

Public Finances
General Directorate



2011
Annual report



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Introduction



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Public Finances Director General

In 2011, the merger was finalised and the main projects involved in setting up the Public Finances General Directorate (DGFIP) were completed, with full deployment of the one-stop tax shops and the 101 local public finance directorates in France's regions and départements, integration of all DGFIP managers and employees under the new unified staff regulations and phasing in of the new human resources management rules.

The completion of the merger marks a new step for the DGFIP, which now has a completely unified organisational structure that enables it to carry out its tasks fully and efficiently, with the objective of building on the progress achieved and improving performance in all of its functions.

The annual report is an opportunity to recount the achievements and results of the DGFIP. This report contains information on all of the DGFIP's activities in both taxation and public management, including the key figures for 2011, the main actions carried out to modernise and improve our action to serve users, local authorities, our partners and the nation as a whole.

One of the DGFIP's priorities in 2011 was to continue improving the quality of the public service we provide to all of our users. This was objective behind the deployment of one-stop tax shops in the 2,400 public finance centres, the development of online procedures, the creation of new services for local authorities, and the modernisation of the public expenditure process.

In 2011, the DGFIP achieved good results in the performance of all of taxation and public management tasks, while continuing its efforts to boost productivity. The increase in the number of tax returns filed online and online tax payments, the results achieved in combatting tax evasion, and the certification of the central government financial statements all testify to its success.

These achievements and innovations make the DGFIP a major service administration, thanks to the professionalism and commitment of all of its management and staff, who are driven by the same desire to provide top quality public service.

Taxation

The DGFIP supports individual and businesses in fulfilling their tax obligations by simplifying procedures and offering new services.

TAX ASSESSMENT AND CENTRAL GOVERNMENT REVENUE COLLECTION

Tax Policy Directorate

The DGFIP provides the government with the information it needs to define and implement its tax policy. For this purpose, the Tax Policy Directorate designs and develops tax bills and regulations, along with the general instructions for interpreting them as necessary for their enforcement. The Tax Policy Directorate is involved in every step of tax policymaking: it proposes new tax measures and assesses their financial impact. It takes part in interministerial discussions and the consideration of the measures by the Council of State. It then assists the Government during the parlia-

mentary debates, and the budget debate in particular.

Law-making activity was intense in 2011, with the reform of taxes on assets and the tax measures in the plans to consolidate public finances. The Tax Policy Directorate and the DGFIP were very busy with the enactment of 196 tax law articles and the examination of nearly 4,000 amendments. At the same time 10 new tax regulations and 30 tax instructions were published in 2011.

Tax assessment

The DGFIP assesses individual and business taxes.

The DGFIP assesses the tax due and issues tax assessment notices for direct taxes (income tax, social security contributions, local direct taxes, utility company property taxes, etc.) The DGFIP also calculates any tax credits and earn-income tax credits owed to users and ensures that they are duly paid.

The income tax filing period is one of the high points in the relationship between the DGFIP and its users. It starts with the printing and distribution of income tax returns to taxpayers at the end of April.

More than 5 million users consulted DGFIP staff members in the public finance centres during the income tax filing period in 2011. The DGFIP also handled more than 3.2 million telephone calls.

The DGFIP collected more than €58.5 billion in personal income tax based on 36.9 income tax returns. Earned-income tax credits totalling €2.5 billion were paid to 7.1 million beneficiaries.

The DGFIP also updates the tax bases used to assess residence tax and property taxes. Staff members identify developed and undeveloped properties, incorporate changes affecting taxable premises and update the rental values that are used as the basis for all these taxes. In 2011, the DGFIP sent out more than 30 million residence tax assessment

notices for a total of €18.9 billion and 29.7 million property tax assessment notices for a total of €33.4 billion. Taxpayers calculate their own tax liabilities for self-assessed taxes, such as the wealth tax, the value-added tax (VAT), corporation tax and payroll tax. They then file the return and pay the tax due at the same time.

In 2011, the threshold for the wealth tax was raised from €800,000 to €1.3 million and the filing procedures were simplified for the vast majority of taxpayers.

The filing procedures for the wealth tax will change starting in 2012. It will continue to be a self-assessed tax for taxpayers with a taxable net worth of more than €3 million. The DGFIP will assess the wealth tax liability for taxpayers with a taxable net worth of €1.3 million to €3 million and the payment will be made after the tax assessment notice is received. For these taxpayers, the wealth tax will be an ordinary direct tax.

In 2011, the DGFIP processed more than 292,000 wealth tax returns and collected €4.3 billion.

The DGFIP collected €168.1 billion in VAT and €54.7 billion in corporation tax from businesses. It also collected €11.6 billion in payroll tax. There were nearly 4.8 million businesses liable to VAT and 1.7 million businesses liable to corporation tax in 2011.

The DGFIP also processed applications for VAT refunds

Taxation

(€46.8 billion in 2011) and overpaid corporation tax refunds (€13.9 billion in 2011).

As part of its registration duties, the DGFIP analyses deeds and returns filed for sales of personal property and trans-

fers of real property, gifts and legacies. It fixes the dates of the sales and transfers and assesses the relevant duties. In 2011, it collected €25.9 billion in stamp duties and estate duties, as well as €5.8 billion in taxes on investment income.

Collection of taxes and other government revenue

The DGFIP collects individual taxes, business taxes and the central government's non-tax revenue from regulatory and statutory fines, court-imposed fines, miscellaneous income, etc.

By August, collection activities at the DGFIP are in full swing. Collection activities are spread over the period until December, when local taxes are collected, and they constitute another special contact with individual users.

Promotion of direct debit and online payment is a priority of the tax collection policy, along with promoting good tax citizenship. The success of this promotion is growing steadily, with nearly 55% of payments being made by direct debit or online in 2011.

Different means have been deployed to build on this success. Large-scale information campaigns have been carried out each year to vaunt the advantages of direct debit and online payment (simplicity, flexibility, security, payment in instalments).

For individual taxpayers, the tax payment threshold for mandatory direct debit (monthly instalments or on the due date) or direct online payment, was lowered from €50,000 to €30,000 in 2011.

More than 5.2 new contracts for direct debit and online payment were signed in 2011, which represents an increase of 17.1% compared to 2010.

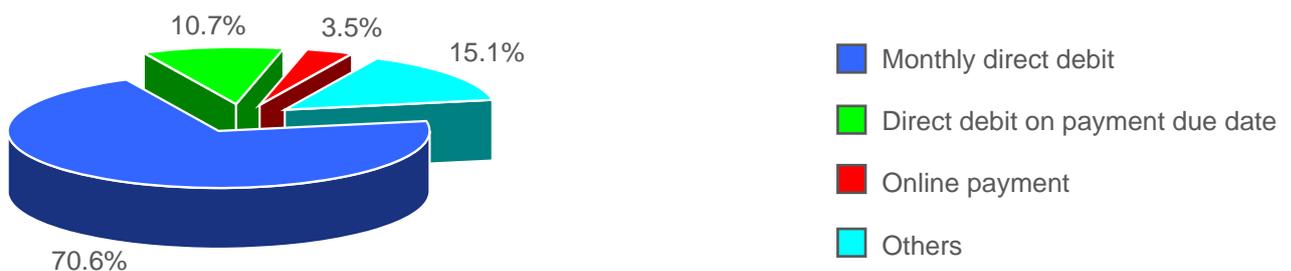
More than **11.6 million users** visited public finance centres during the 2011 collection period, marking a 12% increase over 2010.

Business property taxes and utility company property taxes must now be paid online or by direct debit (in monthly instalments or on the due date), if the previous year's ex-tax turnover is greater than €230,000 (see Spotlight 2011).

When taxes are not paid on time, the DGFIP takes all necessary measures to ensure that taxpayers honour their tax liabilities. These measures range from reminders (4.6 million reminder letters to individuals and 1.5 million payment demands sent to businesses in 2011) to more aggressive debt collection procedures (notices to garnishees, final demands and notices, seizure of assets) or court proceedings (claims against managers or partners, interim measures).

In 2011, the DGFIP also collected and recorded €16.3 in non-tax central government revenue and collected €47.3 billion in tax revenue on behalf of other agencies (television licence fee, social security contributions on dividends, etc.)

Payment of personal income tax in 2011



Taxation

Online services for users

One of the main priorities for the modernisation of the DGFIP is the development of online services. These services are aimed at both individual taxpayers and businesses.

In 2011, 12.2 million tax returns were filed online, representing an increase of more than 15% compared to 2010. The advantages of filing online, such as extended deadlines, instant calculation of the tax liability, and improvements made to the website in recent years (simplified access procedure, automatic retention of data, direct link to online payment) are the reasons for this success. More than 90% of web users were able to use the simplified access without needing an electronic certificate. Furthermore, despite a record number of connections, the website coped easily with traffic throughout the online filing period.

The range of online services for business users was also extended. Since 2010, businesses have been able to apply for VAT refunds online. They can now obtain the tax clearance certificates that they need for public procurement procedures online as well. Use of this service has already increased sharply (see Spotlight 2011). At the same time, the thresholds at which online filing becomes mandatory were lowered in October 2010, and again in October 2011.

Spotlight 2011 :

85% of VAT, corporate tax and payroll taxes paid online

Online services for businesses

On 1 October 2011, the ex-tax turnover threshold at which online tax filing and payment becomes mandatory for VAT, corporation tax, payroll tax and business property tax was lowered to €30,000. In 2011, nearly 85% of VAT, corporation tax and payroll tax were collected online, representing an increase of 10 percentage points compared to 2010. The lower threshold was backed up by the requirement to file applications for VAT refunds online.

In the future, these requirements will be extended gradually. In 2012, they will apply to all

Spotlight 2011 :

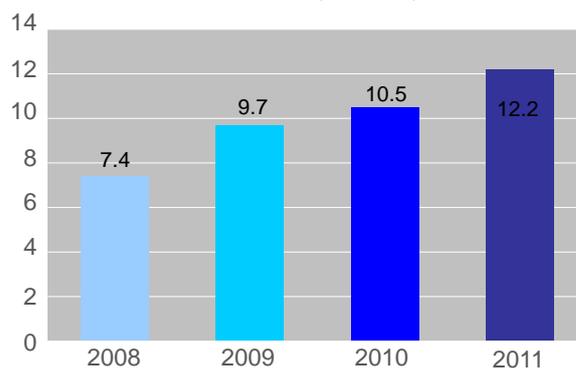
Successful deployment of on-line tax clearance certificates

147,827 tax clearance certificates issued
Since 2010, the document certifying that businesses and private and public sector entities liable for corporation tax and VAT have paid their taxes have been available online from the business tax account page.

In 2011, 147,827 tax clearance certificates were issued, which is an increase of 157% compared to 2010.

The online VAT filing procedure was also simplified. Users no longer need an electronic certificate for access. Online payment of business taxes is being improved further to meet users' expectations more fully.

Online filing of personal income tax returns (millions)



companies liable to corporation tax, then, in 2013, to businesses with turnover of more than €30,000 and, finally, in 2014, to all businesses, regardless of their turnover. The requirement will also include online filing of earnings reports.

Taxation

USER RELATIONS

Local presence

The 2,400 public finance centres throughout France now provide individual taxpayers with a one-stop shop for tax matters.

In urban areas, the individual tax service (SIP) sites receive users and deal with all matters relating to tax assessments and tax payments. A further 80 sites were opened in 2011, bringing the total to nearly 700 new sites.

In rural and semi-urban areas, the public finance centres, which are primarily Treasury offices, provide local tax services for individuals. They answer basic questions and

handle users' requests, which are passed on to the appropriate office without requiring further action on the user's part.

The deployment of unified local directorates was completed throughout France in order to oversee the activity of the local offices, as well as all of the tax and public management tasks of the DGFIP.

There are now 101 local public finances directorates in France's regions and *départements* operating throughout the country.

User satisfaction

The preliminary results of the recently completed merger have been remarkable for users.

A BVA survey conducted at the end of 2011 confirmed high levels of user satisfaction with the quality of service, regardless of the method used to contact the DGFIP.

The survey shows that 94% of individual taxpayers, 95% of businesses and 85% of tax professionals were satisfied with their latest contact with the DGFIP. Of individual taxpayers surveyed, 68% found that their dealings with the tax administration had been improved by the introduction of one-stop shop tax service, which simplifies contacts and improves the handling of their requests and inquiries.

