

# DGFIP 2008 Annual Report



# Contents

- 1 The Director General's editorial
- 2-3 The Public Finances General Directorate organisation chart
- 4-5 The merger
- 6-7 What the Public Finances General Directorate does
- 6-7 2008 key figures

## **8-25 THE DGFIP WORKING FOR ITS USERS**

- 10-13 Working for individuals
- 14-17 Working for businesses
- 18-21 Working for central government
- 22-25 Working for local government

## **26-37 STAFF AND RESOURCES**

- 28-33 The DGFIP staff
- 34-37 Resources

## **38-54 PERFORMANCE AND STATISTICS**

# The Director General's editorial



2008 saw the birth of the Public Finances General Directorate (DGFIP). A directorate designed as an emblem of the administration's capacity to reform. A directorate employing 130,000 staff, making it the largest in the Ministry for the Budget, Public Accounts, the Civil Service and State Reform. A directorate working nationwide with its 5,000 services. A directorate with the drive to successfully merge the General Tax Directorate and the Public Accounting General Directorate while continuing to provide the same services with the same efficiency.

## **A successful merger**

The first measures took shape in 2008. To start with, the creation of a completely unified central administration. This, the first of the projects, was the first to be completed in the summer of 2008.

Another measure consisted of appointing a single *département* manager in eight pilot *départements* to set up unified local directorates embodying the diversity of local situations. Each *département* manager worked on reorganising the management services and their working methods in preparation for the official establishment of the first *département* – and regional – public finances directorates in 2009.

The launch of the pilot Individual Tax Service (SIP) in twelve municipalities was also a seminal step on the reform road. It paved the way for a one-stop tax shop to be provided to all individuals by 2012.

A wider range of services for the local and regional authorities gives them financial and tax advisory services tailored to their needs.

The merger has introduced unified staff regulations and management rules. And new aligned work rules have already been put in place.

So by the end of the year, all the projects required for a successful merger were underway.

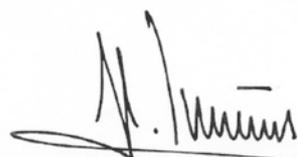
## **Continue to provide the services**

This means two things. Firstly, maintaining service quality and efficiency during the merger. Secondly, the principle of public service continues to drive the DGFIP's action. Mission accomplished on both scores.

In 2008, the DGFIP's services posted excellent performance. Excellent in terms of the targets met and progress made in both public management and tax matters.

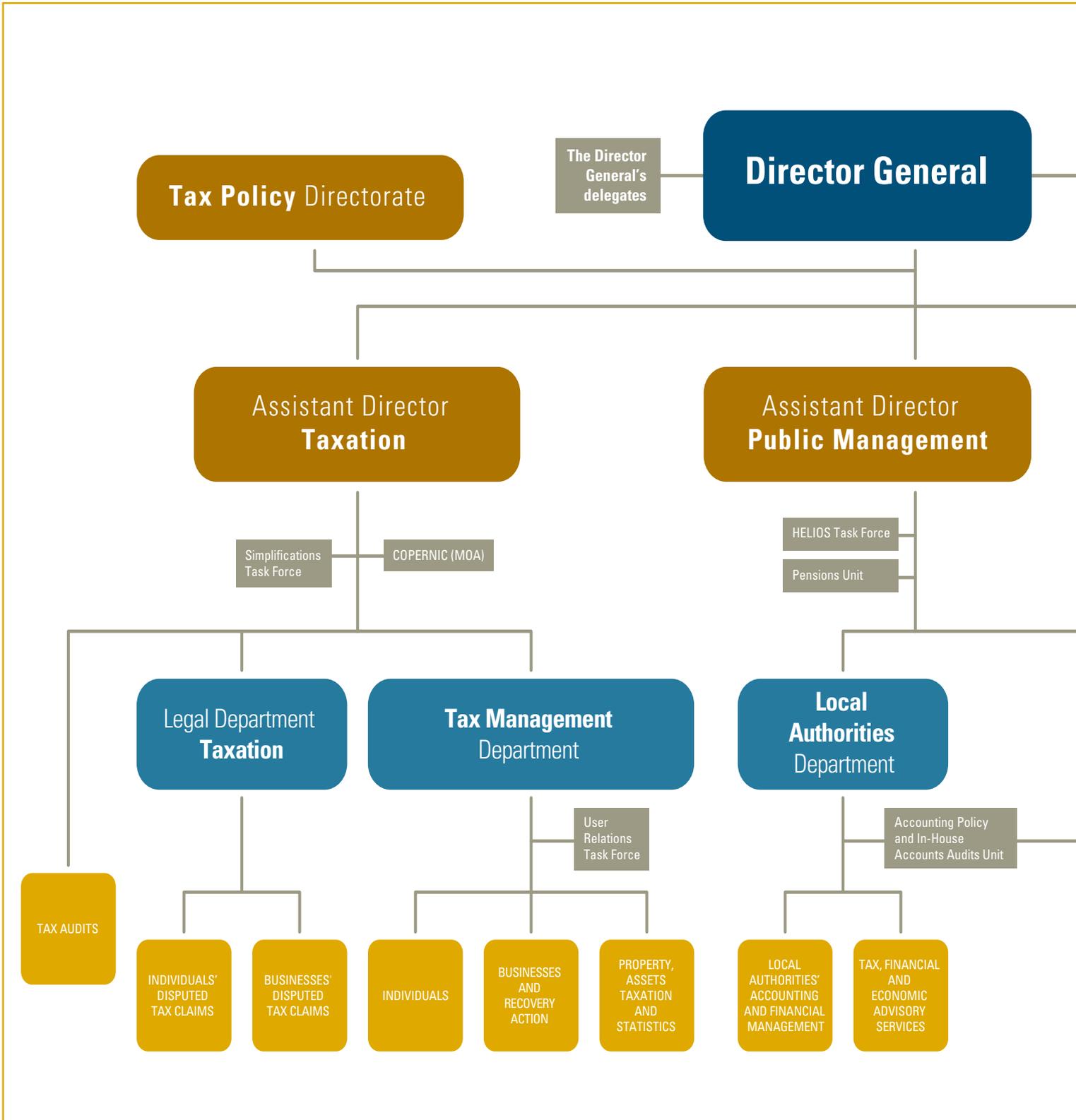
The year also saw the DGFIP continuing to modernise and move forwards with its service administration role, working for individuals and professionals with whom relations continue to improve and also for public institutions for which it is a select, respected partner. This know-how, this professionalism, this ability to manage change in our society are sought-after qualities. At a time of recession, they have given the DGFIP the capacity to take an active part in the exceptional economic support arrangements.

At the close of the first year of the DGFIP's life, the successful actions promise a bright outlook for the rest of the merger. We are preparing for this future with strong values, a clear strategy, adequate organisation, sound management and high-quality teams. For a reformed, efficient and high-performance administration.

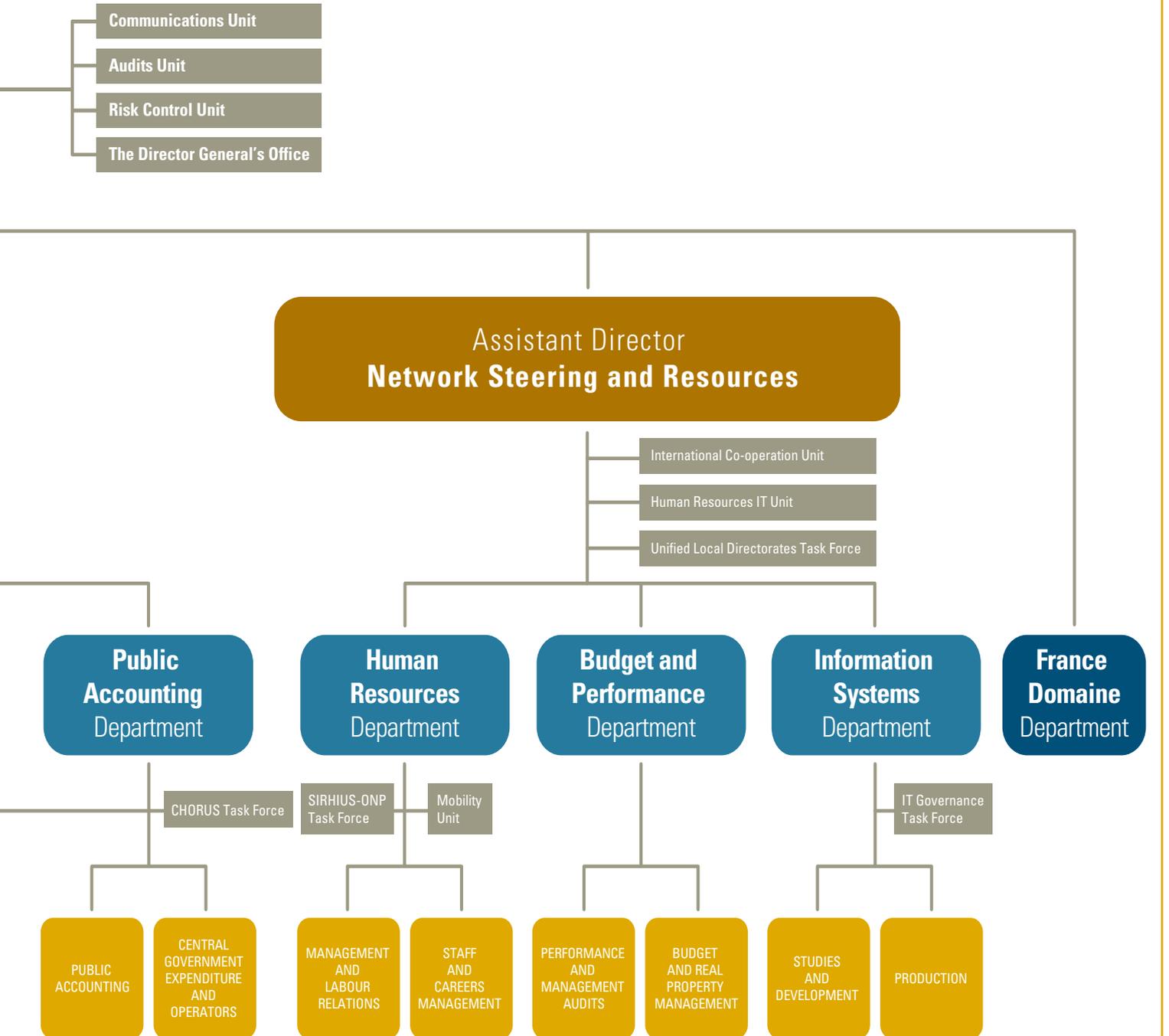


Philippe PARINI

# The Public Finances General



# Directorate organisation chart



# The merger

The Public Finances General Directorate (DGFIP) was created on 3 April 2008. With the detailed study and preparation stage over, the actual merger phase could start.

