contribute to the modernisation of government services, make better use of artificial intelligence and uphold the right of taxpayers to make a mistake. By 2023, five PNCDs will be in operation.
Enhanced inter-ministry cooperation on anti-tax evasion measures

In practice, enhanced cooperation between ministries has led to an increase in the number of tax evasion cases referred to the courts, and the Financial Investigations Judicial Department (SEJF) has seen its role greatly expanded to detect complex tax evasion cases.

A meeting was held on 30 November 2021, organised by the Minister of Justice and the Minister for Public Accounts, for all general prosecutors, public prosecutors, regional and département Public Finances directors, and the heads of all national and specialised tax audit directorates. It was an opportunity to reaffirm the commitment to enhance cooperation between the DGFiP and the courts.

Improvements to tools for international administrative cooperation

Improvements continue to be made to tools for international administrative cooperation. Two examples are the automatic exchange of information on potentially tax-aggressive cross-border arrangements (DAC6) and the amendment of French regulations to provide for joint audits between multiple EU tax administrations. The governance rules for VAT fraud early warnings in the Eurofisc network have been reviewed and strengthened. The DGFiP has also been actively involved in the Financial Action Task Force (FATF) evaluation of France’s anti-money laundering and countering the financing of terrorism (AML/CFT) measures.

Facts and figures

Unpaid taxes and penalties (€m)

Results of tax audits

Tax evasion detection and prevention targeting

Amount of revenues following tax audits (€bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>Value</td>
<td>13,511</td>
<td>10,219</td>
<td>15,661</td>
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<table>
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<tr>
<th>Year</th>
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<th>2021</th>
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<tbody>
<tr>
<td>Value</td>
<td>11</td>
<td>78</td>
<td>10,7</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>€10.7bn</td>
<td></td>
<td></td>
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</tbody>
</table>

2022 objective: 50% of tax audits targeted using data mining

(1) “DAC6” refers to the EU Directive as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. Its objective is to enhance cooperation between the tax authorities of EU Member States as regards arrangements using potentially aggressive tax-planning strategies.

(2) Network launched in 2010 to combat cross-border VAT fraud.
Public sector advisory and support services

Being a leading partner for the communities we serve

« Collectively, our efforts helped raise awareness among all our partners, working toward a common objective. We increased our contacts to recruit all stakeholders able to help businesses, as well as non-profits and local authorities that were also hit hard by the crisis. »

Philippe FERMANEL
Département crisis recovery advisor for Haute-Garonne
2,000 energy-smart retrofit projects under the France Relance recovery plan

40 retrofits of administrative office complexes

87 photovoltaic solar projects selected and trialled in five regions
Providing improved support to local authorities

Continuing to monitor the fiscal position of local authorities

In 2021, the DGFiP began work to overhaul the network it uses to detect early warning signs of deterioration in the financial positions of local authorities, using predictive analytics methods similar to those introduced to help detect struggling businesses. Improvements were made to the monitoring of local authorities’ financial positions, in particular by producing periodic statements broken down by population strata or dedicated to a specific type of authority.

Reform of public finance manager liability

The reform of the liability regime of public finance managers was initiated in the second half of 2021, with the adoption of a new unified jurisdictional liability regime for all public finance managers, designed to only involve judges in the most serious of cases while also reinforcing the managerial accountability of public finance managers. Work in 2022 will focus on the regulatory and operational changes needed to implement the reform on 1 January 2023.
In 2021, under the three-year audit plan for 2020–2022, four categories of establishments whose financial statements are not certified by an auditor were audited by the network: four regional centres for university and school services (CROUSes), six public land management authorities (EPFs), two water supply agencies and one cultural establishment.

2021 was also the first year in which the reform to automate the VAT Compensation Fund (FCTVA) was applied. The reform, which was voted in as part of the 2018 Budget Act but delayed several times, involves implementing an electronic procedure to automatically calculate FCTVA amounts based on the expenditure allocations of local governments.

Additionally, the rollout of the new financial management centres (CGFs) picked up speed, with this new organisational structure now covering the entire decentralised chain of finance, social and culture ministries. That makes for 13 CGFs in addition to those of the central services of the finance ministries and the departments of the Prime Minister’s office, as well as the specialised State property accountant.

The dedication of the DGFiP’s departments is a clear sign of the State’s commitment to supporting all users, individuals, businesses and governments alike.

Antoine MAGNANT
Ongoing crisis management

Implementing the fixed costs support programme

For the payment of financial aid for uncovered fixed costs borne by businesses affected by the crisis, the DGFiP created a unit within its Large Business Directorate dedicated to conducting preliminary reviews of applications. Of the 19,500 applications received in 2021, more than 18,300 have been processed, with €1.77bn paid out to 4,520 businesses.

Securing the implementation of the Solidarity Fund

At national level, preliminary checks were used to screen out over 2.5 million unfounded applications and prevent more than €10bn in unwarranted payments from being made. An additional 74,000 applications were screened out by secondary checks, with collection orders issued and more than 2,500 cases referred to the courts.