TAX AUDITS AND COMBATING TAX EVASION

One of the major responsibilities of the DGFIP is to audit tax compliance and combat tax evasion.

The purpose of tax audits is to ensure that taxpayers (individuals and businesses) comply with their tax obligations. Tax audits have three objectives. The first is deterrence in order to encourage good tax citizenship by conducting audits of all categories of taxpayers throughout France. The second is fiscal balance, which requires prompt and efficient recovery of unpaid taxes. The third is enforcement, by imposing financial penalties or even prison sentences for the most serious offenders.

Tax audits rely on extensive investigative work to detect evasion systems, collection and centralisation of external intelligence and collation with the DGFIP's own information. This investigative work, along with risk-based audit planning, helps to target tax audits.

There is a specific legal framework for tax audits that provides taxpayers with a number of safeguards and possibilities for appeal. These are set out in the "tax audit charter".

Enhanced resources for combating tax evasion

In the last four years, the tax administration has been granted substantial resources to make it more effective in combating sophisticated forms of tax evasion, particularly those involving tax havens. The Parliament has adopted 25 measures and France has signed 36 bilateral mutual administrative assistance conventions with non-cooperative countries and

territories (see Spotlight 2011).

New measures that enhance the tax administration's investigative and audit capacity have also been introduced. More specifically, it now has the power to require banks located in France to hand over information on international funds trans-

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fers. The EVAFISC database was set up to centralise information indicating that individuals and businesses hold bank accounts outside of France. Furthermore, a «tax police» force was set up to implement the resources of the criminal investigation department for combating sophisticated forms of tax evasion (see Spotlight 2011).

The enhancement of investigation and enforcement encouraged many taxpayers to come forward voluntarily to clear up their tax situation. French taxpayers reported 79,370 bank accounts held in other countries in 2011, compared to 75,468 in 2010 and 51,960 in 2009.

Documentary audits and on-site audits

In 2011, on-site audits resulted in the collection of €10.81 billion in unpaid taxes and fines from 47,500 businesses and 4,000 individual taxpayers. Documentary audits resulted in the collection of €5.13 billion in unpaid taxes and €463 million in fines.

The total taxes and fines collected as a result of tax audits came to **€16.41 billion**.

Individual taxpayers' and businesses' compliance with tax obligations is verified by means of documentary audits and on-site audits.

The DGFIP conducts documentary audits, or "desk audits", using the tax returns and vouchers provided by taxpayers. Compliance audits of tax returns cross check the information provided in returns against information from other sources, such as employers. On the other hand, in-depth audits are conducted on the basis of priorities defined in light of current tax developments and issues. High-risk individual taxpayers are audited over a three-year period, with correlation and crosschecking of assets and income. This requires a com-

prehensive approach to taxpayers' circumstances.

On-site audits include audits of businesses' books or examinations of personal tax situations, in the case of individual taxpayers. On-site audits, which are usually conducted on the business premises of the audited entity, are used to check the consistency and accuracy of the financial accounts compared to the tax returns filed. The administration uses the audits of individuals' personal tax situations to check whether the declared income is consistent with the assets, cash position and lifestyle of the members of the taxpayer's household.

Spotlight 2011 :

The National Tax Crime Unit (BNRDF): the "tax police"

The National Tax Crime Unit (BNRDF) was set by the Decree of 4 November 2010. It is part of the National Financial and Tax Investigation Division at the Central Criminal Investigation Directorate of the Ministry of the Interior. The unit is made up of 9 criminal investigation police officers and 13 public finance agents who have been made tax-crime investigation officers. It is run by a police commissioner and a deputy administrator of public finances.

The tax crime investigation procedure now enables agents from the DGFIP to exercise the powers of criminal investigation officers in order to investigate and report sophisticated forms of tax evasion relying on tax havens or falsified records. This procedure now makes it possible, within a strictly circumscribed legal framework, to deal with situations in which traditional audit staff had previously found themselves powerless in many cases.

As of 31 December 2011, the tax offenses commission approved the instigation of criminal proceedings in 79 cases investigated by the new "tax police".

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Combating tax evasion

Combating tax evasion is a priority because of its impact on public finances and in the interest of social equity. This combat is in line with respect for the principles of equality of citizens in sharing the public burden and fair competition between businesses.

The fight against the most serious forms of tax evasion can lead to criminal prosecution under certain circumstances. In 2011, 15,402 external tax audits revealed violations that were more than mere errors or omissions. These violations involved large sums and resulted in enforcement actions. This figure marks an increase of 1.3 percentage points compared to 2010 and now accounts for nearly 30% of external tax audits conducted in 2011. The unpaid taxes and fines collected as a result of these audits came to nearly €4.84 billion.

Also in 2011, 1,046 tax evasion cases were referred to the Tax Offenses Commission and 966 complaints were filed following a positive ruling by the Commission.

In 2011, the DGFIP also played an active role in the fight against the underground economy. It mobilised 39 members of its staff to work with the Regional Intervention Units. As part of the DGFIP's cooperation with the police and gen-

darmes, 50 further members of its staff were assigned to conduct tax audits of persons directly involved in illegal trafficking. Nearly 2,800 direct investigations and audits of traffickers were initiated in 2011 and more than 200 on site audits tax audits were scheduled as a result of the work accomplished by the Regional Intervention Units.

The DGFIP also plays an active role in the work of the National Tax and Benefit Fraud Task Force (DNLF), which is responsible for developing information sharing between government agencies (customs, social security bodies). On 3 March 2011, the Public Finances Director General and the Customs and Excise Director General signed a national protocol on improving cooperation between their general directorates in the fight against fraud by setting up joint steering bodies at the central and local levels. They also decided to define new areas for cooperation and develop new operating procedures.

The DGFIP also has legal tools and mechanisms for fighting international tax evasion. It is also involved in several international forums and it chairs two networks in the OECD Forum on Tax Administration. One is the Offshore Compliance Network of 30 countries and the other is the High Net Worth Individuals Network of 20 countries.

Spotlight 2011 :

Instruments for improving the use of intelligence

In 2011, France continued its action with regard to tax havens by signing three new mutual administrative assistance agreements. These agreements are intended to create the broadest possible sharing of tax and banking information. As of 31 December 2011, 36 mutual administrative assistance agreements had been signed and 26 had entered into force. More than 300 requests for information were sent to 19 countries under the terms of these agreements.

Furthermore, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes evaluated France's information-sharing system. The peer review report stressed the smooth operation of mutual administrative assistance and concluded that the French information-sharing system complies with transparency standards in every respect.

In operational terms, the DGFIP made wide use of its power to require banks in France to hand over information about international funds transfers.

The 2011 amended budget act extended the period covered by this power from 3 to 10 years for undeclared foreign assets or entities in any country.

Since 1 January 2011, the DGFIP has been actively engaged in fighting VAT fraud by sharing information with other European Union Member States about high-risk intra-Community operators as part of Eurofisc. The DGFIP chairs the «carrousel scheme» working field, which is one of the four working fields of Eurofisc.

Taxation

HANDLING TAX APPEALS AND ELIMINATING LEGAL RISK

Taxpayers may dispute the amount of taxes assessed or ask the tax administration to reduce their tax liabilities. There are two types of tax appeals: non-contentious and contentious.

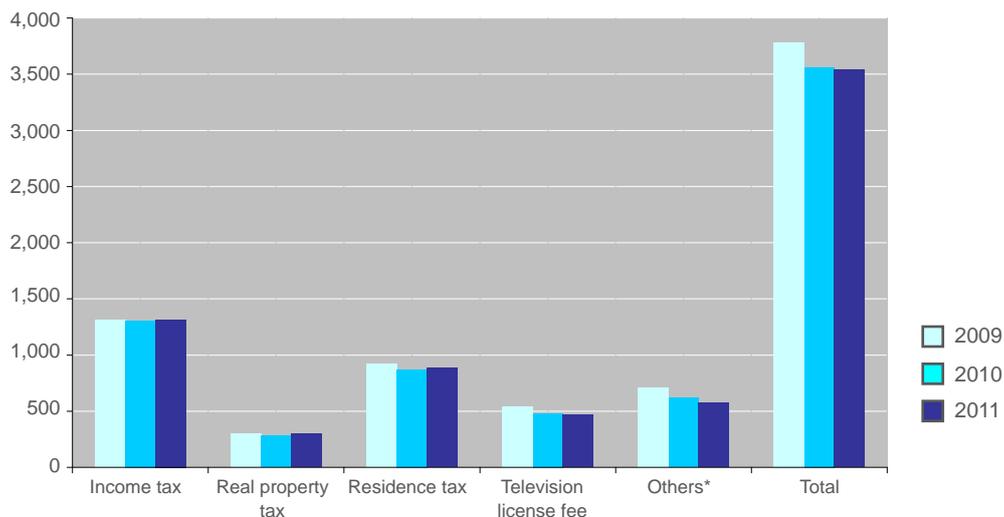
Non-contentious appeals and payment terms

Taxpayers with financial difficulties may apply for total or partial tax relief. The DGFIP staff members responsible for handling these appeals examine the individual situations of the taxpayers making the appeals (decline in income, unemployment, poverty) with due consideration of the principle of taxpayer equality. Depending on the situation of the taxpayer's household, the public finance centre may grant partial or total tax relief or else offer payment terms. The total number of non-contentious appeals was relatively stable in 2011 at 1,087,297 cases, compared to 1,096,866 cases in 2010. Local taxes and television license fees account for nearly 73% of non-contentious appeals.

Contentious appeals

Taxpayers may also lodge an appeal merely to have a tax assessment corrected, avail themselves of a right or dispute the amount assessed. The appeals may stem from filing errors, omission of tax relief or material errors. If the appeal is accepted, the disputed tax assessment is reduced or even cancelled. The remedy is then implemented as soon as possible. If taxpayers are not satisfied with the outcome, they can lodge an appeal with the local tax mediator to have their case reviewed. If their appeals are rejected, taxpayers may ultimately lodge their appeals with the courts.

Contentious tax appeals
(thousands)



*Others: business tax, local economic contribution with ceiling based on value added, turnover tax, maximum tax cap and other taxes.

However, the aggregate number of contentious appeals lodged in 2011 was down: 3,539,937 appeals lodged, as opposed to 3,562,011 in 2010. In the same year, DGFIP processed a total of 3,580,454 appeals (this figure also includes processing of appeals lodged in previous years).

As of 31 December 2011, 98.08% of the contentious appeals relating to personal income tax, the television license fee and residence tax, were dealt with within 30 days. This was far higher than the objective of 96.3%. This success testifies to the rapid deployment of staff members to respond to users rapidly.

Taxation

The *département* tax mediator

The tax mediator's position in the local Public Finances Directorate makes the mediator a key player in the relationship between users and the DGFIP. The mediator provides a personalised and identified channel for users' appeals. Rapid handling of appeals is of strategic importance for the DGFIP

in terms of service quality. In 2011, more than 80,000 appeals were lodged, representing a decrease of 2% compared to 2010. As of 31 December 2011, nearly 75% of the appeals were answered within 30 days, largely surpassing the annual objective of 70%.

Eliminating legal risk

The recasting of tax documentation, which started in 2010, entered a new phase. Nearly 95% of the rewriting work was under way or completed. This project involves reviewing existing paper documents and posting them online (official tax bulletins, advance rulings with general application, answers to legislators' written questions, etc.) It also involves designing a user-friendly site with effective and efficient consultation tools for taxpayers and DGFIP staff (see Spotlight 2011). Use of the advance ruling procedure showed sustained growth, fielding 21,950 requests for advance rulings and legal inquiries in 2011. The advance ruling procedure provides taxpayers with guarantees as to how tax laws will be interpreted and applied to their specific situations.

Finally, drafts of 11 proposed tax instructions dealing with various issues, such as research tax credits, were posted to the impots.gouv.fr website for public consultation.

The draft instructions are binding on the tax administration as soon as they are published and will remain in force until the final versions of the instructions are published. This ensures that rulings handed down between the publication of the drafts and the publication of the final versions of the instructions cannot be reversed.