## A REFORM STANDING AS AN EMBLEM OF PUBLIC SECTOR MODERNISATION

With the decision to create the DGFIP, the President of the French Republic launched a **huge reform**, greater in scale than the finance administration.

The merger of the General Tax Directorate and the Public Accounting General Directorate implemented by the Minister for the Budget, Public Accounts and the Civil Service put an end to the long separation of these two major financial administrations and created a single body of 130,000 staff and 5,000 services working nationwide.

This merger **stands as an emblem of public sector reform** in terms of its modernisation and service quality implications and ambitions, and the associative action and efficiency gains it is set to generate.

## A COMPLETE MERGER OF THE DIRECTORATES AND THEIR SERVICES FOR FOUR PURPOSES

The creation of the DGFIP acted on long-standing observations (identity of the DGI and DGCP's users and partners and complementarity of their assignments), not with a simple alignment and co-ordination of services, but with a **total merger** of the two directorates **at central and local government level**. This complete merger is the only way to optimise the stated goals:

- For the individual **tax administration users**, who will now be able to contact a one-stop tax shop and complete their formalities in a one-stop procedure under the same roof;
- For the DGFIP's **partners**, and especially **the local authorities**, which will enjoy an extended range of services and better information;
- For the **central administration**, which will benefit from the merger and associative action between services by gaining in efficiency and improving its performance, due mainly to the streamlining of the "support" functions;
- Last but not least, for the **DGFIP staff** who will work in a much broader professional framework with unified staff regulations and more extensive career prospects.

## GRADUAL AND TRANSPARENT PHASE-IN

The method chosen to merge two directorates with their own cultures and history had to guarantee ownership by all. The operations conducted right from the announcement of the merger are all based on the same principles:

- **Transparency:** the conditions for the organisation of the merged services are presented and explained to the managers and staff;
- **Gradual phase-in:** pilot tests and step-by-step implementation over a four-year period to properly prepare and develop the services' new organisations;
- **A balance** between the sectors: the merger unites everyone's skills with respect for each directorate's culture and expertise;
- **Labour-management dialogue:** the projects are discussed with the unions at each stage of progress;
- **Recognition** of the staff's work: a labour support protocol was signed for the merger in early 2008.

## A PREPARATION PHASE AND THE FIRST CONCRETE ACHIEVEMENTS IN 2008

### > Upstream consultations and expert analyses

The choice was made right from the announcement of the reform in October 2007 to proceed by well-defined steps. The first step was to build the future directorate. **Focus workshops** were held by experts from the central and local levels of both directorates to analyse the merger from all sides. At the same time, **consultations** were held with the unions on the main features of the reform. This step culminated in the **legal creation of the DGFIP on 3 April 2008** and the appointment of its Director General, Philippe Parini.

### > A single central administration

The actual setting up of the DGFIP was broken down into five major projects. Of these, the merger's first concrete deliverable in 2008 was the **creation of a single central administration**.



The DGFiP's central administration has been up and running since August 2008 with a full organisation chart: 3,000 staff united and settled into their new offices, with the positions of responsibility filled at all levels. The new administration has a three-hub structure: a tax management sector, a public management sector, and a sector to steer the network and its resources.

### > Pilot tests for the new services

The general treasury offices and tax services directorates in each *département* will be merged into a **département or regional public finances directorate**, placed under the authority of a single manager. The organisation charts for these single directorates will replicate the three-hub structure defined for the central administration.

In 2008, **pilot tests** of merged local directorates were set up in **eight départements** with different characteristics and profiles. These operations laid firm foundations for the legal creation and organisation of the new directorates.

At the same time, the first tests on **"individual tax services" (SIPs)** were conducted on twelve sites nationwide. By 2011, a SIP will be created wherever a tax assessment office is in operation. It will bring the DGFiP's assessment and collection skills under one roof in a one-stop service. These pilot set-ups tested the training modules and conditions for the organisation of the new services.

On these same sites, the local tax collection offices tested the future tax reception arrangements. Starting in September 2009, every DGFiP service in France responsible for taxes (especially the tax collection offices in rural areas) will have a **local tax reception** where users can find answers to their questions and file their tax returns in a one-stop procedure.

Last but not least, a **one-stop tax contact** for the local public sector was successfully pilot tested in three *départements* in 2008. This contact will provide the local authorities with faster, fuller answers on financial and tax matters. The development is part of the **new range of services** for local authorities, which also provides for the continued computerisation of exchanges and improved analysis and advisory services.

### > Recognition of the staff's work and a broader labour framework

The success of the merger depends first and foremost on the DGFiP staff and their professional expertise. Their vital role has been recognised with an extensive **labour support plan**, which provides for an exceptional number of promotions and a remuneration harmonisation process. In April 2008, all the staff received a merger bonus for their hard work on implementing the reform.

The creation of the DGFiP also includes the development of a **single labour framework** for staff. **Harmonised work rules** were developed in 2008 and now govern the merged services' management of working hours and leave. Eventually, **all staff regulations and management rules will be unified** for all staff grades.

A first landmark merger of staff regulations was conducted in 2008 for the main corps and ranks in the two former directorates (general tax receiving officers, tax service heads and mortgage registrars): it paved the way for the creation of the new corps of general public finances administrators.

**So in all areas, 2008 made diligent preparations for the merger and launched all projects on schedule.**

# What the Public Finances

The DGFIP's many and varied tasks place it at the heart of France's local and These tasks cover both taxation and public management.

In **tax and real property** matters, the DGFIP drafts and explains the legislation and regulations. It processes tax returns, calculates direct taxes, conducts audits and combats tax evasion. The DGFIP collects the direct and indirect taxes owed by businesses and individuals. Where necessary, it takes the legal action required to formally recover unpaid taxes. It handles disputed tax claims and equitable relief claims concerning both assessment and collection.

Its real property and topographical tasks consist of assessing property taxes, drawing up and disseminating land registry data, and handling land and real property registration.

In **public management**, the DGFIP audits and pays public spending and collects non-tax public revenues. It keeps, produces and reports on the public accounts. It collects local

## 2008 key figures

### INDIVIDUALS

- ▶ **36 million** income tax returns
- ▶ **8.9 million** earned-income tax credit recipient households
- ▶ Income tax campaign
  - Over **7.4 million** income tax returns filed online
  - Over **103 million** facts and figures processed for the pre-printed income tax returns
  - Nearly **15.4 million** tax calculations made online
  - Nearly **4.1 million** taxpayers seen
  - Over **3.3 million** telephone calls and more than **260,000** e-mails answered
- ▶ **2.5 million** tax return forms downloaded
- ▶ **27.9 million** residence tax assessment notices
- ▶ **28.4 million** real property tax assessment notices

### COLLECTION

- ▶ **€165.9 billion** in VAT
- ▶ **€64.6 billion** in corporation tax
- ▶ **€59.2 billion** in income tax
- ▶ **€4.2 billion** in wealth tax
- ▶ **€12.5 billion** in registration duties
- ▶ **€26.8 billion** in property taxes
- ▶ **€31.5 billion** in local business tax
- ▶ **€15.5 billion** in residence tax
- ▶ **€2.9 billion** in television licence fees

### TAX AUDITS

- ▶ Documentary audits:
  - **€5.6 billion** in taxes called in
- ▶ On-site audits:
  - **52,010** cases
  - **€7.1 billion** in taxes called in
  - **€2.4 billion** in penalties
  - **992 complaints filed** for tax evasion

# General Directorate does

national public finance affairs.

government and public body revenues, pays their expenditure, keeps their accounts and executes all their budgets.

In State property matters, the DGFIP handles the State property valuation and management tasks and implements the State's real property policy.

Last but not least, the DGFIP plays an important role in the economic arena. It contributes to the government's economic action with its financial expertise and advisory

services and supports ailing businesses. It also manages the deposits of funds by bodies and professions tasked with public-interest activities.

## BUSINESSES

- ▶ **€165 billion** in revenues paid online:
  - **€132 billion** or **81%** of VAT paid online by **670,000** businesses
  - **€30 billion** or **48%** of corporation tax paid online by **49,000** businesses
  - **€3.5 billion** in payroll tax
- ▶ **4 million** businesses liable for VAT
- ▶ **1.5 million** companies liable for corporation tax
- ▶ **Half of all companies** file their annual business earning returns online
- ▶ **3.7 million** local business tax assessment notices

## EXPENDITURE

- ▶ **€567.1 billion** in central government spending, including:
  - **€370.4 billion** on the general budget
  - **€195.1 billion** on the special accounts
  - **€1.7 billion** on the European structural funds
- ▶ **20 days'** lead time on average for the payment of expenditure, including:
  - **4.5 days** in accountant time
- ▶ **€304 billion** in local government spending (**170,000** budgets), including:
  - **€34.4 billion** on the regions
  - **€78.5 billion** on the *départements*
  - **€118.5 billion** on the municipalities
  - **€44.3 billion** on intermunicipal co-operation groups with separate tax status

## REAL PROPERTY

- ▶ **102.2 million** plots of land registered
- ▶ **47.1 million** premises registered
- ▶ **5.8 million** visits to [www.cadastre.gouv.fr](http://www.cadastre.gouv.fr)

## STATE PROPERTY

- ▶ **€395 million** in real property sales
- ▶ **€111 million** in sales of movables
- ▶ **207,000** real property valuations





# THE DGFIP WORKING FOR ITS USERS

Pages 10-13:

[Working for individuals](#)

Pages 14-17:

[Working for businesses](#)

Pages 18-21:

[Working for central government](#)

Pages 22-25:

[Working for local government](#)

12

Number of pilot individual tax services (SIPs)



## Working for individuals

The merger is massively simplifying users' formalities with the creation of the one-stop tax shop. The DGFIP has also been working on modernising its procedures for a number of years now to give users easier access to the services, in particular with the development of online procedures.