Improving conditions for the payment of invoices, payroll and pensions

2021 also marked the delivery of an artificial intelligence solution for identifying payment claims most likely to have an irregularity. Roughly 9 million payment claims were processed. The average processing time for a public contract payment is 17.63 days, which is well under the national target of 20 days and legal requirement of 30 days.

Contributing to the recovery plan

In coordination with the Budget Directorate and the France Relance Secretariat General, the DGFiP monitored the fiscal and accounting implementation of the recovery plan. Monthly reports are produced on the consumption of recovery plan funds for the State, central government agencies, primary representatives and local authorities.
Support for struggling businesses

Support measures specially extended in 2021:

- Extensions to repayment plans granted by CCSFs\(^{(1)}\)
- The special loan for small businesses (PEPE)
- Repayable advances and subsidised loans for SMEs and mid-tier companies

Pandemic recovery:

- 3,966 businesses received guidance under the interministerial action plan
- 68,077 businesses benefited from goodwill gestures
- €25.7bn was used to fund these measures

\(^{(1)}\) Tax and social security debt settlement committees
Advancing our property policy

The France Relance recovery plan and energy retrofits of government buildings

Since 2020, the Government Property Directorate (DIE) has headed up the call for projects for the energy retrofitting of government buildings under the recovery plan, in coordination with the Ministry for Higher Education and Research.

Under the environmental section of the France Relance recovery plan, 4,214 energy retrofit projects were selected for a total cost of €2.7bn. Spanning the entire country, the selected projects are in line with one of the recovery plan’s fundamental principles, which is to ensure a geographic balance in where funds are spent.

Professionalisation of the State property policy

In piloting the Government Property Management Agency, the Government Property Directorate has created an organisation that offers professional property services to occupants of State property.

Pilot project in five regions:

- 87 photovoltaic solar projects
- 50 energy self-consumption projects
- 37 ground-mounted power plants
Our international presence

The International Relations Delegation (DRI) coordinates relations between the DGFiP and its foreign counterparts, for instance via OECD forums, but also through other international institutions and associations: IMF, World Bank, IOTA,(1) CIAT,(2) Tadeus,(3) CREDAF,(4) AIST.(5)

In the area of public finances, the goal of technical cooperation between countries is to provide practical and operational assistance, while administrative cooperation aims to maintain dialogue and exchanges with partner organisations. In 2021, the DGFiP conducted two studies, with support from its network of tax attachés: one on taxpayer education measures and another on the digital resilience of tax administrations. These international studies are a way to share the DGFiP’s expertise and know-how with partner countries and help promote France’s influence in the world.

Last year, bilateral cooperation arrangements were entered into with Tunisia, Togo, Algeria and Lebanon.

(1) Intra-European Organisation of Tax Administrations
(2) Inter-American Center of Tax Administrations
(3) Tax Administration EU Summit
(4) Exchange and Research Centre for Leaders of Tax Administrations
(5) International Association of Treasury Services
Improving tax legislation

Developments on international and European taxation

The Tax Policy Directorate (DLF) worked on the OECD Inclusive Framework Agreement of 8 October 2021 on the reallocation of taxing rights on the profits of the most profitable large multinationals (Pillar One) and minimum tax rates for multinationals (Pillar Two). It also updated the list of non-cooperative countries and territories and made progress on France’s treaty programme by finalising negotiations with Moldavia, Djibouti, Cyprus and Denmark.

The DLF also helped establish an interministerial position on the proposed energy taxation directive in advance of the French Presidency of the Council of the European Union, and contributed to finding a compromise that led to a unanimous agreement in December 2021, incorporating France’s political priorities on the proposed directive on reduced rates of VAT.
Implementation of the government’s priorities

The DLF was also involved in implementing priority government initiatives in 2021: the introduction of measures to reduce excise duties on electricity and natural gas as part of the “price shield”; the reform of tax measures to support housing supply (the creation of a support scheme for affordable housing investments by institutional investors and the transformation and nationwide expansion of the “Cosse” buy-to-let scheme); the development of support measures for the expansion and transfer of independent businesses; and the creation of a tax credit for collaborative research for expenses charged to research and knowledge dissemination organisations (RKDOs).

Coordination of the six-year update of the rental value of business premises, which serves as the basis for calculating property taxes and business premises contributions, involved publishing the decree setting out the procedures for updating collective assessment parameters.

Continuing work to streamline processes and provide legal certainty

The DLF continued its work to streamline the tax system (creation of the new goods and services taxation code by order of 22 December 2021, continuation of the elimination of low-yield taxes and inefficient tax expenditure), and to provide legal certainty and clarification (reforms to the method of calculating the basis for withholding tax on the dividends and capital gains of foreign companies; tax treatment of spin-offs of collective investment undertakings as part of ring-fencing transactions; clarification of the scope of eligible services for tax credits for personal services; correction of the rules for determining eligible expenses for the innovation tax credit).