This new system makes it possible to apply laws sooner and more uniformly, while ensuring taxpayers' access to information and eliminating legal risk.

During the public consultation period, concerned individuals and businesses may submit remarks that may or may not be considered when writing the final version of the instructions, depending on their relevance. Consequently, the final versions of such instructions are more comprehensive and practical.

Spotlight 2011 :

Updating tax doctrine and modernisation - setting up the future Official Public Finances Bulletin - Taxes

After Olivier Fouquet of the Council of State submitted his report on legal risk in the relationship between the tax administration and taxpayers in June 2008, updating and modernising basic tax doctrine as the primary source of consolidated tax information for citizens has become a priority for the DGFIP.

Consequently, the DGFIP launched a project to create a free public tool for access to all existing tax law documentation that is up to date and binding under the terms of Articles L. 80 A and L. 80 B of the Book of Tax Procedures (LPF). The plan for the new Official Public Finances Bulletin – Taxes, which offers a new and simplified access to tax doctrine, is in keeping with this objective.

The online database was developed using freeware. It will enable users to consult and search for successive versions of documents on the impots.gouv.fr site. The DGFIP will update the database directly.

The reorganisation of the process for producing tax doctrine will significantly reduce legal risk for taxpayers, as well as helping to reduce the time required to update the doctrine.

LAND REGISTRY

The DGFIP is responsible for the land registry, which means assigning a unique registration reference to each real property, describing properties (property lines, surface areas) and identifying the owners and their rights with regard to the properties. The registry now contains 103 million lots and 49 million premises. The DGFIP manages the “vital statistics” relating to real property, which are used to assess property taxes.

The DGFIP is responsible for keeping the land registry up to date. The registry is now computerised and accessible on the cadastre.gouv.fr website. The website delivered more than 22 million land registry references to users, local authorities and property professionals in 2011.

The staff dealing with legal notices for property deals saw their workload increase in 2011, with a very dynamic real-estate market, changes in tax laws, such as the reform of capital gains tax on real property and less attractive incentives

for buying rental properties. The deadline for notaries' filings of deeds was reduced from two months to one month as of 1 November 2011, which increased the activity of records offices at the end of the year.

The use of electronic data transfers between notaries and mortgage records offices continued to expand in 2011. Today, 94% of notaries use the Télé@ctes application. In 2011, 42% of the filings with records offices were made using electronic data transfers, which represents an increase of 4 percentage points compared to 2010.

At the same time, deployment of a new version of the application started in notaries' offices at the end of 2011. The new version offers a broader range of electronic transfers that now enable notaries to transmit property titles following the owner's death, amended deeds and easements and to receive invoices issued by the mortgage records offices.

Public management

In its position at the heart of the public finances process, the DGFIP works every day to improve public management and enhance the quality of public accounting. It provides its partners with enhanced financial and tax expertise. The DGFIP also implements the central government's policy on real property.

SUPERVISING AND EXECUTING CENTRAL GOVERNMENT EXPENDITURE

The DGFIP supervises and implements all central government spending at the central and local levels. It also pays the salaries of civil servants and the pensions of retired civil service and military personnel.

In 2011, expenditure under the general budget of the central government came to €250 billion, not counting personnel expenditure and more than €200 billion in expenditure from the Treasury's special accounts. The accountants handled nearly 11 million payment orders related to the expenditure of civilian ministries and the ministry of defence.

Before paying and recognising expenditures, the DGFIP accountants are responsible for carrying out various checks (validity of the expense, availability of appropriations). These checks are more or less exacting, depending on the criticality or risk involved.

Wave 6 of the Chorus integrated management software took place in 2011, marking the last large-scale deployment. The migration was a massive undertaking involving 78 programmes, 6 special accounts and 6 ministries. Since 2011, Chorus now manages virtually all of the expenditure under the central government budget programmes, non-tax revenues and central government assets.

As the deployment of Chorus was completed, major changes in the organisation of the central government expenditure process were implemented, leading to pooled service centres and decentralised invoice processing. Since 1 January 2011, 750,000 payment orders have been processed under the new organisation (decentralised expenditures of the DGFIP and the "bloc 3" ministries : expenditure of regional directorates for business, competition, consumption, labour and employment, regional directorates for cultural affairs and regional directorates for youth, sports and social cohesion).

Under these circumstances, the average payment lag for the central government was 36 days, partly because of the transitional familiarisation phase following the technical deployment of Chorus and the simultaneous implementation of a new organisation for expenditure.

In addition to supervising and executing expenditure, the DGFIP provides assistance and advice for central government authorising officers (Prefects): reporting of expenditures, advice for complex transactions (procurement, public-private partnerships, delegation of public services), provision of services (diversification of payment media, information sharing).

The modernisation of the expenditure process continued as well, with stepped up work on paperless operations under the terms of the Budget Minister's circular of 22 June 2011 updating the classification of vouchers for central government expenditure. The production of electronic vouchers now applies, for example, for travel expenses, intervention expenses and public procurement.

The DGFIP continued all of its work on improving the quality of accounting in central government agencies. For this purpose, the DGFIP promoted the certification of the agencies' financial statements by statutory auditors. It distributed an information brochure on the subject and produced a circular on the deployment of internal accounting and financial control. The DGFIP also continued to work with the agencies on all of their projects involving modernisation of their finances and accounting. Finally, the DGFIP enhanced its oversight of financial directors by sending some of them mission statements, which are co-signed by the authorising officers in most cases.

The DGFIP has been working on reforming the management of central government retirement pensions since 2009 in order to improve the service provided to active and retired civil servants. An important step in this reform was accomplished in 2011. The network in metropolitan France was reorganised and a pension service centre was established (see Spotlight 2011).

In addition, the DGFIP handled the settlement and payment of more than 110,000 new retirees' benefits (including 15,000 retirees with three or more children who took early retirement). The Government Pension Unit at the DGFIP confirmed its role as an expert and an adviser to decision-makers for the drafting of laws and regulations. The financial management of central government retirement pensions

¹ Not including programmes 200, 201 refunds and waivers of central government and local taxes – not including CAS 711, 712, 724, 725,- not including financial assistance account 846 and the trade account 908

Public management

went smoothly, with the annual balance close to the forecast contained in the initial budget act.

The Strategic Coordination Committee ensured that the ministries and establishments employing civil servants received the necessary support to complete all 2.2 million individual pension accounts by the end of 2012. The completed accounts will provide central government employees with better information about their pension entitlements and make the calculation of benefits more accurate and more

rapid upon their retirement. The new PETREL portal developed by the Central Government Pensions Unit to manage individual pension accounts and retirements has been deployed in 36 agencies and other bodies employing some 270,000 civil servants since the end of 2011. As part of the information campaign, the Central Government Pensions Unit has sent 418,000 documents to 8 generations of central government civil servants that summarise their entitlements under mandatory pension schemes for each year since they started work.

Spotlight 2011 :

The Pension Service Centre

The network of 24 pension management centres in metropolitan France was cut to 12 centres in 2011. Two of them together provide a new service for users, the Pension Service Centre, which is accessible for 3.2 million pensioners by means of a single telephone number (0 810 10 33 35) and a renovated website : pensions.bercy.gouv.fr. The centre provides retired civil servants with access to information about their pensions, a means for reporting a change of address and a means of obtaining certificates and forms online.

KEEPING CENTRAL GOVERNMENT ACCOUNTS AND BUDGET AND FINANCIAL REPORTING

The DGFIP keeps the central government accounts. This means that it is also responsible for budget and financial reporting. The principles set out in the Constitutional Bylaw on Budget Acts have brought sweeping changes to the DGFIP's performance of this traditional task. One entire chapter of the Act is devoted to central government accounting and the role of public accountants. The Act makes accrual accounting compulsory and introduces certification of the central government financial statements by the State Audit Office.

The fact that legislation of such importance contains provisions dealing specifically with government accounting shows the importance of producing quality accounting information in order to inform management decision-making and provide a true and fair view of the central government's financial situation.

The accounting quality indicator reveals the progress achieved in 2011. The number of days with accounting discrepancies was reduced substantially in 2011, falling from 17.05 days in 2010 to 15.75 days in 2011, well under the prescribed limit of 20 days.

Balance sheet accounting was enhanced, on the assets side, with the wider reporting of water concessions, for example, and on the liabilities side, with financial debt, payables, provisions, etc. A note is now appended to the financial statements detailing the central government's off-balance sheet commitments (such as civil servants' pensions).

The DGFIP also keeps cash-basis budget accounts and compiles information on government agencies' financial positions.

For the fifth year in a row, the State Audit Office certified the central government's annual financial statements with only 7 qualifications, as opposed to 9 in 2010 (see Spotlight 2011).

² Loi organique relative aux lois de Finances enacted on 1 January 2006

Public management

The certification of the central government annual financial statements by the State Audit Office has encouraged the DGFIP to enhance the security of the accounting and financial processes. It also strengthened accounting internal control systems throughout the government.

The DGFIP also provides comprehensive accounting and financial reporting to the Government and Parliament in the form of numerous periodic and annual accounts and financial statements, chief of which is the central government general account, which consolidates nearly 40 million accounting entries.

The DGFIP also plays a key role in defining and implementing public accounting rules that are as closely aligned as possible with private sector accounting rules.

Preparations were made in 2011 for the migration of the central government's financial accounting to the new central government financial reporting system: Chorus. The migration was carried out on 1 January 2012. The preparations kept DGFIP staff very busy throughout 2011 with design projects, acceptance testing, entering opening balance sheets (initialising the 2012 fiscal year in the software) and managing change (updating documentation, user training).

This final phase followed previous deployment waves for expenses, fixed assets and income (non-tax revenue). Chorus has enhanced enforcement of the Constitutional Bylaw on Budget Acts: accrual-basis financial accounting, greater integration of the three sets of accounts (particularly for the processes that Chorus manages directly), better traceability and an audit trail.

Spotlight 2011 :

A reference :
accounting quality achievement
fifth year of certification of central
government financial statements

Hard work and major improvements in the quality of public financial and accounting management paid off in 2011, as the State Audit Office certified the central government financial statements for the fifth year in a row. The audit opinion came with 7 qualifications relating to the 2010 financial statements.

The first time the central government financial statements were certified in 2006, the State Audit Office's opinion came with 13 qualifications. This number has fallen steadily since then. The declining number of qualifications testifies to the improvements made to the quality of central government financial and accounting management.

The central government balance sheet has been extended to include new concessions (water works), under tangible assets, and public-private partnerships.

The central government's reorganisation of its sites and full deployment of Chorus make it possible to reorganise oversight of internal control and modify documentation of accounting procedures and risks. The DGFIP also stepped up its support to public policy operators to improve the quality of their accounts, included as equity interests on the government balance sheet.

The progress achieved with regard to recognition of the fixed assets of civilian ministries meant that the State Audit Office removed the relevant qualification.

It also removed a qualification relating to the social debt redemption fund.

France is the only country in the euro area to have its central government financial statements certified where the number of qualifications has fallen year after year. This is especially important under current economic and financial circumstances.

Public management

PROVIDING ACCOUNTING, FINANCIAL TRANSACTION EXECUTION AND ADVICE FOR LOCAL AUTHORITIES AND PUBLIC CORPORATIONS

The DGFIP is a major public sector player at the local level. It is involved in the day-to-day finances of nearly 110,000 local authorities and public corporations. It keeps accounts for France's municipalities, *départements*, regions, local public corporations, 1,093 healthcare institutions, 1,508 social and medical-social institutions, as well as 153 public housing boards.

It produces nearly 170,000 budgets each year. The DGFIP is involved in executing all revenue and expenditure for local authorities and public bodies.

Accounting and budget execution

In 2011, the DGFIP collected local direct taxes and other local taxes, as well as local non-tax revenue (fees for school meals and day care, public housing rents, hospital bills, etc.) totalling some €153.5 billion, split between €58.8 billion in non-tax revenue and €93.8 billion in tax revenue. A national charter of revenue management best practices, drafted in collaboration with national associations of local elected officials, was published in March 2011. It calls for all local

authorities to offer online credit card payments for local charges and fees.

These "TIPI" payments enable users of local public services to pay their bills and fees (day care, school lunches) online with a credit card with just a few clicks. As of 31 December 2011, 727 local public sector bodies had signed up for the system in France (see Spotlight 2011).