### CREATION OF THE ONE-STOP TAX SHOP

The introduction of a one-stop public service for users is one of the merger's major priorities. Integrated tax centres will be set up nationwide to meet all the taxpayers' needs, from tax calculation to collection, in a move to make their lives easier.

The one-stop tax shop for individuals will be gradually rolled out nationwide from 2009 to 2011. It will take two forms: local tax receptions nationwide and individual tax services (SIPs) in urban centres.

#### > The local tax reception

Throughout the country, each DGFIP service responsible for individuals' taxes – especially tax collection offices in rural areas – will have a local tax reception where users can find the answers to most of their questions and file all their tax returns in a one-stop procedure. This tax reception was tested by the local tax collection offices in 2008 as part of the SIP pilot test.

# 7.4 million

Number of income tax returns filed online



## > The individual tax service

An Individual Tax Service (SIP) will be set up in all the municipalities with a tax assessment office (CDI). This service will bring together CDI tax assessment staff and tax collection office staff covering the same area as the CDI under one roof under the authority of a single manager.

A SIP pilot test was launched on 12 sites in September 2008: Menton (Alpes-Maritimes), Sancerre (Cher), Loudéac (Côtes-d'Armor), La Côte-Saint-André (Isère), Poligny (Jura), Pithiviers (Loiret), Château-Gontier (Mayenne), Denain (Nord), Beauvais (Oise), Le Creusot (Saône-et-Loire), Elbeuf (Seine-Maritime) and Étampes (Essonne). These services were chosen to be representative of the diversity of the SIPs: creation from a specialised tax collection office or a mixed treasury office, with team sizes ranging from ten to forty people, different numbers of collection staff, and managers from the tax or public management sector.

The purpose of the pilot test was to test the conditions for setting up the SIPs and individual user reception facilities (building facilities, training managers for new tasks, creation of a general front office with back office teams specialised in assessment and collection, etc.) and their accompanying measures (training courses and installation of IT applications).

These pilot tests were assessed in preparation for the introduction of the SIPs, set to number 750 by 2011, with 250 of them set up in 2009.

## THE DEVELOPMENT OF REMOTE PROCEDURES

The introduction of remote tax returns and payment is an important move for the DGFIP to modernise its procedures for users.

### > Tax returns on the Internet

In 2008, just over 7.4 million income tax returns were filed online. This is a satisfactory result given the particular situation created by the redefinition of the €20 tax break solely for users filing online for the first time. Observations on problems with the certificate used to file online were also taken into account: the online income tax return procedure has been simplified for 2009.

### > Phone-in confirmation

The phone-in confirmation of the income tax return is for users who receive a pre-printed return and do not have to make any corrections or additions to it. This service was pilot tested in 2007 and rolled out nationwide in 2008. It is quick, easy and secure: users simply call an interactive voice server (calls charged at local rate), identify themselves and validate their tax return.

### > Paperless payment

The massive paperless payment promotion campaigns for individuals have paid off. From 2006 to 2008, the rate of paperless payment of all taxes by individuals rose from 45.2% to 50.2%. In more detail, 78.4% of income tax, 44.6% of residence tax and 38.9% of property taxes were paid electronically (bank transfer, direct debit on the payment due date or monthly direct debit, and online payment).



# 5.8 million

Number of visits recorded on the [www.cadastre.gouv.fr](http://www.cadastre.gouv.fr) website



## A MORE ACCESSIBLE LAND REGISTER MAP

The land register map shows how the country is divided up into plots of land, with property boundaries marked. The year made real headway with making this map freely available to all users.

### > Consultation

In 2008, the digital version of the land register map covered 64% of the country with the rest being available in scanned form.

Before 2008, users needing to look at a municipality's updated land register map had to contact the service responsible for the district in question.

In January 2008, the [www.cadastre.gouv.fr](http://www.cadastre.gouv.fr) website was opened for users with an Internet connection to consult the land register map free of charge. The site boasts close on 600,000 map sheets covering the entire country. This service can also be used to print out land certificates needed for administrative formalities such as applying for planning permission.

### > The new range

In the autumn of 2008, [www.cadastre.gouv.fr](http://www.cadastre.gouv.fr) added to its range of services with the possibility of ordering large-format map sheets online. These documents can be sent to users in a number of ways: via the real-time download service or on paper, plastic or digital media (CD-Rom and DVD-Rom). The order can be paid for online, by credit card, by debiting a prepaid reserve on the site, or by cheque.

As at 31 December 2008, the website had registered 5.8 million visits for a total of 67 million pages consulted, 10 million land certificates printed out in standard formats, and 2,610 large-format map sheets ordered.

## BETTER RELATIONS WITH USERS

The Making Your Taxes Easier (PVFI) programme has been running since 2004 to give users quality service underpinned by nine commitments. These commitments cover all the ways of contacting the administration – walk-in reception, post, telephone and e-mail – and are replicated nationwide. In 2008, over 90% of these targets were met. New actions have been launched to extend and improve this programme.

### > Service certification

Service certification is underway to guarantee top-quality service to tax administration users. The QualiFinances benchmark that serves as the basis for this certification concerns fifteen service commitments that cover all the ways of contacting the administration and are more exacting than the PVFI commitments. This procedure is in place alongside the QualiMarianne government benchmark.

A duly accredited, independent certifying body conducts annual audits of the certified services' implementation of all the benchmark's provisions to increase the relevance of the appraisals and the credibility of the entire procedure.

A total of 55 sites were accredited in 2008, bringing the number of certifications granted the DGFIP to 92 in 66 *départements*.



# 2.8 million

Number of calls handled  
by DGFIP call centres.

## > Cheaper telephone calls

In September 2007, the Minister for the Budget, Public Accounts and the Civil Service announced that he was phasing out the surtax on users' telephone calls to the services under his responsibility.

In April 2008, the cost of a telephone call to the tax service call centres (CIS) was consequently reduced to the price of a local phone call from a landline. This means that all the DGFIP services, tax service call centres and direct debit service centres (CPS) can now be called at local rate.

The tax service call centres, which have access to the users' tax accounts, provide general information and information tailored to the user's individual situation. They are open from 8 a.m. to 10 p.m. Mondays to Fridays and from 9 a.m. to 7 p.m. Saturdays. They answered nearly 1.2 million calls in 2008. The direct debit service centres, which answer tax payment questions, handled 1.6 million calls.

## FLEXIBLE FINE PAYMENT

A number of legislative and regulatory fine payment provisions came into force in 2008, introduced to modernise the collection processes.

## > Equitable relief in the event of financial problems

Equitable relief can be granted in view of the financial situation of taxpayers with an increased fixed fine to pay. This arrangement is designed to smooth relations between those who owe fines and the DGFIP's services and to collect at least part of the sums that might otherwise remain unpaid.

## > Reductions for fast payment

A decree of 30 July on the collection of fixed fines stipulates that individuals are entitled to a 20% reduction on an increased fixed fine if they pay within 30 days of the issue date of the late payment penalty notice. Users are informed of this possibility of claiming a reduction on the notice, which now details the different sums to be paid before and after the 30-day cut-off point.

## > Longer deadlines for paperless payment

An extra fifteen days are granted when fines are paid online or at a tobacconist's with a fine payment terminal (a system known as "timbre dématérialisé"). For the time being, this measure only concerns fine notices issued for traffic enforcement radar offences.

A reduced rate is applied when payment is made within 30 days (instead of 15 days) and a late payment penalty is only applied after 60 days (instead of 45 days).

Three practical means of payment are available. First of all, remote payment by credit card on [www.amendes.gouv.fr](http://www.amendes.gouv.fr) or by interactive voice server (Tel.: +33 (0)8 20 11 10 10). The second way is by "electronic fine payment" at a registered tobacconist's by any means accepted by the latter. Thirdly, payment can be made at any tax collection office with a remote payment terminal.



An operational unit to support ailing businesses has been set up in all the *départements*



# Working for businesses

The DGFIP is an important partner to businesses. Its services are vital players in local business life, working to help businesses. The DGFIP also helps professionals comply with their tax obligations by simplifying their procedures and building new relations.

## SUPPORT FOR BUSINESSES

In October 2008, the DGFIP services rallied to support ailing businesses hit by the recession.

### > Exceptional measures to support business financing

The banks have undertaken to boost loans to businesses in return for a government guarantee on the loans extended to them. On 30 October 2008, the President of the French Republic consequently asked the prefects and general tax receiving officers (TPGs) to set up a system to monitor the financing of the economy in liaison with local business stakeholders. The idea is to help businesses encountering problems with the loan bodies to renegotiate the terms of their contracts or secure loans that have been turned down.

The general tax receiving officers are therefore working with the *département* operational watchdog units, which ensure that all applications are processed in keeping with the proper administrative procedure. This unit also examines individual cases turned down under the mediation scheme managed by the national credit ombudsman and the Bank of France *département* director. Its actions are restoring confidence among economic players and fostering the granting of

bank loans to very small enterprises (VSEs) and small and medium-sized enterprises (SMEs).

Last but not least, the local DGFIP services provide the secretariat for the *département* committee on financing the economy. The committee's main assignments are to draw up a monthly statement on the local economic situation, analyse the variation in the outstanding balance of loans, and produce statistics on the number of cases handled by the mechanism.

### > The support task forces for ailing businesses

The task forces to assist, guide and mediate on behalf of ailing businesses have seen a considerable increase in their workload due to the recession. Two bodies in which the DGFIP takes part have been meeting much more regularly since the end of 2008 to address businesses' economic problems:

- The *département* committees for the examination of business financing problems (CODEFIs) are tasked with detecting and assisting ailing businesses and guiding them when they encounter financing problems. The general tax receiving officers are vice-chairs of these committees and provide their permanent secretariat. In this set-up, the CODEFI secretariat acts as a go-between in negotiations with the different financial partners;



# 5 May

In a first in 2008, a single filing date was introduced for all annual business earnings returns

- The committees of financial service heads and representatives of the social security and unemployment benefit bodies (CCSFs) are chaired by the general tax receiving officers. These committees examine businesses' tax and social security debts and propose payment schedules. In certain cases (receivership, etc.), they may decide to forgive the debts. All applications from businesses are handled on the basis of a simplified dossier, regardless of the financial stakes.

When businesses are granted a CCSF payment schedule and respect it, the Public Treasury's preferential claim is not publicised.

### > A tax measure to help businesses' cash flow

Measures were decided on in 2008 to step up public refunds of sums owed to economic players. Applications for VAT credit refunds and corporation tax refunds from ailing SMEs now get priority handling.

In addition, an economic stimulus package introduced a fast-track refund system on 1 January 2009. The system covers VAT credit refunds, now possible on a monthly basis; over-charged corporation tax instalment payments; 2005, 2006 and 2007 research tax credits not yet deducted from corporation tax along with those arising for 2008, and undeducted loss carry-back claims and those declared for financial years closed on 30 September 2009 at the latest.

### > More advantageous rules for government suppliers and public entities

In 2008, the deadline for government payment of suppliers was reduced to thirty days and the interest on overdue payment by central and local government was revised.

Public procurement procedures were streamlined: for public works in excess of €5.15 million (instead of €206,000) and even more so for all contracts under €20,000. A government advance is now granted for all contracts over €20,000.

### SIMPLIFICATION MEASURES

Work continued on simplifying relations between the DGFIP and businesses in 2008.

### > A single date for filing returns

The dates for filing annual business returns are laid down by the General Tax Code. For example, businesses on the simplified tax scheme have to file their annual business earnings returns and annual VAT returns by 30 April of each year. Traditionally, an extension is granted by ministerial decision. This practice meets a need expressed by businesses and chartered accountants.

In a first in 2008, a single filing date (5 May) was set for all business returns filed with the business tax services (SIEs). The filing deadline for property investment company returns, normally at the end of February, was also aligned with this date. So property investment companies and their partners – where these are legal entities – were able to declare their earnings and each party's share in those earnings within the same timeframe.

A single filing date has been set on the second working day following 1 May to anchor the deadline extension and give businesses greater legal certainty and clarity in their filing obligations. It will apply to all annual tax returns for 2009. Businesses that file their returns online continue to benefit from a 15-day extension on their deadline.

# 15,000

Number of advance ruling applications processed



### > Phasing out ancillary tax returns

As of 1 January 2008, businesses are excused from filing two returns on remuneration paid in the previous year. These returns concern: 1) the apprenticeship and apprentice development contribution tax, and 2) the contribution to continuing vocational training for businesses employing less than ten employees. This move has phased out two million returns.

Businesses now merely have to enter whether they are liable for these taxes and on what bases of assessment in the two new boxes provided on the annual payroll return they file in January.

### > Transfer of the collection of the minimum local business tax contribution

In keeping with the move towards a one-stop contact for SMEs, payment of the minimum local business tax contribution (CMTP) is made to the business tax services (SIEs) as of 1 November 2008.

This reform concerns some 10,000 businesses not covered by the Large Business Directorate. Those that satisfy the turnover condition have been personally informed of the change of collection body for this contribution. They were sent a letter in October enclosing the new form, after it had been submitted to the members of the National Board of Business Users. The letter informed them to pay the instalment payment due on 15 December to the new service.

### GREATER LEGAL CERTAINTY

Four measures have been introduced for greater legal certainty for the users. At the same time, they offer audit services greater readability and thus guide their action.

### > Development of the advance ruling

The possibility for individuals and businesses to ask the tax administration for a formal position on the application of legislation to their particular situation has existed since 1987. It has been gradually extended to specific matters and more widely publicised since 2004.

The advance ruling procedure improves legal certainty, promotes taxpayers' compliance by developing a relationship of trust, and furthers the transparency of the tax rules. It can also help increase the country's drawing power. Under this procedure, the administration is bound by its position as long as the application made in good faith is accurate and complete. It added to its range of services in 2008:

- Enhanced legislation. Firstly, it extends the advance ruling to the definition of categories of business earnings and makes legal the "value" advance ruling to obtain guarantees from the tax services on a business's sale value. Secondly, an administrative appeal can now be lodged should the administration turn down an application for an advance ruling. Last but not least, the administration's response lead times have been harmonised at three months as a general rule.
- The DGFIP's advance ruling unit has been boosted to underpin the development of the advance ruling. It is now positioned as the select contact for users and local and regional services. It implements the new measures and promotes and develops the procedure. It is also making improvements to its steering, technical assistance and co-ordination activities in support of the devolved services.

The action taken since 2005 has paid off with, in particular, a steady rise in the number of advance ruling applications processed (approximately 15,000 in 2008, which represents 10% more than in 2007 and 50% more than in 2006).

80%

Percentage of audited taxpayers who are very satisfied with communication at all audit stages



### > The reform of measures to punish misuses of the law

The procedure to punish misuses of the law (which targets contracts and agreements entered into to evade certain taxes) was overhauled in 2008. It is now clearer and does more to ensure fair treatment of the taxpayer:

- The procedure now applies to all taxes, and the definition of misuse of the law is clearly extended to operations conducted exclusively for tax purposes;
- The penalties vary depending on the taxpayer's extent of implication, and all the parties to the contract or agreement are jointly and severally liable for the payment of the penalties;
- The Advisory Board for the Punishment of Misuses of the Law becomes the Committee on Misuses of Tax Law. In addition to magistrates, this committee now includes a notary, a lawyer and a chartered accountant.

### > A rise in the use of the "advance pricing arrangement" for cross-border operations

Businesses that conduct intra-group, cross-border operations can request an advance pricing arrangement. This legally secures their intra-group pricing policy. The procedure also serves to assess the tax in each country as fairly as possible and prevent double taxation.

In 2008, 21 arrangements were signed in a sharp upturn over previous years.

### > Formal undertaking by the administration following a tax audit

When a particular point investigated by a tax audit does not result in an increase in taxes due, the business concerned can ask the administration to provide an explicit undertaking on this point to secure its tax situation in the future. A mere 32 businesses made use of this facility in 2008.

### GREATER ACCEPTANCE OF TAX AUDITS

Greater acceptance of audits is a target for all taxpayers.

#### > Rectification of a tax situation during an audit

The number of businesses making use of this procedure rose again by 15% in 2008. A total of 3,700 businesses hence rectified their tax situation with the immediate payment of taxes due in return for reduced late payment interest.

#### > Timeframe for on-the-spot audits

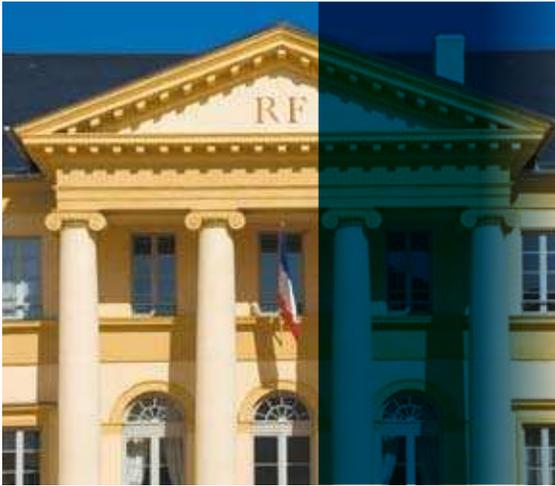
The percentage of audits taking less than nine months stabilised at a high level, helping to ease the constraints on audited taxpayers. It stands at nearly 94% for large businesses and 99% for SMEs. Average audit lead time continued its downward trend from 219 days in 2007 to 214 days in 2008.

#### > Tax audit unit certification

Certification is designed as a vehicle to constantly improve taxpayer relations with the administration. Since late 2008, ten pilot tax audit units representing the three audit levels (*département*, interregional and national) have been putting the 15 certification benchmark specifications into practice. Certification decisions will be made following an appraisal in 2009 and a report on this pilot test will be produced in 2010.

#### > The satisfaction surveys

In 2008, the fourth survey of audited taxpayers reported that tax audits were generally well perceived. Over 80% of taxpayers said that they were very satisfied with communication at all stages of the audit.



The State Audit Office certified the central government financial statements for the second year running



# Working for central government

The DGFIP keeps the central government accounts and financial statements. It produces the budgetary and accounts information, and audits and executes public spending. This task leads it to calculate and collect all the tax and non-tax revenues and places it in the front line of the battle against tax evasion. It is also tasked with steering the State's real property strategy.

## THE CENTRAL GOVERNMENT ACCOUNTS AND FINANCIAL STATEMENTS

The accounts reform introduced by the Constitutional Bylaw on Budget Acts (LOLF) is a long-term process. It generated some major achievements in 2008.

### > Certification of accounts and financial statements

In 2008, the State Audit Office certified the 2007 central government financial statements for the second year running with twelve reservations, nine of which it defined as substantial (as opposed to 13 substantial reservations in 2007). France is one of the most advanced countries for its accounts reform along with Canada, Australia, New Zealand and the United Kingdom, which also have their accounts certified.

In 2008, exchanges with the State Audit Office were ongoing in preparation for the closure of the 2008 accounts. This ongoing dialogue with the certifying body is based on the Central Government Accounts Action Plan (PACE), which covers the actions to be taken in response to the State Audit Office's reservations. Two main tracks can be identified from among the many actions taken:

- Improvements to the ongoing in-house accounts audit mechanisms for the entire administration, designed to secure the accounting and financial processes, were presented to the certifying body in the autumn. Actions to

improve the reliability of the ministerial public finance managers' accounts processes were extended to the devolved government services with the mobilisation of accounts quality units in each *département*. Advanced accounts quality scoreboards were circulated in late 2008 to improve the local and national steering of accounts risks for sensitive transactions. Starting in 2009, the new version of the report on the in-house central government accounts audit enclosed with the 2008 financial statements will report on the progress made;

- Work on closing the accounts started early with interim closing on 31 August 2008, which galvanised the network. In the autumn, the emphasis was placed on training closure players for them to properly take on board the new accrual accounting procedures. In keeping with the certifying body's recommendations, work started at central and devolved level in late 2008 on making improvements to the closure documents to provide clearer accounts justifications.

### > Improvements to the accounts information

A new milestone was reached in 2008 to provide an up-to-date picture of the entire central government financial situation and assets and to give public finance managers higher quality information. This update concerns both central government assets (especially real property) and liabilities. The work conducted in preparation for closing the 2008 accounts hence added new intangible assets (airwave frequencies and



# 20 days

## Average lead time for the payment of public expenditure

carbon quota emission rights) to the government balance sheet. The new public accounting system also provides a transparent view of long-term debt as it does of accrued expenses and provisions for liabilities.

### > Management of public spending

In 2008, central government carried forward its work to reduce its payment lead times. It brought down the average lead time for the payment of public spending to less than 20 days, and the accountant's lead time to 4.5 days.