Spotlight 2011 :

New service for local authorities

A DGFIP website for online payments of local charges and fees : *tipi.budget.gouv.fr*

In June 2011, the DGFIP expanded its range of payment media for users by opening its online payment website *tipi.budget.gouv.fr*.

The site enables users to pay local fees and charges (school lunches, day care, etc.) online with optimal security. The secure payment service is available 24/7, either from the users' local authority website or from the DGFIP website for online payment of local charges and fees, *tipi.budget.gouv.fr*. The website is primarily used to pay for school-related services (40%) and for water and sewerage fees (31%). Payments in the month of December 2011 alone came to €988,408.

Opening the *tipi.budget.gouv.fr* website and the expansion of the public management web portal to 77,000 authorised local bodies are some of the measures that the DGFIP took in 2011 to simplify dealings with the local public sector and to lighten the workload of its own staff and that of local authorities.

At the same time, the DGFIP accountants verify the lawfulness of expenses incurred by local authorising officers (mayors, presidents of general and regional councils, hospital managers) and then pay them. These payments totalled €223.6 billion, including €66 billion in capital expenditure. The hierarchical structure of expenditure control means that the most exhaustive audits focus on the expenditures that involve the greatest risks and most important programmes.

At the end of each year, the accountants produce annual financial statements (cash position, balance sheet and reve-

nue and expenditure account). In 2011, nearly 90% of these statements were produced before 15 March.

The widespread use of the Hélios application means that electronic data exchanges with local public managers using the standard exchange protocol PES V2 can be planned. The number of budgets where data were exchanged using this new protocol increased by nearly 50% in 2011 to 750 budgets.

In September 2011, the municipality and *département* of

Public management

Paris initiated the process for completely paperless processing of all expenditure (payment orders and vouchers: see Spotlight 2011).

Since 1 January 2011, the public management web portal has offered unrestricted access for local authorities and public corporations to send and receive their accounting files or to consult their accounts.

The Order of 3 August 2011 stipulates that, as of 1 January 2015, the Hélios PES V2 standard data exchange protocol will be the only protocol used by authorising officers for transmitting revenue authorisations and payment orders, along with the relevant summary statements.

The system of “Electronic Annual Financial Statements” (CDG-D) has made it possible for local public bodies to simplify the procedures for processing and producing financial statements from vouchers. The simplification mainly concerns replacing many paper documents with an electronic financial statement in an XML file that makes targeted searches possible. Since 2011, these electronic financial statements have been transmitted to the State Audit Office and the interregional administrative clearing centres operated by the DGFIP. This system has replaced some 100 million sheets of paper.

Tracking statements are now sent to elected officials in the largest local authorities, presenting authorising officers with a selection of indicators.

Spotlight 2011 :

Paperless transmission agreement with the City of Paris

The City of Paris signed a trilateral paperless transmission agreement with the Paris Public Finances Regional Directorate and the Regional Audit Office.

Since the end of September, the Paris city and districts have been sending their payment orders and the related vouchers (invoices) to the Regional Public Finances Directorate using the Hélios PES V2 standard data exchange protocol.

Paris is the first large local authority to adopt paperless transmission on this scale for all activity areas (revenue and expenditure). The use of Hélios PES V2 is part of the administrative modernisation drive that began with the implementation of Hélios by the City of Paris in 2010.

Financial and tax advisory services

The DGFIP also provides tax and financial advice to local authorities.

In 2011, it produced 3,174 financial reports for authorising officers and responded to 853 requests for advance rulings.

In 2011, the DGFIP worked very hard on the implementation of local direct tax reform, following the elimination of the business tax. The direct effects of the reform for local authorities were first felt in 2011.

Up until 2010, the business tax was the main contribution that businesses made to local authorities. It was replaced by the local economic contribution (CET) and by flat taxes on utility companies (IFER).

The DGFIP advised local authorities on how the reform would proceed. It also contributed to assessing and collecting new revenue, while guaranteeing the level of local authority revenue by calculating the compensation for business tax reform (DCRTP) and the grant from the national individual revenue guarantee fund (FNGIR).

All of the DGFIP's services can be set out in accounting and financial services agreements (CSCF) with the larger local authorities. There are 249 such agreements now in place. The DGFIP also has more than 400 partnership commitments (EP) with other bodies.

In 2011, the DGFIP also continued to provide support for prefectures with compliance audits and budget audits of local authorities. It also helped detect their financial problems. As part of the local government reform process, the DGFIP helped draw up the plans for cooperation between local authorities (SDCI) by running simulations and producing many financial reports.

DGFIP accountants keep the accounts and execute the revenue and expenditure of nearly 1,700 national public corporations (EPNs).

Public management

Spotlight 2011 :

Accuracy of accounts and financial statements

In addition to playing an active role on the Public Accounts Standardisation Council (CNoCP) in order to improve accounting records of debt and depreciation of investment grants, the DGFIP carried out projects in 2011 aimed at achieving compliance of local authority and hospital financial statements with the true and fair view requirements set out in Article 47-2 of the Constitution. This work was done in partnership with the State Audit Office, the Local Government General Directorate (DGCL), the Healthcare General Directorate (DGOS) and national associations representing local authorising officers.

The national committee for the accuracy of local public accounts, which is led by the DGFIP, produced various documents with the aim of building up a common toolbox for authorising officers and public accountants, who represent the two sides of the accounting function.

The DGFIP and the healthcare general directorate also work together to produce a methodological guide to improve the accuracy of hospitals' financial statements. This guide was disseminated to the relevant authorising officers and accountants in a joint circular on 10 October 2011.

By focusing its efforts on the priority of improving the accuracy of accounts, the DGFIP is contributing to improving the overall financial performance of all local authorities and hospitals. It is also giving public accountants a key role in the internal control system in order to control accounting and financial risks and improve the security of financial reporting, relying on the functions available with Hélios in particular.

MANAGING GOVERNMENT PROPERTY AND IMPLEMENTING THE CENTRAL GOVERNMENT'S REAL PROPERTY POLICY

The DGFIP is responsible for the inventory and appraisal of central government property and for reporting this item in the central government balance sheet. The DGFIP drafts government property legislation and oversees legal disputes. It represents the central government as the owner of real property and defines the real property policy for all government agencies. The DGFIP works together with local authorities to appraise properties (nearly 114,000 appraisals made in 2011) and provides advice. It also manages estates under administration, unclaimed estates or escheated estates, as well as auctions of goods and chattels.

Major work on codification of government property regulations was completed in 2011. After enacting the legislative section of the general public sector property code in 2006, the Government published the first five parts of the regulatory section. Publication of the fifth and final part on overseas départements and territories was rescheduled for the end of 2012.

The DGFIP also started work on improving the accuracy of the data in the real property information system (Chorus Re-Fx) with a view to improving accounting quality and re-engineering real property processes.

The national directorate of government property sales (DNID) took part in the plan to auction off so-called sensitive assets held under seal by various courts. It also signed a memorandum of agreement with the agency for the management and collection of seized and confiscated assets (AGRASC) for the sale of movable assets seized and confiscated in criminal court proceedings.

The France Domaine unit of the DGFIP is also responsible for implementing the central government real property policy. This task has been entrusted to the Minister of the Budget and consists of representing the central government in its role as a property owner. This means defending its assets, maintaining its buildings, acquiring the properties it needs to perform its tasks, and selling properties that are no longer suitable or needed so that the government's real property holdings facilitate the various reforms. At the local level, the central government real property policy managers (RPIE) at the regional public finances general directorates provide support for regional prefects in the implementation of the real property policy.

The objective of the central government real property policy is to optimise assets. For this purpose, strategic multiannual real property plans (SPSI) consider the needs of the various

Public management

ministries and plan the fulfilment of those needs in keeping with budget guidelines. In 2011, after working in previous years on drawing up these plans, the DGFIP focused on implementing the plans for central government agencies and their local establishments.

In 2011, the DGFIP also completed the work of drawing up the plans for all of the central government agencies as part of the new governance of these agencies, which encourages them to apply the public policy of the central government, including with regard to real property. A little more than

500 entities, some of which own vast assets, are concerned. As of 31 December 2011, in keeping with the instructions they were given, virtually all central government agencies had drawn up a strategic multiannual real property plan. The implementation of these plans will now need to be verified.

Under the central government real property policy, the office space used was reduced by 194,957 square metres in 2011. This was achieved through a policy of aggressive asset sales, renegotiation of rents on rented premises and the elimination of leases. The DGFIP and all other central government agencies achieved savings on office space. The merger of the former tax directorate and the public accounts directorate freed up office space by combining the assessment staff with the collection staff. A great deal of office space was also freed up as a result of the merger of the two former networks of tax directorates and Treasury offices. This merger eliminated 57,501 square metres of office space, which is 30% of the office space eliminated by central government agencies.

Spotlight 2011 :

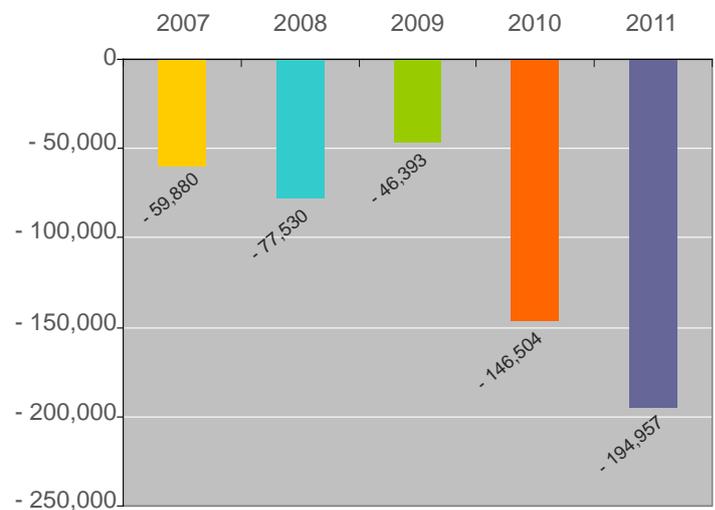
Continuing sales of central government real property

The France Domaine unit of the DGFIP is responsible for ensuring that sales of central government real property that is no longer needed for public purposes take place under on the best terms and at a fair price.

In 2011, property sales reached nearly €98 million, compared to the target of €400 million set out in the budget act. Some of the biggest sales include the sale of the premises occupied by the American School of Paris in Saint-Cloud (92) to the school itself, the sale of the former Ministry of Education training centre in the 17th arrondissement of Paris, the sale of part of the Fort d'Issy in Issy-les-Moulineaux (92) and the sale of lot in the Part-Dieu neighbourhood in Lyons (69).

The second multiannual programme of sales running from 2012 to 2014 started in early 2012. The programme covers 1,800 properties with a value of €2.2 billion.

Surface area eliminated
(square metres)



ECONOMIC AND FINANCIAL ADVICE

The DGFIP uses its vast experience in finance, taxation and accounting to provide advice in these areas to prefects and local authority decision-makers. It also intervenes on behalf of businesses in relation to other local economic players.

Each regional public finances directorate has an economic and financial consulting unit (MEEF) that is responsible for meeting requests from central government authorising officers (prefects, university rectors, regional health agency ma-

nagers, etc.) to assess public investment projects financed by the central government, European structural funds or co-financed by local authorities and public corporations. The priority for the economic and financial consulting units is to work on projects that have a significant legal, economic or financial impact at the local level, especially with regard to hospitals and universities. In 2011, the units were asked to assess 125 public investment projects.

Public management

The DGFIP also provides support for individuals through its local commissions investigating personal debt problems. The new provisions under the Act of 1 July 2010 on the reform of consumer credit have speeded up the investigation procedure and make it possible to provide better support for the individuals involved, while ensuring uniform handling of all cases in the interest of equal treatment of the parties concerned.

The DGFIP also works to support businesses by intervening in the systems for granting assistance to start-ups and growing businesses and by supporting distressed businesses. The DGFIP plays an important role in the local committees investigating business financing problems (CODE-FI) and local financial officer commissions (CCSF), where the DGFIP provides the vice-chairmen and secretaries. The

local committees investigating business financing problems played their full role in supporting, guiding and detecting distressed businesses in 2011, against the backdrop of the financial crisis. They detected nearly 1,750 distressed businesses.