These positive results were sped forward by the government's proactive policy, which saw the adoption of the decrees of 28 April 2008 to bring down the maximum deadline for government payment of public procurement contracts from 45 to 30 days. They were achieved by such moves as the introduction of new invoice processing services in a number of ministries (group of entities reporting to the Prime Minister, Labour and the Economy), the computerisation of procedures, instructions given to the prefects and general tax receiving officers, and assistance and advice to authorising officers on implementing the new spending procedures. At the same time, the network rallied to efficiently implement the exceptional and national solidarity measures decided on by the government: domestic fuel aid, refund of domestic duty on petroleum products to farmers, earned-income tax credit payments on account, and fast-track payment of grants.

### > Management of the national public establishments

The DGFIP continued its work in support of the national public establishments (EPNs).

It assisted the first universities tasked with extended responsibilities, in particular by helping to transfer personnel expenditure from the Ministry for Higher Education to the universities' budgets under the system to disburse payroll on behalf of public bodies, and by helping these universities to undertake the certification of their accounts.

It broadened its range of services by tailoring some fifteen in-house accounts audit benchmarks to the particularities of the national public establishments.

It concluded 25 financial and accounts modernisation protocols with large establishments (Réunion des Musées Nationaux, Bibliothèque Nationale de France, Centre National du Cinéma, etc.).

It set up a national unit to support national public establishments by providing accountants with a select contact for fast, reliable assistance and advice.

### > Preparations for the launch of CHORUS

The CHORUS computer tool is set to become the government financial information system. It is designed to manage expenditure, non-tax revenues and public accounting. It is incorporated into the existing information systems. It will eventually be shared by all the financial players in the central and devolved government services. CHORUS satisfies the goals laid down by the Constitutional Bylaw on Budget Acts (LOLF): compliance with accounting standards and easier accounts closure; improvement of performance steering; increased traceability of transactions and auditability of accounts; and production of swiftly available detailed financial information.

The launch of CHORUS in waves started on 30 June 2008. This first phase concerned three ministries, including the Ministry for the Budget via the DGFIP's central administration. The first outlays were consequently successfully processed and paid in July 2008. The test served to test the links between CHORUS and certain applications (NDC<sup>(1)</sup> and CGL<sup>(2)</sup>) and to check that the accounting information was correctly recorded in the different public financial and IT system applications.

The second wave of the CHORUS project was launched on 5 January 2009 in certain devolved accounts services in the Haute-Normandie and Pays de la Loire regions. Preparations for its deployment started in May 2008. More than 40 stakeholders from 23 general treasury offices were contacted to provide expertise in their specialised areas (expenditure, non-tax revenues, assets and accounting) for the detailed design phase.

1 - NDC: New Central Expenditure.

2 - CGL: Local Accrual-Based General Government Accounting.

992

Number of complaints  
filed for tax evasion

## COMBATING TAX EVASION

Combating tax evasion is a government priority.

### > New resources to combat tax evasion

Combating the most serious tax evasion is the number one priority for tax audits. New legislative measures have been introduced to underpin tax audit action.

#### • Flagrant tax evasion

Businesses can be audited before they file their tax returns. This procedure is designed to step up responsiveness and efficiency in tackling evasion by fly-by-night businesses, aggravated by their capacity to quickly declare themselves insolvent. The measure was pilot tested by the National Tax Investigation Directorate (DNEF) before its national roll-out, mainly under the search and seizure procedure.

#### • The search and seizure procedure

The Economic Modernisation Act ensured the compliance of this procedure with the European Court of Human Rights. It was established with the creation of two types of recourse: the first against the warrant issued by the Magistrate for Custody and Release (*jugé des libertés et de la détention*) to authorise the search, and the second against the search and seizure operations themselves. In 2008, 88 search and seizure procedures were carried out.

#### • Tax evasion on the Internet

The supplementary budget act for 2008 extended the DGFIP's right of discovery to third parties. It is now entitled to access data held and processed by electronic communications operators, Internet service providers, hosters and service providers offering services such as the sale of goods on the Internet. In this way, the DGFIP can identify people conducting undeclared activities on the Internet.

#### • Tax havens

The supplementary budget act for 2008 adopted a mechanism to combat tax evasion via tax havens. It extends the administration's enquiry window to ten years in the event of the concealment of assets (bank accounts and life assurance policies) in non-cooperative countries and territories. The fine in the event of non-declaration of bank accounts

held abroad is raised to €1,500 or €10,000 depending on whether the bank account is held in a co-operative or non-cooperative country or territory.

### > Co-operation to combat tax evasion

The DGFIP has stepped up its partnership for more effective anti-evasion action.

#### • Intracommunity VAT

An administrative co-operation network called Eurofisc has been created to counter carousel-type intracommunity VAT evasion. This warning system to combat missing traders and forum to co-ordinate tax audits among European administrations will take assertive targeted action. The network will be set up in 2009.

#### • Action to counter tax and social security contribution evasion

The DGFIP combats the underground economy and organised crime with 30 regional intervention units (GIRs). These units are headed by a police superintendent or national gendarmerie officer and staffed by civil servants from different administrations. Evasion detected by these units gave rise to 313 tax audits for a total of €37 million in taxation and penalties.

The DGFIP is also involved in countering illegal labour with its action committees against clandestine employment (COLTIs). These committees are tasked with co-ordinating *département* controls by a number of administrations.

Following the spring establishment of the National Anti-Evasion Delegation (DNLF) and the National Anti-Evasion Committee (CNLF) chaired by the Prime Minister and the Minister for the Budget, local versions of these bodies are being pilot tested for a period of 18 months. They take the form either of a local anti-evasion committee working alongside a COLTI or a single local committee taking over the COLTI's brief, in which case the COLTI is dissolved. The committees held their first meeting in October. The DGFIP is represented by its Director General on the CNLF and by the local director on the local committees.

# 2,000

Number of real property assets sold by the State for a total of €395 million



The central government services (DGFIP, Tax Policy Directorate and the Social Security Directorate) and the main national social security funds have signed a national agreement to organise and facilitate exchanges of information among the signatories.

The DGFIP's audit services took the initiative to send URSSAF nearly 4,300 crosschecking forms on events liable to constitute social security contribution offences.

## THE NEW MANAGEMENT OF STATE REAL PROPERTY

Two major events underpin the shift in the new State real property policy.

### > Introduction of the State as a landlord

The system of allocating real property granted for use by public establishments was phased out by decree on 1 December 2008. The State as a landlord will henceforth conclude utilisation agreements with the occupants. These agreements will be similar to leases and will satisfy the aim of giving the State the means to optimise occupancy of its property, make it pay and modernise its maintenance.

In its role of landlord, the State is represented nationally by the Minister for State Property (assisted by the DGFIP/France Domaine) and locally by the prefect (with the assistance of the DGFIP's devolved services).

In 2008, the State continued with its policy to sell off properties surplus to requirements or not suitable for its services' operations. It sold off nearly 2,000 properties for a sum of €395 million.

### > Tailoring the information system

The applications that used to list all real property and handle its financial management (TGPE<sup>(3)</sup> and STGPE<sup>(4)</sup>) were ill suited to track and manage State properties. The CHORUS application's real property module was developed to solve this problem. It will be put into use on 1 April 2009.

## INTERNATIONAL CO-OPERATION

The DGFIP conducted a sustained international co-operation policy in 2008.

### > In Europe and its neighbouring area

In addition to the two symposia held under the insignia of the French Presidency of the European Union (accounts reform and management of local authorities), actions were taken in EU countries, candidate countries and potential candidate countries (Balkans), Mediterranean partner countries and CIS countries. A total of 14 twinning operations were conducted (tax audits, legislation, user service, steering, in-house audits, creation of a Public Treasury, etc.).

### > Outside Europe

The DGFIP shared its expertise in sub-Saharan Africa (technical assistance and co-operation actions via the IMF and the World Bank), in Latin America (participation in CIAT<sup>(5)</sup> work, the European Eurosocietal programme, the Ibero-American Public Accounting Forum and Franco-Mexican taxation meetings), and in South-East Asia.

### > Holding events

Events promote the DGFIP's expertise and consolidate the network of partner administrations. The DGFIP held the 12<sup>th</sup> symposium of French-speaking treasury services in Mali, the annual CREDAF<sup>(6)</sup> seminar in Benin and the first DGFIP international co-operation meetings.

3 - TGPE: General Register of State Properties.

4 - STGPE: General Register of State Properties Server.

5 - CIAT: Inter-American Center of Tax Administrations.

6 - CREDAF: Conference and Study Centre for Tax Administration Managers.



# 170,000

Number of local authority budgets managed by the DGFIP



## Working for local government

The DGFIP is a key partner for the 36,000 local and regional authorities and their local public establishments. It helps them assess their taxes, collects their revenues, audits and pays their expenditure, keeps their accounts (170,000 budgets) and provides them with financial and tax advisory services.



### NEW FINANCIAL AND TAX ADVISORY SERVICES

The creation of the DGFIP has given local elected representatives new financial and tax advisory services. This new range of services was presented to the local government associations and the French Mayors Association Congress in November 2008. It was well received and the services are consequently being implemented.

#### > The introduction of a one-stop tax contact

Local government information and advisory services used to be provided by the general treasury office while local tax assessment information was provided to elected representatives by the Tax Services Directorate. The creation of the DGFIP has grouped together these two services in its *département* and regional directorates. Pilot tests of the new organisation were launched in Eure, Pas-de-Calais and Rhône in autumn 2008. The results of these pilot tests were good enough to consider rolling out these joint set-ups nationwide. The associative action potential generated by the creation of the DGFIP will make for more responsive and efficient handling of elected representatives' requests regarding tax matters.



# 304 billion

Sum in euros paid by the DGFIP on behalf of the local public sector

## > Fuller, faster information

The DGFIP services provide the local authorities with earlier information on the provisional local direct tax bases (residence tax, property taxes and local business tax). The elected representatives need these bases to prepare their budgets and pass the rates of taxation. In addition, the largest local authorities will be able to obtain vital information earlier on the estimated growth in local business tax bases for the main establishments in their areas as of 2009 (mid-September instead of mid-November). The changes needed to reduce these timeframes got underway in 2008.

Certain tax secrecy constraints have been relaxed. In particular, an amendment to the General Tax Code adopted in late 2008 means that the administration can now provide the local authorities with more information on the content of supplementary taxation.