The local financial officer commissions agreed to extended repayment plans for nearly 2,600 distressed businesses to clear up their tax and social security arrears over an average period of nearly 19 months. The amount of tax and social security arrears covered by extended repayment plans approved by the local financial officer commissions came to nearly €600 million in 2011.

Spotlight 2011 : Support for distressed businesses

As part of its responsibilities within the various bodies supporting distressed businesses (local financial officer commissions, local committees investigating business financing problems), the DGFIP took part in examining nearly 7,000 cases, where more than 186,000 jobs were at stake.

The local financial officer commissions agreed to 2,600 extended repayment plans. Meanwhile, the local committees investigating business financing problems received the same number of cases as in 2010, but the businesses involved were smaller in terms of the number of employees.

The local public finances directorates in the départements and the regions continued to work and be responsive in 2011. They carried on the efforts to detect and deal with distressed businesses.

MANAGING DEPOSITS OF GENERAL INTEREST FUNDS

As part of its activity as an official receiver for the Deposit and Consignment Fund (CDC), the DGFIP managed nearly 70,000 bank accounts with €35 billion in deposits for a client base made up primarily of notaries, court-appointed receivers, bailiffs and social security bodies. The consignments managed by the official receivers stood at more than €2.5 billion at the end of 2011.

The respective obligations of the Fund and the DGFIP are defined in a new partnership agreement signed on 24 June

2011. This agreement describes the operating procedures for the partnership over the next five years.

The DGFIP provides banking and financial services to entities that are required to deposit funds with the Treasury (public corporations and government-controlled corporations). In 2011, the DGFIP managed nearly 38,000 accounts with deposits of more than €74 billion. The customers have access to a wide range of services similar to those provided by conventional banks for transactions and investment.

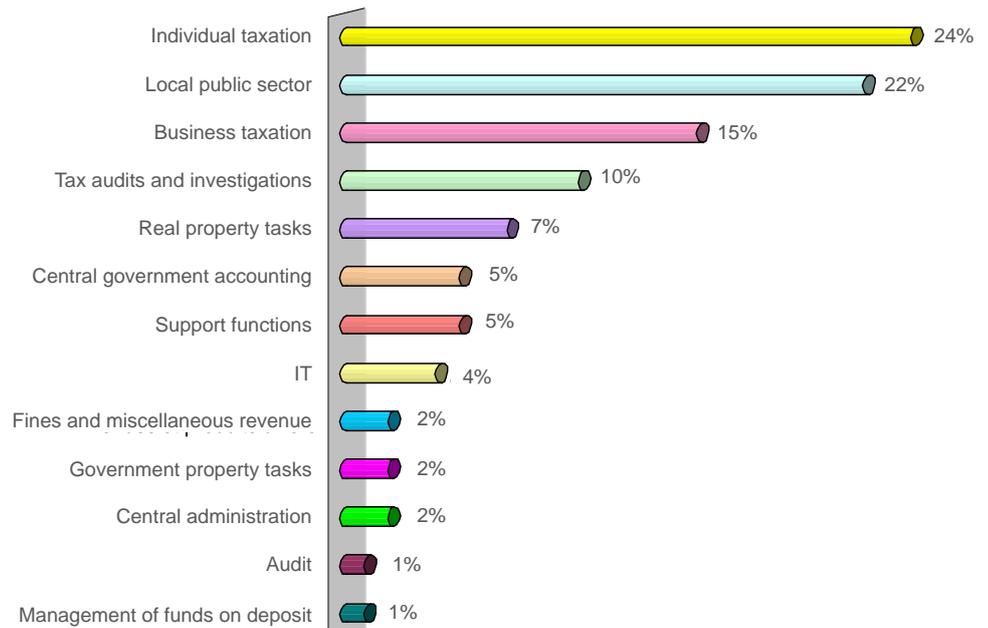
Human resources, operating resources and organisational structure

HUMAN RESOURCES

Human resources

The DGFIP employs 117,250 people, of which 62% are women, 27% are Grade A management employees, 39% are Grade B and 34% are Grade C. The average age is 47.4 years. The staffing breaks down as follows: 24% for personal taxation, 22% for the local public sector, 15% for business taxes, 10% for tax audits and investigation, 7% for real property tasks and 5% for central government accounting. Another 17% of the staff members work in other areas and in support functions for the DGFIP.

Breakdown of DGFIP staffing in 2011



Training

With the creation of a unified career path in 2011 (see Spotlight 2011), the entire training system has been overhauled, from recruitment to preparatory courses for promotion examinations, along with initial training and in-service training. The overhaul had several objectives: offering promotion prospects to all employees throughout their careers, capitalising on work experience, making it easier to accommodate training and personal life, providing reconversion training and developing training programmes for career changes.

New recruitment and promotion examinations were established for Grade A and Grade B personnel (administrative employees and land surveyors) and Grade C personnel under the unified personnel structure. A total of 21 decrees were published in the first half of 2011 to define the general organisation rules, the types of tests and the examination schedule, along with the operating rules and membership of the examination juries. The first unified recruitment and promotion examinations were held in the last quarter of 2011. The National Public Finances School (ENFiP) started preparatory courses for the new examinations that include the possibility of face-to-face training.

The content of the most recent initial training courses in 2011-2012 was changed to start convergence on unified courses. Working groups made up labour and management representatives, senior management and the initial training directorate at the National Public Finances School developed new and targeted course structures with three stages: career training, specific job training and a supervised practice period.

The 2011 national training programme offered 106 new training actions in four areas: operations related to the merger of the DGFIP, skills development, training to use new software and the quality of life in the workplace.

A training programme for senior executives, called the «Executive Academy» was deployed in full. The National Public Finances School offers these courses to senior executives and managers, with the priority being given to recently promoted executives and managers.

Human resources, operating resources and organisational structure

Quality of life and diversity in the workplace

Human resources management also encompasses management of appointments, transfers, working conditions, actions to promote diversity in recruitment and social action to employ the disabled.

The DGFIP implemented a series of practical measures to improve the quality of life in the workplace and to prevent risks in 2011, after working together with staff representatives and conducting various experiments.

Dialogue hubs were deployed throughout the network. These hubs enable employees to express their thoughts on their day-to-day working life completely voluntarily and anonymously. The social scoreboard is now used throughout the DGFIP. The scoreboard presents summary objective data that can be used to identify situations involving professional, psychological and social risks. A training programme dealing with quality of life in the workplace was finalised in 2011 and will be deployed in 2012. It is offered to all employees and especially to supervisory personnel. The intranet site includes a practical guide on preventing psychological and social risks that is available to all employees. It enables employees and managers to familiarise themselves

with the basic notions so that they can detect and prevent such risks more effectively. All employees received a brochure that summarises all of these measures.

The DGFIP's actions in favour of social promotion and equal opportunities include setting up six integrated preparatory classes for recruitment and promotion examinations, staff training in fighting discrimination, the recruitment of 160 young employees through the PACTE programme to promote access to civil service and healthcare careers and the recruitment of 275 disabled employees.

In 2011, the DGFIP also continued its proactive policy to mainstream disabled employees, with the adaptation of nearly 900 workstations, special training courses for the hearing and visually impaired, continuing work to make the ILIAD application accessible for blind employees and training for 160 employees in French Sign Language. The linchpins for the DGFIP's policy for mainstreaming disabled employees at the local level are now the 150 local disability correspondents, whose role and professional status have been increased.

Spotlight 2011 :

A new unified career path

In 2011, the unified staff regulations and management rules were implemented.

The unified career path has been in force since 1 September 2011. At first, this involved combining the separate staff regulations of the former Public Accounting General Directorate and the Tax General Directorate.

After consulting with the labour unions, new unified management rules were added to the existing regulations to specify arrangements for staff transfers and the first job assignments, recruitment and promotion procedures, and unified training for each category and grade of DGFIP employees. The unified rules have been phased in since 1 September 2011.

The new rules governing day-to-day matters (working hours, holidays, etc.) have been in force since 1 January 2011. These rules are now applied throughout the DGFIP. A unified and more advantageous set of rules now governs holidays and working hours for all DGFIP employees.

The management intranet site includes a unified employees area that enables all DGFIP employees to find all of the relevant information concerning their administration and their careers.

Human resources, operating resources and organisational structure

Spotlight 2011 :

Industrial relations: first staff elections

Turnout of nearly 87%

As is the case throughout the central government, the DGFIP held staff elections under the new legal framework stipulated in Act 2010-751 of 5 July 2010 on the renewal of industrial relations and the related implementing decrees (Decrees 2011-184 and 2011-183).

These elections renewed two types of bodies, the technical committee and the joint administrative committee, which are elected directly. The elections held on 20 October 2011 elected the staff representatives to sit on the new national and local joint administrative commissions set up to manage the new staff divisions of the DGFIP in accordance with the by-laws implemented on 1 September 2011. These new provisions present organisational challenges for the human resources units in the directorates.

With turnout standing at 86.80%, DGFIP employees asserted their attachment to good industrial relations and strengthened the representativeness and balance of the unions from the two former directorates.

RESOURCE CONTROL AND MANAGEMENT

Real property

Real property operations carried out in 2011 completed the merger and instituted the new structures of the DGFIP (unified local directorates, individual tax services). Special attention has been given to improving employees' working conditions. Asbestos removal is part of the Ministry's commitment to enhance the value of government property.

This aggressive policy is backed up by moves to rationalise the DGFIP's real property assets in accordance with the central government's real property policy. These operations resulted in freeing up more than 117,000 square metres of office space between 2010 and 2011.

All in all, more than €68 million in budget allocations were invested in the DGFIP's assets in 2011.

Management dialogue

The DGFIP instituted unified management dialogue for all of the local directorates and units in 2011. This dialogue takes stock of the past year and sets the objectives and determines the resources required for the coming year. Management dialogue is a forum for discussing the qualitative aspects of the DGFIP's tasks and determining the priorities for action in order to improve performance, as well as to improve the quality of life in the workplace. This unified arrangement promotes orderly and selective use of indicators, by relying on a limited set of priority indicators, supplemented with progress indicators. The latter do not come with specific targets, but they shed light on the results achieved.

Human resources, operating resources and organisational structure

IT AT THE DGFIP

The IT function employs more than 5,000 people with recognised know-how who are deployed in the central administration and in 9 IT services directorates (DiSI). These employees develop, use and maintain 280 applications that cover all of the DGFIP's tasks. They also work on major IT projects dealing with taxation or public management.

They enter tax return data and management data into the information systems by direct upload, manual data entry or optical character recognition. Each year, they contribute to the elimination of millions of paper documents.

They are also responsible for printing and mass mailings of documents to users and local authorities.

In 2011, 530 million pages were printed and 289 letters were distributed (tax notices, residence tax notices, property tax notices, fine notices, etc.)

Spotlight 2011 :

Information systems

Setting up the IT directorates

Planning work that was started in 2009 and finalised in 2010 led to the definition of a new target organisational structure. In 2011, local oversight structures were set up called IT service directorates (DiSI). Nine such directorates were created, covering the local IT establishments throughout France.

A new harmonised user support structure has been phased in since 2011.

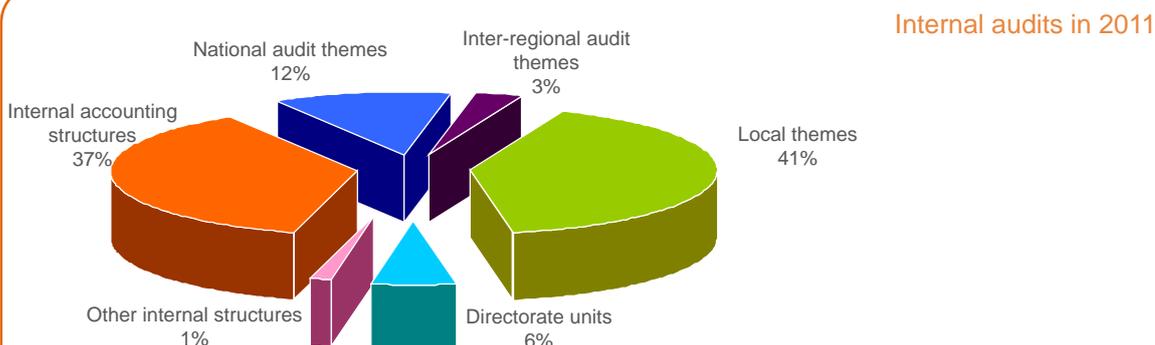
At the same time, work on drafting a new strategic IT plan continued and was nearly completed in 2011. This plan will optimise the decision-making process for IT investment.