Last but not least, the dissemination of information on new legislative and regulatory measures will be improved.

## > Greater legal certainty

Each local authority's financial and tax choices have been made clearer and more secure by a bespoke organisation, training actions and the mobilisation of all the DGFIP services. Its accountants will advise the authorities on their tax obligations (VAT, corporation tax, etc.) when they design regional planning and economic, tourism and social development activities.

## > New financial information and appraisal services

With its municipal direct tax committees (CCIDs) chaired by the mayors, the DGFIP provides information and clarifications used to set the local tax bases. It played a particularly important role in 2008 considering that the municipal elections elected nearly 40% of first-time mayors.

The intermunicipal co-operation groups increasingly need a financial and tax analysis of both municipal and group operations to be able to weigh up the financial implications of their policies. The DGFIP provided these analyses in pilot tests. It will gradually extend its range of services in this area.

## RALLYING TO TACKLE THE FINANCIAL CRISIS

### > Risk analysis

The DGFIP network rallied in autumn 2008 to analyse the financial risks to which the financial crisis had exposed local authorities, especially cash flow problems, a sharp rise in debt interest and zero access to credit.

In October, the DGFIP network undertook a study of the structure of each local authority's debt and exposure to the different risks. The largest and the most vulnerable authorities were addressed first. The effectiveness of this exceptional operation was boosted by DGFIP staff training in the analysis of the most complex borrowing operations. Training had started before the financial crisis hit, giving the DGFIP an important advisory role to play.

42

Number of new signatures for a total of 196 accounting and financial services agreements



### > Financial aid to local government

A budget of €5 billion from the savings funds managed by the Deposits and Loans Fund (CDC) was earmarked to fund investments entered in the 2008 local government budget. The aim of this move was to ensure the continuity of bank financing. Half of this sum was distributed directly by the CDC and the other half by the banking network. The DGFIP helped put these arrangements in place, making sure that the authorities facing the greatest difficulties benefit from these financing possibilities.

The authorities are bound to deposit their funds with the Public Treasury. They were reminded of this principle in October to prevent excessive use of their cash flow lines, which could have destabilised the banking network. This move contributed a great deal to secure financial management by the local authorities and their public establishments.

The DGFIP also took part in the fact-finding mission work assigned to the General Inspectorate of Finance to draw up a diagnosis and a code of good conduct on the banking sector's distribution of "structured funds".

### THE "NEW MAYORS" OPERATION

The New Mayors Operation was designed to assist mayors elected by the March 2008 municipal elections. It was set up by the accountancy advisory mission and was based on two actions:

#### > Département meetings

The DGFIP's *département* directorates held local financial environment presentation meetings in liaison with the local associations of elected representatives. Focus workshops were then offered to provide useful information on preparing and executing municipal budgets, accounting quality and financial and tax analyses, local direct taxation, intermunicipal co-operation groups and VAT.

### > Individual meetings

The municipal accountants offered all new elected representatives a meeting to personally discuss their authority's situation. They presented the elected representative with a briefcase containing a financial analysis of the municipality complete with comments.

Each elected representative also received a brochure containing a practical presentation of the local financial management issues with a covering letter from the Minister for the Budget.

### THE ACCOUNTING AND FINANCIAL SERVICES AGREEMENTS

The entire DGFIP network offers a range of partnership services to the largest authorities and certain public establishments (342 bodies are concerned) by means of the accounting and financial services agreements (CSCF), first launched in 2003. With the creation of the DGFIP and the merger of the public finance management and accounts services, the CSCFs breathe new life into the traditional relations between authorising officers and accountants and better meet our partners' needs.

A full 42 new agreements were signed in 2008, bringing the total number of agreements up to 196. They concern 78 *départements*, 36 public establishments for intermunicipal co-operation, 31 municipalities, 27 hospital centres, 14 regions and 10 low rental public housing boards.

35%

Percentage of electronic data exchanges between the DGFIP and local government



## INFORMATION EXCHANGES

Technological progress has simplified relations between accountants and local government.

### > The HELIOS Application

HELIOS uses web technologies to provide the entire local public sector with an improved, personalised accounting and financial management service. In 2008, the application's development was marked by three noteworthy events:

- The application's stabilisation plan entered its final phase (downtime was sharply reduced) and the action plans were implemented (proficiency in opening and closing accounting years, in printing and signing revenue and expenditure accounts, and in entering opening balances);
- The deployment of HELIOS rolled out at a normal rate: by the end of 2008, it was in use in 75% of local public treasury offices and 45% of public hospitals;
- The Versailles and Metz IT departments' equipment was replaced and the contingency plan's implementation defined.

A total of 2,069 treasury offices, 13,600 users and 123,100 local government budgets work daily with HELIOS.

### > Computerisation

Computerisation met three priority targets:

- The transition to the second generation of the standard exchange protocol (PES) for HELIOS means that the authorities can now send the accounting documents required to commit expenditure (revenue orders, payment orders and statements for a total of 280 million pages per year) and their bookkeeping vouchers online and at the same time. In an assertive move by their authorising officers, 20 local authorities are already using this new protocol and over one hundred more authorities are currently subscribing to it. The DGFIP will promote its nationwide roll-out by providing elected representatives with a free electronic certificate to sign slips and an electronic signature tool;

- Payroll computerisation continued to move forwards. It has been adopted by 96% of the regions, 86% of public health establishments with over 600 beds, and 66% of municipalities with over 20,000 inhabitants. A total of 1,080 local authorities have already computerised their payroll operations.

Computerisation extends to other documents such as decisions and orders and contractual public procurement documents.

- On the Internet, the public management website (portail.dgfip.finances.gouv.fr) has been gradually brought online. The authorities can use it to consult HELIOS information and send accounts data easily and securely. Following the success of the pilot tests, a preliminary deployment was launched concerning 20 authorities in each *département*. As at 31 December, 1,500 authorities had access to HELIOS via the website, enabling them to consult nearly 4,000 budgets.

The total rate of computerisation of exchanges topped the target of 33% at over 35%.



# STAFF AND RESOURCES

Pages 28-33:  
The DGFIP staff

Pages 34-37:  
Resources





# 1,345

Staff promoted  
to a higher grade



## The DGFIP staff

The merger gave the DGFIP staff a new, unified working environment. Common work rules, the material conditions to conduct the tasks, staff regulations and their incentive bonus and allowance system are all essential elements of a reform that places the emphasis on its labour flanking measures.

### THE NEW WORKING ENVIRONMENT

#### > Bespoke in-house communications

Transparency is a key word for information on the merger. The Minister for the Budget and the Director General of the DGFIP regularly spoke to all the managers and staff to present the goals, timetable and first achievements of the merger. In 2008, a number of media were produced including a website on the merger, an in-house magazine and a forum. Others are underway for delivery in 2009 (information booklet on the DGFIP's missions and the merger, and a merged intranet system).

#### > The promotions plan

The merger's labour support plan gives staff an ambitious job upgrading plan.

##### • Job upgrading from one grade to the next

The Ministerial Promotions Plan (PMQ) lays down the number of exceptional promotions to the next grade up. This is a multiannual plan. The upgrading promotions it allows for are in addition to the recruitments.

In 2008, the DGFIP posted 1,345 promotions in a move to improve the rate of managers and significantly increase the proportion of Grade A and B staff. A full 355 of promotions were from Grade B to Grade A jobs and 990 were from Grade C to Grade B.

##### • Job upgrading within grades

Pursuant to the merger's flanking plan defined by the Minister, the possibilities for job upgrading within grades were increased compared with the previous promotions plan. The order of 19 August 2008 endorsed the new promotion rates.

A special effort was made to improve access to the top ranks of grades C and B. For example, the 2008 rate of promotion for access to the third level of Grade B was set at 21% (as opposed to 12% for the former General Tax Directorate and 10.5% for the former Public Accounting General Directorate in 2007).



# 6,600

DGFIP competitive exam  
and exam passes

## > Work rules

In 2008, action was launched on gradually harmonising the rules governing the organisation of work and the DGFIP structures.

Work rules were defined for the merged services. They concern working hours and leave to be applied as the merged services are set up.

Two systems will therefore coexist in the interim period: new rules based on the former directorate's most beneficial conditions when the services are merged (central, *département* public finances directorates, individual tax services, and specialised collection units), and the two former directorates' own rules when the services have not yet been merged.

## > Tailoring the IT applications

### • AGORA

Two major operations concerned the application:

- The integration of the public management sector staff: the choice was made to use AGORA to manage time and hours in the central administration and all the merged services (DLU – unified local directorates – and SIPs). Since November 2008, 2,000 former General Tax Directorate (DGI) staff, 1,500 former Public Accounting General Directorate (DGCP) staff and 300 Directorate for Personnel and the Adaptation of the Professional Environment (DPAEP) staff assigned to the central DGFIP services have access to the applications associated with the directories;
- The payroll preparation module was tested from April to December 2008. The results of this test were positive and it will be deployed in four new directorates in January 2009.



# 280,000

Staff given in-service training



## > The professional framework

The professional framework policy takes the form of three tracks.

### • A single document

Work started in January 2008 to introduce the single document for the evaluation and prevention of occupational hazards (DUERP). By the end of December, 80% of the devolved service heads had set up and headed working groups to define methodology, determine a timetable, analyse and rank the hazards, and draft the prevention programme. A training course was developed and provided at the end of the year to help them in this task. In addition, a support mechanism will be set up in the first half of 2009. It will take the form of a network of directorate guidance counsellors to share best practices and study the organisational problems encountered.

### • A standing working group

A body has been appointed to examine all the questions concerning the professional framework and the improvement of working conditions.

### • Special training

In the area of ergonomics, the DGFIP has undertaken to provide a professional framework for the teams steering the real property projects. A one-day training course to familiarise staff with the ergonomic approach will be held in the first half of 2009. Its priority target will be managers involved in setting up the individual tax services (SIPs).

The Ministry's ergonomics team, which has taken on a second ergonomist, will take turns to give the training courses.

## RECRUITMENT AND TRAINING

### > A common competitive exam

The first common competitive exam to recruit Grade C staff to the DGFIP (tax and public management sectors), the General Directorate of Customs and Excise (DGDDI) and the General Directorate for Competition Policy, Consumer Affairs and Fraud Control (DGCCRF) was held in 2008. Nearly 23,660 people enrolled for this exam for a total of 904 vacancies, 827 of which were for the DGFIP<sup>(1)</sup>. They sat the written exam at the end of 2008, with the oral scheduled in February 2009. Exam results were to be posted in March 2009 and training in the schools was to start in June.