AUDIT

The audit function ensures that staff members follow procedures and comply with regulations and instructions. It can also advise DGFIP staff or other ministries.

The Decree of 28 June 2011 and the Circular by the Prime Minister dated 30 June 2011 clearly stipulated that internal audit is now a key means of improving general government performance. The DGFIP's initiatives in this area were strengthened and diversified throughout 2011.

The national auditors from the national audit function carried out more than 40 audits, investigations and inquiries in 2011. Their work went to the heart of the major internal debates at the DGFIP concerning the priorities for simplification and paperless operations. Many audits were conducted outside of the DGFIP, as part of the work on certification of the central government financial statements and those of national public corporations, as well as under the terms of partnership agreements with other bodies (European funds, Social Security Warning Network, local chambers of commerce and industry, etc.).



Human resources, operating resources and organisational structure

With the completion of the deployment of unified local directorates, local audit functions were set up in all of the regional and département public finances directorates. This structure ensures uniform application of the audit practices described in the internal audit manual published in February 2010. Harmonisation of audit principles and methods is necessary and highlights the objective of professionalisation of the audit function.

The professional practice of auditing was enhanced with the creation of the inter-regional audit chiefs, who report to the Director General's delegates, and the locally appointed audit correspondents in September 2011.

This arrangement increased the time that auditors spend on

actual audits (71% in 2011) and enabled local directors to make compliance audits a priority. In the second half of 2011, a new audit methodology was developed with the deployment of diagnostic compliance audits in the local directorates for individual tax service sites and for business tax service sites starting in 2012.

The pooling of audit knowledge has been made a priority to facilitate the "decompartmentalisation" of the audit function.

Many national and inter-regional technical seminars and new initial and in-service training actions promoted this strategic thrust and underlined the critical complementarity between internal control and internal audit that must be built into each task at every step in the process.

RISK PREVENTION AND PROCESS RE-ENGINEERING

Risk Control

The main tasks in 2009 and 2010 were risk mapping, designing risk control tools and deploying function-based organisational structures in the first two waves of the 20 directorates. In 2011, the function-based organisational structures were deployed in the other waves of the directorates.

The drafting of procedural manuals, which started in 2010, continued all through 2011. These manuals describe the operating procedures for the tasks assigned to employees and summarise the existing documentation, or even supplement the documentation when it is too vague. The drafting

committees from the network documented the 53 processes that involve the highest risks, under the guidance of the local risk control officers. Some twenty accounting processes were also documented.

In addition, workshops for experts from the network and representatives of the business lines produced 25 internal control manuals that were validated or in the course of validation in 2011. The manuals analyse the main risks for processes and present the most appropriate measures for attenuating these risks.

Process re-engineering

The National Process Re-engineering Task Force continued the drive to improve the DGFIP's working methods, which started in 2010. Its focus in 2011 was on 35 processes. The Task Force worked with central administration offices, managers and local employees on a common approach to changes in the nature of the DGFIP's tasks.

More than 150 focus groups were set up by the local directors under the coordination of the General Director's delegates. The groups came up with ways to simplify operations, working tools and methods. The groups' contribution to the evolution of the DGFIP's tasks is complementary to the contributions made by other approaches.

The main simplifications that emerged are now being assessed by the relevant function boards. For example: ena-

bling users to correct their initial returns online (simplifying the handling of appeals from individual taxpayers), generalising the use of electronic statements of account and enabling the accountants and managers of local public corporations to consult their deposit accounts with the Treasury online, simplifying the processing of payments that do not require a payment order.

Deployment of these simplifications for the first processes started in 2011. This deployment concerned "following up businesses that fail to file returns" and "accounting flows within the same *département*".

Process re-engineering projects are now backed up by international comparative analyses of the best practices of similar tax administrations.

Human resources, operating resources and organisational structure

INTERNATIONAL ACTION

Several international exchanges were organised in 2011. They enabled the DGFIP to share its know-how and learn from other countries' experiences with public finances.

In 2011, the DGFIP's bilateral international cooperation and many international projects primarily concerned tax audits, expenditure accounting, tax legislation and crosscutting tasks (management control and oversight, internal audit and internal control).

Nine twinning operations and bids took place in Algeria, Albania, Cameroon, Croatia, Lebanon, etc., three new cooperation agreements were signed with the tax administrations in Albania, Croatia and Russia, and four concession agreements for the ASTER software (accounting and central government account management tool) were signed with Benin, Côte d'Ivoire, Gabon and Senegal, thus promoting south-south cooperation.

The DGFIP was also heavily involved in national interest tasks, such as support for Greece (primarily for tax audits) and Haiti (setting up a land registry). It also participated in defining the public finances support needs of Côte d'Ivoire

as cooperation with that country resumed.

Its work with international organisations led to the DGFIP to strengthen its partnership with the International Monetary Fund (IMF). It also attended the annual meetings of the Centre de Rencontres et d'Etudes des Dirigeants des Administrations fiscales (CREDAF) in Oran (Algeria) on the subject of tax administration performance and the Inter American Center of Tax Administrations (CIAT) in Quito (Ecuador) on collection. As the Chair of the annual seminar of the International Association of Treasury Services (AIST) it co-hosted the seminar in Kiev (Ukraine) on the effectiveness of public expenditure.

The DGFIP also signed a staff exchange agreement with Austria, like its agreements with Spain and Italy. These exchanges provide participants with the rewarding experience of working in a foreign tax administration.

After being elected to the presidency of the Intra-European Organisation of Tax Administrations (IOTA) for 2010-2011, the DGFIP hosted the General Assembly in Nice, which was attended by 180 delegates from 45 countries.

2011 performance and statistics

DGFIP WORK AND OPERATIONS

THE DGFIP WORKING FOR ITS USERS

PAPERLESS TAX PAYMENT

■ Participation rates	2009	2010	2011
Income tax			
Monthly direct debit	65.4 %	72.8 %	70.6%
Direct debit on payment due date	9.9 %	11.0 %	10.7%
Payment online	2.6 %	3.3 %	3.5%
TOTAL	77.9 %	87.1 %	84.9%
Residence tax			
Monthly direct debit	34.3 %	34.5 %	35.1%
Direct debit on payment due date	9.0 %	9.1 %	9.3%
Payment online	2.9 %	3.9 %	4.7%
TOTAL	46.2 %	47.5 %	49.2%
Property tax			
Monthly direct debit	27.2 %	27.9 %	28.2%
Direct debit on payment due date	11.3 %	11.4 %	11.6%
Payment online	2.4 %	2.8 %	3.5%
TOTAL	40.9 %	42.1 %	43.4%
All taxes			
Monthly direct debit	38.8 %	40.2 %	40.5%
Direct debit on payment due date	10.1 %	10.4 %	10.5%
Payment online	2.6 %	3.3 %	4.0%
TOTAL	51.5 %	53.9 %	55.0%

REFUNDS AND RELIEF GRANTED BY THE DGFIP

Central government taxes	2009	2010	2011
Earned-income tax credit (€m)	4,021	2,935	2,570
Number of recipients	8,180,862	7,553,194	7,143,651
Income tax (€m)	4,380	4,733	4,556
Corporation tax (€m)	28,570	16,897	13,901
VAT (€m)	49,609	43,403	46,814
Others (€m)	6,190	4,813	3,452
TOTAL (€m)	92,770	72,781	71,293

Local taxes	2009	2010	2011
Local business tax (€m)	13,472	11,651	6,743
Property taxes (€m)	663	678	858
Residence tax (€m)	3,181	3,267	3,425
Others (€m)	484	552	454
TOTAL	17,800	16,148	11,480

FINANCIAL SERVICES

Deposits of funds with the Public Treasury

Number of accounts	2009	2010	2011
Central government	4,777	4,461	5,068
Public corporations	12,508	12,917	12,240
Local public sector	16,860	17,869	18,947
Others (chambers of commerce and industry, etc.)	1,264	1,490	1,382
"Future expenditure" operators	-	15	33
Interest-earning accounts	-	57	133
CBCM*	-	-	74
TOTAL	35,409	36,809	37,877

Amounts on deposit (€m)	2009	2010	2011
Central government	2,349	1,310	1,367
Public corporations	5,278	8,240	6,633
Local public sector	378	510	470
Others (chambers of commerce and industry, etc.)	585	1,002	1,627
"Future expenditure" operators	-	29,457	36,808
Interest-earning accounts	-	1,456	4,675
CBCM*	-	-	22,444
TOTAL	8,590	41,975	74,024

* Ministerial fiscal and accounting officers

Deposit and Consignment Fund's official receiver activity

■ Number of accounts	2009	2010	2011
Notaries	31,214	29,515	28,019
Court-appointed receivers	20,560	18,560	13,050
Persons protected by law	16,347	15,366	14,019
Bailiffs	4,604	4,604	4,545
Social security funds	2,217	2,027	1,752
Other legal professions	2,257	2,001	1,950
Social housing bodies	1,306	1,238	1,168
Tenants in residential care facilities	2,103	2,173	2,177
Other public utility institutions (semi-public regional planning companies, etc.)	1,388	1,340	1,301
Other customer categories	1,908	1,458	1,423
TOTAL	83,904	78,282	69,404

■ Amounts on deposit (€m)	2009	2010	2011
Notaries	21,825	27,851	26,479
Court-appointed receivers	5,856	5,470	5,892
Persons protected by law	51	36	47
Bailiffs	421	469	456
Social security funds	322	213	273
Other legal professions	313	323	307
Social housing bodies	409	340	480
Tenants in residential care facilities	9	6	9
Other public utility institutions (semi-public regional planning companies, etc.)	431	277	451
Other customer categories	556	1,440	647
TOTAL	30,193	36,425	35,041

■ Consignments	2009	2010	2011
Number	617,101	630,812	655,943
Amounts on deposit (€m)	2,262	2,402	2,509

REAL PROPERTY REGISTRATION

■ Number of transactions	2009	2010	2011
Publications	2,106,897	2,318,876	2,524,520
Registrations	766,969	949,182	1,106,705
Deregistrations, notes and entries	406,222	314,273	343,014
Requests for information	4,990,244	5,659,638	6,055,653
Requests for copies of records and documents	370,177	373,590	384,251
Special tasks			
Land consolidation reports	30,381	30,470	24,727
Land reorganisation reports	57,903	63,927	67,197
Expropriation orders	3,354	5,297	4,060
TOTAL	8,732,147	9,715,253	10,510,127

THE LAND REGISTRY

Situation as at 1 January	2009	2010	2011
Accounts of owners and civil servants provided with accommodation	36,123,113	35,589,692	36,050,558
Premises	47,824,970	48,486,033	49,072,948
Non-subdivided plots of land and tax subdivisions	103,599,188	102,988,009	103,266,533
Items in the computerised directory of roads and localities	7,286,248	7,156,806	7,182,169
Work carried out	2009	2010	2011
Maps			
Reviewed or reworked plots of land and tax subdivisions	110,824	92,684	82,359
Land registry – map updating			
Survey documents (DA) ⁽¹⁾	286,730	222,523	230,189
Number of changes reported	710,249	683,825	711,399
Number of extracts of deeds and regrouping sheets processed	2,112,631	2,089,490	2,212,267
Land assessments			
Processed declarations of developed properties	1,631,134	1,540,805	1,501,739
Changes processed regarding non-developed properties	812,302	738,952	738,377
Issue of information			
Land register map excerpts printed out from <i>www.cadastre.gouv.fr</i>	12,700,000	15,061,164	17,151,163
Land register map sheets ordered from <i>www.cadastre.gouv.fr</i> ⁽²⁾	76,580	98,204	694,168
Mode 1 and 3 excerpts ⁽³⁾	4,038,629	4,504,399	4,779,696
TOTAL	16,815,209	19,663,767	22,625,027

(1) The figures for 2009 (and earlier years) covered survey documents, housing estate survey documents and sketch plans. The 2010 figures only cover survey documents and housing estate survey documents.

(2) Since 22 June 2011, the prices for maps have been cut.

(3) Includes the excerpts produced using the Land Registry Data Server (SPDC) by notarial offices since 2004 and by surveyors since 2007.

THE DGFIP'S PUBLIC FINANCES TASKS

PUBLIC REVENUES COLLECTED BY THE DGFIP

Income tax	2009	2010	2011
Number of taxpayers	36,390,347	36,599,197	36,962,517
of which: Tax assessment notices	15,782,430	16,819,742	17,213,073
No-liability notices	9,120,515	9,953,772	12,703,815
Refund notices	11,487,402	9,825,683	7,045,629
Revenues for central government (€m)	55,057	55,101	58,544
Wealth tax	2009	2010	2011⁽¹⁾
Number of tax returns	559,727	593,878	291,630
Revenues for central government (€m)	3,590	4,464	4,321
VAT	2009	2010	2011
Number of taxable businesses	4,197,711	4,574,355	4,827,797
of which: Actual bookkeeping system	1,287,034	1,308,511	1,341,295
Simplified bookkeeping system	1,831,123	1,857,994	1,889,853
Micro business profits and special professional profits	602,206	933,515	1,127,879
Simplified agricultural system	477,348	474,335	468,770
Revenues for central government (€m)	151,462	152,357	158,052
Revenues for various bodies (€m)	8,450	8,544	10,114
TOTAL (€m)	159,912	160,901	168,166

PUBLIC REVENUES COLLECTED BY THE DGFIP (cont.)

		2009	2010	2011
■ Corporation tax				
Number of taxable businesses		1,569,926	1,644,321	1,726,051
Revenues for central government (€m)		51,050	51,404	54,737
■ Social contribution on business profits		2009	2010	2011
Revenues for central government (€m)		-	-	-
Revenues for various bodies (€m)		874	996	795
TOTAL (€m)		874	996	795
■ Residence tax		2009	2010	2011
Number of tax assessment notices		28,238,950	29,536,571	30 089 581
Revenues for local authorities (€m)		16,535	17,220	18,954
■ Property tax		2009	2010	2011
Number of tax assessment notices		28,852,637	29,329,035	29,706,824
Revenues for local authorities (€m)		28,963	30,497	33,493
■ Local business tax		2009	2010	2011
Number of tax assessment notices			94,919	35,201
Revenues for local authorities (€m)		33,009	11,406	2,253
■ Contribution on business value added and tax on business premises⁽²⁾		2009	2010	2011
Revenues for central government in 2010 (€m)		-	10,950	116
Revenues for local authorities (€m)		-	-	13,591
■ Business premises contribution + ancillary taxes + flat-rate tax on public utility corporations⁽³⁾		2009	2010	2011
Number of tax assessment notices			3,910,388	4,216,721
Revenues for central government in 2010 (€m)		-	6,166	850
Revenues for local authorities (€m)		-	1,455	7,664
■ Television license fee		2009	2010	2011
Revenues for various bodies (€m)		2,998	3,123	3,222
■ Registration		2009	2010	2011
Special tax on insurance policies	For local authorities (€m)	3,118	3,254	6,301
	For various bodies (€m)	-	-	916
	for central government (€m)	2,408	2,867	97
Transfers for valuable consideration (€m)		739	927	737
Transfers without valuable consideration : gifts (€m)		601	931	1,627
Transfers without valuable consideration : successions (€m)		6,873	6,906	7,013
Real property registration tax	For local authorities (€m)	5,083	6,875	8,434
	for central government (€m)	299	310	271
Other revenues and penalties (€m)		520	418	514
TOTAL (€m)		19,641	22,488	25,910
■ Stamp duty and assimilated taxes		2009	2010	2011
Company vehicle tax	For various bodies (€m)	1,083	996	928
	for central government (€m)	-	-	-
Single stamp (€m)		202	118	134
Other revenues and penalties (€m)		153	155	159
TOTAL (€m)		1,438	1,269	1,221

PUBLIC REVENUES COLLECTED BY THE DGFIP (cont.)

Other taxes	2009	2010	2011
Levies on investment income (€m)	4,667	4,885	5,805
Minimum local business tax contribution (€m)	2,768	685	272
Withholding taxes and income tax for non-residents (€m)	419	452	557
Other revenues for central government (€m)	13,808	16,610	1,172 ⁽⁴⁾
Other revenues for local authorities (€m)	5,070	5,012	3,120
Payroll tax (€m)	11,148	11,413	11,660
Social contributions (€m)	13,285	13,263	16,610
Other revenues for various bodies (€m)	2,776	2,545	3,117
TOTAL (€m)	53,941	54,865	41,141

Non-tax revenues	2009	2010	2011
Revenues for central government (€m)	19,451	18,157	16,378
Revenues for local authorities (€m)	55,200	55,118	58,812
TOTAL (€m)	74,651	73,275	75,190

Grand total of revenues collected by the DGFIP	2009	2010	2011
Revenues for central government (€m)	314,067	333,863	311,356
Revenues for local authorities (€m)	146,978	130,837	152,622
Revenues for various bodies (€m)	40,614	40,880	47,362
TOTAL (€m)	501,659	505,580	511,340

(1) Tax threshold increased from €800,000 to €1,300,000

(2) *Cotisation sur la valeur ajoutée des entreprises* (CVAE) and *taxe sur les surfaces commerciales* (TASCOM)

(3) Property contribution from businesses and flat rate tax on utility companies.

(4) Transfer of the CVAE to local authorities

RECOVERY ACTION

Individuals' taxes	2009	2010	2011
Dunning operations			
Reminders/follow-up letters/final payment demands ⁽¹⁾	6,600,000	5,651,588	4,508,371
Formal recovery – "standard" actions			
Notice to garnishee	4,446,503	4,465,127	4,598,352
Formal recovery - "further" action ⁽²⁾			
Recovery of fraudulently transferred assets	140	68	42
Property seizure	553	323	271
Bankruptcy petitions	474	282	122
Legal proceedings			
Civil court	2,210	2,160	1,348
Commercial court	1,301	1,891	837
Administrative court	420	541	433
Disputed claims			
Appeals	3,971	3,254	2,840
Other claims ⁽³⁾	2,795	2,045	780

RECOVERY ACTION (cont.)

Business taxes	2009	2010	2011
Dunning operations			
Final notices/final payment demands ⁽¹⁾	1,510,515	1,514,334	1,538,418
Formal recovery – “standard” actions			
Notice to garnishee	402,308	441,672	547,488
Formal recovery - “further” actions ⁽²⁾			
Interim measures	633	1,443	2,214
Property seizure	101	97	103
Bankruptcy petitions	968	1,364	988
Legal proceedings			
Civil court	1,348	1,701	1,910
Commercial court	1,631	2,819	2,674
Administrative court	122	162	109
Disputed claims			
Appeals	711	593	684
Other claims ⁽³⁾	733	1,636	1,705

(1) As of 1 October 2011, the new dunning systems came into force.

(2) Actions instigated in 2009, 2010 and 2011 respectively.

(3) Claims associated with collective proceedings + rejected collateral and property seizure appeals as of 2010.

TAX AUDITS

On-site audits	2009	2010	2011
TOTAL			
Number	51,615	51,572	51,441
Net taxes (€m)	7,606	7,954	8,349
Penalties (€m)	2,329	2,446	2,466
Total taxes and penalties (€m)	9,935	10,400	10,815
Accounting audits			
Total	47,703	47,689	47,408
Number of full audits	39,435	39,264	38,574
Number of spot audits	8,268	8,425	8,834
Net taxes (€m)	7,194	7,485	7,792
of which: Corporation tax (€m)	2,441	3,407	3,198
Income tax	391	408	422
Turnover taxes (€m)	2,777	2,287	2,571
Registration duties (€m)	134	108	82
Local taxes (€m)	795	579	584
Other taxes	656	696	935
Penalties (€m)	2,184	2,292	2,213
Average net taxes (€)	150,804	156,963	164,353
Examinations of taxpayers' situations			
Number	3,912	3,883	4,033
Net taxes (€m)	412	469	557
Penalties (€m)	145	154	253
Average net taxes (€)	105,317	120,771	138,203

TAX AUDITS (cont.)

Documentary audits	2009	2010	2011
Net taxes (€m)	4,774	5,159	5,130*
Penalties (€m)	441	443	463*
Total net taxes and penalties (€m)	5,215	5,602	5,594*
of which: Corporation tax (€m)	569	501	425
Income tax (€m)	1,248	1,221	1,199
Turnover taxes (€m)	555	502	444
VAT credit refunds (€m)	861	1,375	1,210
Registration duties (€m)	1,267	1,298	1,363
Wealth tax (€m)	257	251	252
Sundry taxes (€m)	3	4	3
Personal capital gains (€m)	14	7	13
Right of inquiry (Art. L. 80 F to L. 80 J of the book of tax procedures)	2009	2010	2011
Number of inquiries closed	3,195	3,195	2,851
Criminal proceedings	2009	2010	2011
Proposals for proceedings sent to the Tax Infringements Commission	1,005	1,043	1,046
Complaints filed for tax evasion	939	981	966
of which: No return and undeclared business activity	275	330	285
Concealment of earnings	448	435	429
Fictitious transactions	107	105	81
Other fraudulent procedures	109	111	171
Complaints for fraud	75	73	94
Obstruction proceedings	45	50	71
Breakdown of complaints	2009	2010	2011
Agriculture	0.5%	0.5%	0.7%
Industry	3.8%	3.4%	2.7%
Self-employed professionals	7.2%	6.0%	6.4%
Company managers and employees	8.2%	11.1%	12.2%
Construction and civil engineering	34.3%	30.2%	28.0%
Trade	21.9%	19.7%	22.0%
Services	24.1%	29.1%	28.0%

* Including the general social contribution and the contribution for repaying social debt

DISPUTED CLAIMS

Administrative phase

Cases received	2009	2010	2011
Contentious claims			
Income tax	1,308,485	1,307,513	1,316,638
Real property tax	301,173	284,191	295,730
Residence tax	922,355	871,595	885,815
Local business tax and cap based on value-added	433,619	378,603	353,481
Turnover taxes	53,440	57,132	53,547
Television license fee	540,435	480,902	468,182
Tax cap	20,430	16,842	11,626
Other taxes	200,988	165,233	154,918
TOTAL	3,780,925	3,562,011	3,539,937

DISPUTED CLAIMS (cont.)