### > A common training course

The General Tax Directorate introduced a manager training course (CFC) in 2003 to give management training to senior and *département* inspectors. The course alternated between group sessions and think tank workshops and simulation exercises. In 2008, these courses were opened up to public management sector managers (principal tax collection officers, chief tax collectors and senior inspectors).

### > Vocational training

#### • The commitments

The DGFIP training operators (National Treasury School/ Recruitment and Training Directorate) undertake to:

- Organise the competitive exams and develop preparation training modules further;
- Continue to introduce new subjects in the initial training syllabuses;
- Flank the strategic projects with high-quality in-service training (familiarisation of each staff member with the organisation and assignments of the other sector, training for the pilot Individual Tax Service staff and the heads of the unified local directorates, etc.);
- Reduce the number of staff who have not taken any in-service training for three years;

# 25

Working groups set up to discuss all aspects of the DGFIP's organisation



- Conduct post-evaluations of certain training courses to compare the suitability of training to needs and assess its contribution to work

• **The individual training entitlement**

2008 saw the introduction of the Individual Training Entitlement (DIF), which entitles each member of staff to a training credit of 20 hours a year. This system has been set up for staff to upskill and prepare for professional mobility. Over the year, 175 DGFIP staff benefited from this entitlement.

## THE LABOUR ENVIRONMENT

### > Labour-management dialogue

2008 saw the start of an in-depth labour-management dialogue on launching large-scale reforms and harmonising working rules. Working groups worked on the merger-related issues. The dialogue focused in particular on the holding of working groups to define the rules for setting up the individual tax services.

Other working groups were also created on tax management issues (tax audits, fines, land registry, business tax services, etc.), public management (public accounting, services to local authorities), and cross-cutting issues (missions and resources, transfers, working conditions, IT, etc.).

### > Mobility

DGFIP senior, medium-rank and junior staff (A, B and C staff) have access to two types of mobility: external (reassignment out of their own administration and secondment) and internal (transfer).

• **External mobility**

As at 31 December 2008, a total of 2,805 DGFIP staff were working outside of their own administration:

Sector	A+	A	B	C	Total
Public management	239	504	737	311	1,791
Taxation	147	275	270	322	1,014
<b>Total</b>	<b>386</b>	<b>779</b>	<b>1,007</b>	<b>633</b>	<b>2,805</b>

• **Internal mobility**

The staff's geographic mobility represents a real challenge for the DGFIP, which needs to satisfy the individual interests of its staff while giving its services the resources they need to do their work.

For several years now, over half of all staff in all grades who have asked for a transfer have been granted one. In 2008, approved transfer applications broke down as follows:

Sector	A	B	C	Total
Public management	767	455	547	1,769
Taxation	1,894	2,651	1,707	6,252
<b>Total</b>	<b>2,661</b>	<b>3,106</b>	<b>2,254</b>	<b>8,021</b>



# 8,000

Number of staff accepted following their application for a transfer



## > Pensions

The act of 21 August 2003 gave staff the right to consult information on their own pensions. Contributors can ask for a single document to inform them of the pension entitlements they have acquired on the different schemes. Eventually, all pension contributors will automatically receive a Personal Pension Entitlement Statement (RSI) every five years as of 35 years old, with a summary of all their entitlements. As of 55 years old, they will receive an Overall Estimate (EIG) of the total sum of their pension entitlements under the basic compulsory scheme and the supplementary schemes.

In the last four-month period of 2008, DGFIP staff born in 1958 and 1963 received an RSI and those born in 1950 and 1951 received an EIG. These documents are produced using an Individual Pension Account (CIR) created for each staff member and containing all the data on their professional careers. The CIR is set to serve as the basis for pension payments by 2010-2011.

## > Social diversity

A “social diversity” test was conducted in 43 *départements* in 2008 to help disadvantaged young people enter the DGFIP.

The mechanism targeted students on scholarships and secondary school pupils (studying for the technical college certificate) in establishments in priority education zones (ZEP) and sensitive urban areas (ZUS), as well as young jobseekers. These targets were identified in partnership with the National Education System. Voluntary staff prepared the young people for the entrance exams in educational establishments, on DGFIP service premises and in training establishments at times and in keeping with a timetable suited to the school calendar. An average 30 to 60 hours of classes were given depending on the type of external competitive exam.

Some 750 young people were prepared for the exams. Pass rates were on a par with and, in some cases, higher than national rates.





# 50,000

Staff concerned by  
the harmonisation  
of the incentive bonus  
and allowance systems



## REMUNERATION

### > The merger bonus

The creation of the DGFIP gave rise to the payment of an extraordinary bonus of €350 to all staff in April 2008 for their hard work on the reform.

### > The performance-based bonus

The DGFIP runs a collective performance-based incentive scheme based on a set of indicators defined by the two newly merged general directorates' multiannual performance contracts. A bonus of €80, €100, €120 or €150 is paid to all staff depending on the number of targets met.

In 2008, the General Inspectorate of Finance certified 20 of the 22 indicators used to determine whether a bonus would be paid for 2007. The DGFIP staff each received a bonus of €150 gross with their wages in June 2008.

### > The Individual Purchasing Power Guarantee (GIPA)

2008 was marked by the introduction of the interministerial Individual Purchasing Power Guarantee (GIPA). Over 10,300 DGFIP staff members received this extra allowance to cover the deviation between growth in their grade-related remuneration and inflation over a four-year period.

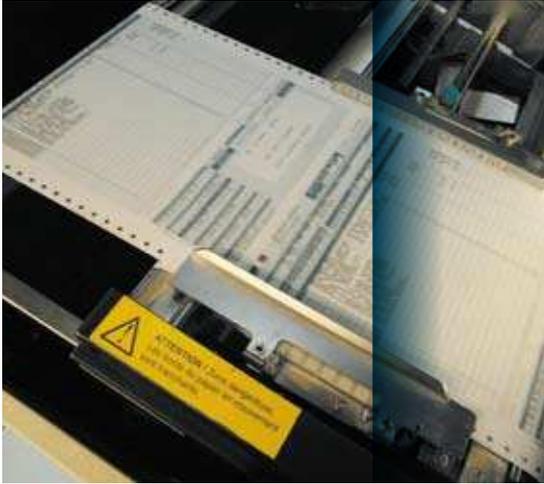
### > Harmonisation of the incentive bonus and allowance systems

Harmonisation of the incentive bonus and allowance systems is one of the commitments of the support measures decided on by the Minister in February 2008. Nearly 50,000 DGFIP staff will benefit from these arrangements.

Harmonisation for Grade A, B and C staff will roll out over three years (2009-2011) as follows: in equal annual tranches for Grade A and B staff and at the rate of 40% the first year, 35% the second year and 25% the third year for Grade C staff.



Harmonisation of the senior management levels, starting with the ranks of principal tax collection officer and *département* tax inspector, will roll out over four years (2009-2012) in equal annual tranches.



# 8.2 billion

Sum in euros allocated to the DGFIP budget



## Resources

The Public Finances General Directorate has extensive material and real property resources. The sound use of these resources is guaranteed by cost control in all tasks and performance based on and measured by its commitments vis-à-vis staff and users.



### THE DGFIP'S APPROPRIATIONS

The DGFIP has a budget of over €8 billion allocated to all its services as needed for them to do their work for staff and users underpinned by the different logistical functions (purchasing, real property management, security, etc.). The DGFIP's resources are essentially grouped together under the 156 Central and Local Government Financial and Tax Management Programme.

In 2008, the main features of DGFIP spending were as follows:

- A total of €8.17 billion, 82% of which on personnel expenditure and 18% on operating and capital expenditure;
- Personnel expenditure came to €6.67 billion. This covered remuneration (65.4%), social security contributions including the special "pension" fund account (34.1%) and welfare benefits and miscellaneous allowances (0.5%);
- The services' operating and capital expenditure totalled €1.5 billion. This was broken down among IT expenditure (26.5%), standard rents and rent paid by administrations to the government on occupied State-owned property (19%), stamps and franking (16%), building work and maintenance (9%), legal expenditure, bank charges and discounts on sales of revenue stamps (5%), travelling expenses (5%),



# 125,500

Jobs granted to the DGFIP to conduct its assignments

telecommunications and photocopying (4%), fluids (3%), and other standard operating expenditure including cleaning and purchases of administrative supplies (12.5%).

The majority of this operating expenditure was allocated to the aggregate operating grant (€1 billion), earmarked for the DGFIP's devolved services. The General Directorate used the other appropriations mainly to finance its IT and real property expenditure.

### EMPLOYMENT

DGFIP staff numbers were capped at 125,500 full-time equivalent jobs for 2008.

The jobs were distributed mainly among the three blocks covering individual and business taxation and the local public sector.

### INFORMATION TECHNOLOGY

The DGFIP structures its IT services on the basis of major functions: development, integration and testing, use of the applications, assistance to users, electronic publishing and data acquisition. These services are provided by over

5,000 staff working in the central administration and in 17 computer service centres (CSI) and 32 Public Treasury IT departments (DIT). DGFIP staff design, produce, maintain and operate over 500 applications covering all its areas of work.

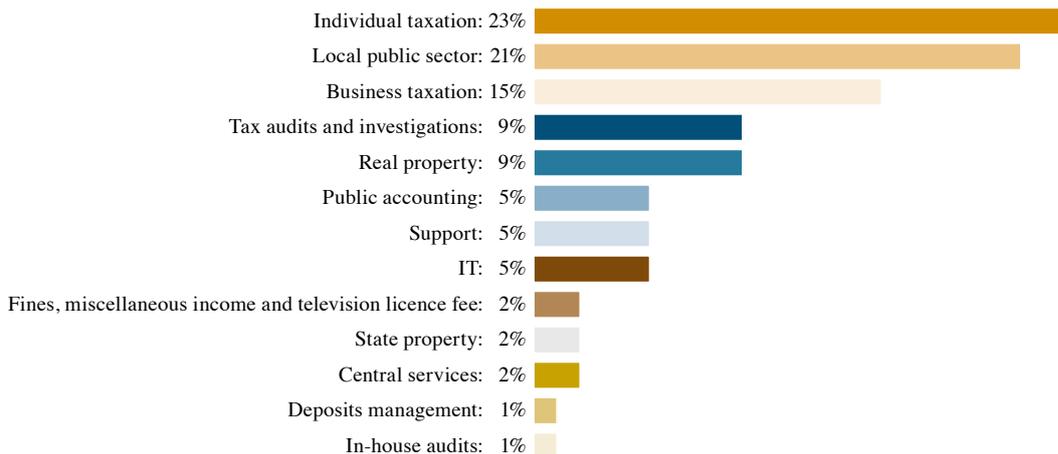
Data acquisition by data entry and scanning is particularly developed. In 2008, work in this area computerised 50 million returns and management documents.