	2009	2010	2011
Non-contentious claims			
Income tax and other direct central government taxes	184,253	179,116	179,626
Real property tax	80,031	138,709	89,312
Residence tax	344,880	388,218	401,407
Local business tax	24,718	29,023	38,374
Turnover taxes	110,482	105,642	98,919
Television license fee	200,405	236,588	262,405
Registration duties	21,736	19,570	17,254
TOTAL	966,505	1,096,866	1,087,297
GRAND TOTAL	4,747,430	4,658,877	4,627,234
■ Cases processed			
Contentious claims			
Income tax	1,315,142	1,311,485	1,316,864
Real property tax	309,445	291,060	301,387
Residence tax	932,399	883,103	893,594
Local business tax and ceiling based on value-added	440,762	392,833	371,553
Turnover taxes	51,715	54,811	52,281
Vacant premises tax	34,698	32,207	30,160
Registration duties	24,721	22,381	18,311
Television license fee	545,924	487,351	474,090
Tax cap	23,689	22,249	17,703
Other taxes	144,417	118,264	104,511
TOTAL	3,822,912	3,615,744	3,580,454
Non-contentious claims			
Income tax	183,391	175,878	176,131
Real property tax	99,458	141,247	94,756
Residence tax	342,245	393,249	405,252
Corporation tax and other central government taxes	3,319	3,091	2,871
Local business tax	24,271	27,654	40,116
Turnover taxes	107,268	103,575	96,542
Television license fee	200,215	237,820	264,555
Registration duties	21,268	19,103	16,720
TOTAL	981,435	1,101,617	1,096,943
Discretionary tax relief decisions (all taxes)	677,486	744,858	789,554
Relief decisions relating to the Television license fee	97,914	90,935	93,641
Written answers to requests for information	214,103	198,705	185,132
TOTAL	989,503	1,034,498	1,068,327
GRAND TOTAL	5,793,850	5,751,859	5,745,724

Judicial phase

	2009	2010	2011
■ Cases brought			
Administrative jurisdictions			
Administrative courts	16,444	18,646	16,500
Administrative courts of appeal and Council of State	4,650	4,668	5,280
Judicial courts			
High courts	562	584	566
Court of appeal	242	205	175
Court of cassation	93	88	83

CENTRAL GOVERNMENT EXPENDITURE PAID BY THE DGFIP

Breakdown of expenditure	2009	2010	2011
General budget (€m)	402,593	412,638	375,733
including : Intervention expenditure	45.6%	40.6%	40.0%
Personnel expenditure	29.6%	28.6%	31.3%
Debt service	9.4%	9.8%	12.3%
Operating expenditure	11.2%	11.6%	12.7%
Capital expenditure	3.8%	3.1%	3.0%
Public authorities	0.3%	0.3%	0.3%
Financial transaction expenditure	0.1%	6.1%	0.4%
Special accounts (€m)	215,033	182,148	214,774
European structural funds (€m)	1,625	1,495	1,301
TOTAL (€m)	619,251	596,281	591,808

LOCAL PUBLIC SECTOR EXPENDITURE PAID BY THE DGFIP⁽¹⁾

Total actual expenditure (€m)	2009	2010	2011*
Regions	28,013	26,458	27,858
<i>Départements</i>	68,482	68,379	68,418
Municipalities	91,822	91,144	90,277
Intermunicipal co-operation groups with separate tax status (GFP)	34,121	35,497	37,058
TOTAL	222,438	221,478	223,611

Capital expenditure (€m)	2009	2010	2011*
Regions	12,022	10,192	11,248
<i>Départements</i>	17,448	15,517	15,092
Municipalities	29,726	28,698	29,787
Intermunicipal co-operation groups with separate tax status (GFP)	9,531	9,629	10,266
TOTAL	68,727	64,036	66,393

(1) Excluding expenditure for hospitals, unions, etc. and excluding specific budgets.

* Provisional figures.

PUBLIC PENSIONS – SPECIAL FUND ACCOUNT *

Expenditure (€m)	2009	2010	2011
Civil and military retirement pensions and temporary disability benefits			
TOTAL	44,937	46,603	48,441
Military disability pensions and war victims' and other pensions			
TOTAL	2,681	2,615	2,527

Revenues (€m)	2009	2010	2011
Civil and military retirement pensions and temporary disability benefits			
TOTAL	45,268	46,713	48,201
Military disability pensions and war victims' and other pensions			
TOTAL	2,678	2,634	2,535

* Compte d'affectation spécial

THE MANAGEMENT COST RATES

Management cost rates	2009	2010	2011
Taxes	1.06%	1.04%	1.01%
Central government expenditure	0.09%	0.09%	0.12%
Local public sector expenditure	0.15%	0.14%	0.14%*

*Provisional figure

GOVERNMENT PROPERTY

Central government real property	2009	2010	2011
Stock of central government real property valued by the DGFIP (€m):	48,000	47,000	57 990
Proceeds from the management of the State's public and private property (€m)	1,224	1,769	1 722
Real property transactions:			
Property transfers	2,953	2,083	2,215
Acquisitions and leasing	7,065	6,994	6,287
Proceeds from sales (€m)	475	502	598
Real property tasks			
Valuations	206,853	197,456	194,230
Expropriation rulings	5,922	5,102	5,384
State movable property	2009	2010	2011
Transfers (number of lots sold)	42,480	37,319	26,868
Proceeds from sales (€m)	53	82	47
Management of private assets	2009	2010	2011
Estates outstanding	22,984	21,819	20,395

EUROPEAN AND OECD BENCHMARKING WORK ⁽¹⁾

	2009	2010	2011
Benchmark reports	-	4	3
OECD FTA ⁽²⁾			
Number of projects chaired	-	2 ⁽³⁾	2⁽³⁾
Participation in working groups	-	9	7
IOTA ⁽⁴⁾			
Number of projects chaired	-	-	2
Number of missions (Europe and worldwide)	-	26	32
Number of days worked by experts	-	99	132

(1) Activity counted since 2010.

(2) OECD FTA: the Organisation for Economic Co-operation and Development's Forum on Tax Administration

(3) Including one project co-chaired with the United States.

(4) Intra-European Organisation of Tax Administrations (IOTA)

INTERNATIONAL CO-OPERATION

Tax sector	2009	2010	2011
Number of missions	215	172	220
of which : Candidate countries and new Member States	76	71	28
Enlarged Europe's new neighbours (Russia, Mediterranean rim and	108	50	158
Other regions (sub-Saharan Africa, Latin America and Asia)	31	51	34
Number of delegations hosted	71	67	51
of which : Candidate countries and new Member States	13	11	6
Enlarged Europe's new neighbours (Russia, Mediterranean rim and	32	28	30
Other regions (sub-Saharan Africa, Latin America and Asia)	26	28	15
Number of visitors hosted	341	314	203
Training given (National Treasury School - ENFiP)	113	113	184
Twinning operations and bids financed by the European Union	8	9	5
Seminars held	8	8	7
Public management sector	2009	2010	2011
Number of missions	109	59	62
of which : Candidate countries and new Member States	55	19	1
Enlarged Europe's new neighbours (Russia, Mediterranean rim and	29	18	30
Other regions (sub-Saharan Africa, Latin America and Asia)	25	22	31
Number of delegations hosted	74	59	46
of which : Candidate countries and new Member States	7	5	6
Enlarged Europe's new neighbours (Russia, Mediterranean rim and Balkans)	20	13	19
Other regions (sub-Saharan Africa, Latin America and Asia)	47	41	21
Number of visitors hosted	305	272	249
Training given (National Treasury School - ENFiP)	64	69	75
Twinning operations and bids financed by the European Union	4	4	4
Seminars held	3	5	2

A NETWORK AND ITS RESOURCES

THE DGFIP'S BUDGET

Budget expenditure	2009	2010 ⁽¹⁾	2011
Personnel expenditure, including the Tax Policy Directorate (€m)	6,785	6,938	7,046
of which : Remuneration (€m)	4,376	4,413	4,428
Social security contributions (€m)	2,375	2,491	2,583
Welfare benefits and miscellaneous benefits (€m)	34	34	35
Operating and capital expenditure (€m)	1,433	1,497	1,405
of which : IT expenditure, including COPERNIC (€m)	348	287	287
Real property expenditure (€m)	238	252	202
Current operating expenditure (€m)	727	716	678
Rent paid by administrations to the government on occupied State-owned property (€m)	120	242	238
TOTAL (€m)	8,218	8,435	8,451

(1) The 2010 figures include expenditure by the Public Pensions Service, which became part of the DGFIP in 2009

PERFORMANCE-BASED INCENTIVE SCHEME INDICATORS

Indicators	2011 Targets	2011 Results
Deployment of the one-stop tax shop	95 %	98 %
Percentage of individuals filing their income tax returns on time	98 %	98.35 %
Percentage of individual taxes paid (income tax, residence tax, property taxes)	98.45 %	98.71 %
Rate of late filing of annual business earnings returns	< 1 %	0.54 %
Percentage of VAT refund and corporation tax refund applications paid in full or in part within 30 days or less	80 %	89.52 %
Percentage of audits to combat serious tax evasion	28.50 %	29.9 %
Percentage of contentious claims relating to income tax, residence tax or the television license fee handled within 30 days	96.30 %	98.08 %
Percentage of inquiries to the tax mediator answered in 30 days or less	70 %	74.80 %
Rate of provisional tax information provided to the local authorities	90 %	92.88 %
Growth rate of automated payments in the local public sector	5% (in number)	17 %
	5% (in amounts)	18 %
Indicator of number of days with discrepancies in the central government accounts (Base 2005 = 100)	20	15.75
Coverage ratio of retired employees in metropolitan France by the Pension Service Centre (CSR)	100 %	100 %

HUMAN RESOURCES

Numbers⁽¹⁾ by working hours⁽²⁾	A	B	C	Total
Full-time staff	89.4%	78.1%	70.9%	78.8%
Staff on the gradual retirement scheme	0.1%	0.5%	0.5%	0.4%
Part-time staff	10.4%	21.4%	28.6%	20.8%
Numbers⁽¹⁾ by grade	A	B	C	Total
Under 30 years old	1,664	1,217	2,186	4% of staff
Men	683	616	847	
Women	981	601	1,339	
From 30 to 50 years old	17,844	22,420	20,255	51% of staff
Men	8,907	9,529	7,569	
Women	8,937	12,891	12,686	
Over 50 years old	12,863	22,382	17,133	44% of staff
Men	7,046	6,282	3,735	
Women	5,817	16,100	13,398	
TOTAL	32,371	46,019	39,574	117,964
Men	16,636	16,427	12,151	45,214
Women	15,735	29,592	27,423	72,750
% women	48.6%	64.3%	69.3%	61.7%
% of grades	27.4%	39.0%	33.5%	100 %

(1) Excluding non-tenured staff (contract staff, public contract staff assigned to maintenance, caretaking and catering, etc.)

(2) Actual numbers of staff members paid excluding long-term leave (CLD).

TRAINING

Number of staff in training (number of employee/days)	2009	2010	2011
Initial training	8,512	6,238	6,747
In-service training	307,296	258,071	237,140
Preparation for recruitment and promotion exams	18,467	13,105	16,800

RECRUITMENT AND PROMOTION EXAMS

■ Tax sector	Enrolled	Present	Accepted ⁽¹⁾
Grade A			
Senior inspector exam	996	797	135
Inspector recruitment exam	4,478	2,513	242
Internal inspector promotion exam	2,802	2,323	232
Analyst inspector recruitment exam	416	153	27
Internal analyst inspector promotion exam	80	48	8
Operating system programmer recruitment exam	178	87	11
Internal operating system programmer promotion exam	60	40	3
Inspector professional exam	2,714	2,427	182
TOTAL	11,724	8,388	840
Grade B Taxes			
Senior tax controller exam	3,429	2,255	562
Tax controller recruitment exam	7,439	5,887	387
Internal first class controller promotion exam	2,498	2,010	371
Internal tax controller promotion exam	1,714	1,148	212
Special internal tax controller promotion exam	2,073	1,610	139
Programmer tax controller recruitment exam	516	206	42
Internal programmer tax controller promotion exam	54	27	4
TOTAL	17,723	13,143	1,717
Grade B Land Registry			
Surveyor technician recruitment exam	298	137	26
Internal surveyor technician promotion exam	39	21	4
Lead surveyor professional exam	112	100	24
Surveyor professional exam	160	84	55
Survey technician professional exam	66	63	6
TOTAL	675	405	115
Grade C			
Administrative agent recruitment exam	(2)	(2)	601
Internal administrative agent promotion exam	(2)	(2)	77
Professional exam	17	11	11
TOTAL	17	11	689
GRAND TOTAL	30,139	21,947	3,361
■ Public management sector			
Grade A			
Senior inspector exam	147	137	46
Inspector recruitment exam	3,766	1,792	157
Internal inspector promotion exam	1,588	1,271	185
Inspector professional exam	1,195	1,026	142
TOTAL	6,696	4,226	530
Grade B			
Senior tax controller exam	1,814	1,493	681
Internal first class controller promotion exam	2,077	1,702	587
Tax controller recruitment exam	8,118	5,259	385
Internal tax controller promotion exam	1,473	1,085	235
Special internal tax controller promotion exam	841	563	120
TOTAL	14,323	10,102	2,008
Grade C			
Administrative agent recruitment exam	(2)	(2)	535
Internal administrative agent promotion exam	(2)	(2)	72
Professional exam	8	8	8
TOTAL	8	8	615
GRAND TOTAL	21,027	14,336	3,153

(1) Successful exam candidates accepted on the main and secondary admission lists.

(2) These are common exams for Grade-C civil service positions. Consequently the DGFIP does not know how many applicants enrolled or were present.

Copy, design & layout :

Mission Communication et Relations avec les Publics de la direction générale des Finances publiques



Public Finances Directorate General
139, rue de Bercy – 75572 Paris cedex 12
ISSN 2104-5445