### > Development of the electronic publishing sector

The services handle the mass printing-finishing tasks (income tax returns, tax assessment notices, etc.) and send the documents to the users. There were two major developments in this area in 2008 with the quality certification of six computer service centres (Strasbourg, Clermont-Ferrand, Nemours, Reims, Marseilles and Poitiers) and the launch of the Meyzieu Electronic Publishing Centre, which entered production on 6 October 2008 with the final notice before legal action (DAAP) for the fines sector.

The DGFIP's printing-finishing services produced a total of 530 million pages and dispatched 233 million items through La Poste.

2008 breakdown of DGFIP jobs



# 233 million

Number of items  
dispatched through  
La Poste by  
the DGFIP's printing  
services



## > COPERNIC

The Copernic programme is developing the DGFIP's tax information systems. Its goals are to improve the service quality and efficiency of tax calculation and collection to help improve taxpayers' compliance. Its seminal achievements are the tax website and the individual and business tax accounts, with the launch of services for taxpayers to file their returns and/or pay certain taxes online (income tax, real property tax, residence tax, local business tax, VAT, corporation tax and payroll tax).

## COST CONTROL

The DGFIP has a well-rooted cost-effectiveness drive in place to give its users services at the lowest cost. It is measured by the management cost rates and total productivity.

### > The management cost rates

Management cost rates are calculated by the ratio of management costs for a given task to the revenues collected and expenditure paid out over the year. Progress targets are defined for these rates. The management costs for each task include all on-budget and off-budget costs.

## > Total productivity

Total productivity is measured by twelve base ratios such as the number of income tax or business tax accounts, fines, local sector revenue orders and payment orders, and pension files.

The on-budget jobs taken into account include the staff assigned to the functions and tasks considered and the share of staff contributing indirectly to this function or task (support functions).

## STEERING AND EVALUATION

Performance-based steering was introduced by the Constitutional Bylaw on Budget Acts (LOLF) and has become firmly embedded in the DGFIP's culture.

The purpose of the management audit is to define and track the indicators representative of the services' work and performance. In 2008, nearly all the results posted by the DGFIP services boasted a high level of performance. A full 82% of the targets measured by the indicators were met if not far surpassed. The vast majority of the indicators find significant progress made by both the public management sector and the tax sector.

## Management cost rates

	2006	2007	2008
Cost of managing taxes (€m)	4,516	4,513	4,470
Tax management cost rate	1.23%	1.20%	1.17%
Cost of managing central government expenditure (€m)	248	241	256
Central government expenditure management cost rate	0.098%	0.095%	0.10%
Cost of managing local government non-tax revenues (€m)	650	654	696
Local government non-tax revenues management cost rate	1.32%	1.30%	1.32%
Cost of managing local government expenditure (€m)	594	606	639
Local government expenditure management cost rate	0.176%	0.170%	0.175%

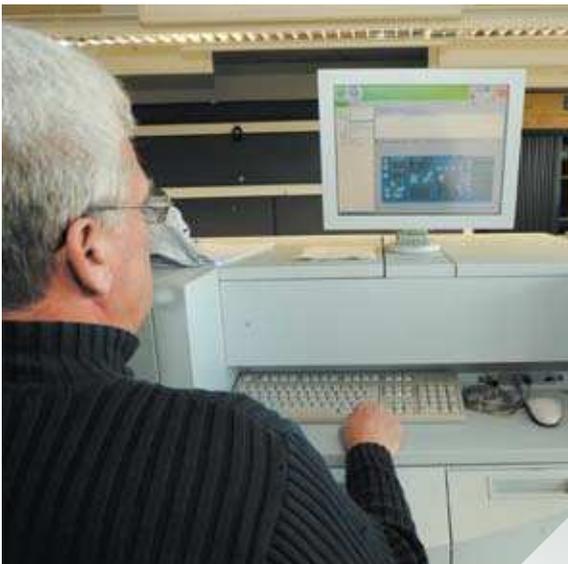
# 82%

Rate of achievement of the targets as measured by the indicators



The indicators are replicated at local level in the performance section of the programme operating budgets (BOPs) managed by all the tax services directorates and general treasury offices. This means that targets can be assigned every year to each service and each function to evaluate performance in terms of both action and the human and material resources required.

Work also got underway to develop a single steering mechanism. The Director General's delegates were assigned an active role in steering performance.



## THE STEERING TOOLS

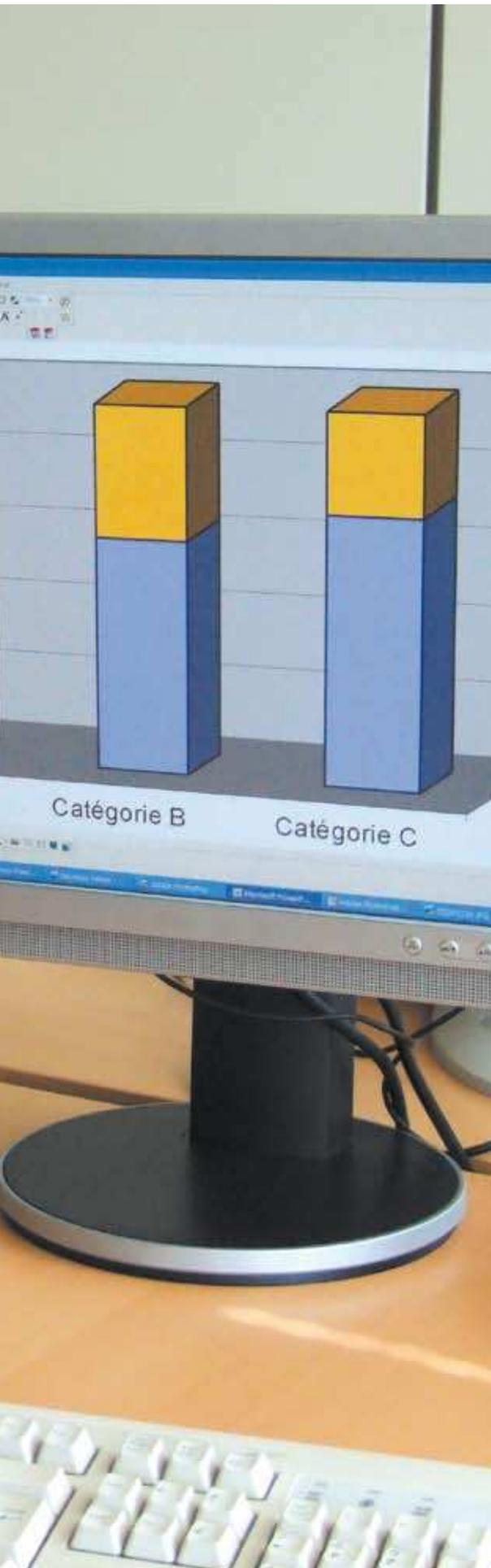
**Tax sector:** The DIGITAL information system produces a quarterly review of results and offers a wide range of statements and reporting possibilities. DIGITEX rounds out the mechanism with comparative analysis and simulation functions. It produces "indicator" sheets to give service heads pointers on how to make real progress with their tasks.

**Public management sector:** The DESCARTES tool is designed as the General Tax Receiving Officer's scoreboard to monitor results and measure efficiency on the basis of different elements. It is based on the programme operating budget's composite steering (20 indicators) with a library of additional indicators. It boasts comparative analyses, charts and "indicator" sheets.

Although the two tools have been developed for different IT environments, they offer similar functions. Work started on developing a single tool in 2008, drawing on the strong functions and technical elements of each of the current applications.



# PERFORMANCE AND STATISTICS



## PERFORMANCE-BASED INCENTIVE SCHEME INDICATORS

Twelve representative indicators covering all lines of work were chosen for the 2008 results from among those used to determine bonuses in the two former general directorates. All the DGFIP staff are hence allocated bonuses on the basis of the same results.

Indicators	2008 Targets	2008 Results	
1 - Level of actual implementation of the programme's commitments Making Your Taxes Easier (common to both networks)	<b>Minimum 90%</b>	90.93%	
2 - Rate of online tax payments by individuals (income tax, residence tax and real property tax)	<b>49%</b>	50.15%	
3 - Percentage of applications for VAT credit refunds and corporation tax refunds accepted in whole or in part within 30 days	<b>80%</b>	89.52%	
4 - Rate of income tax and residence tax appeals handled within one month	<b>94.10%</b>	96.16%	
5 - Rate of building information issued within ten days*	<b>100%</b>	99.98%	
6 - Rate of late filing of annual business earnings returns	<b>&lt; 1%</b>	0.39%	
7 - Percentage of individuals filing their income tax returns on time	<b>98%</b>	98.20%	
8 - Gross rate of taxes collected using the assessment lists at 31/12/Y+1	<b>97.90%</b>	98.52%	
9 - Percentage of audits to combat serious tax evasion	<b>15%</b>	18.12%	
10 - Average lead time for payment of public spending by the accountants (in numbers of days)	<b>4.5</b>	4.56	
11 - Coverage rate of accounting and financial services agreements	<b>50%</b>	57%	
12 - Growth rate for automated payment in the local public sector	Growth in the number of transactions processed	<b>+ 5%</b>	22.3%
	Growth in sum of revenues processed	<b>+ 5%</b>	15.5%

\* The target is defined as met when the rate reaches 99.75%.

## THE DGFIP'S BUDGET

Budget expenditure	2006	2007	2008
<b>Personnel expenditure, including the Tax Policy Directorate (€m)</b>	<b>6,491</b>	<b>6,552</b>	<b>6,674</b>
of which: Remuneration (€m)	4,350	4,374	4,360
Social security contributions (€m)	2,095	2,144	2,279
Welfare benefits and miscellaneous allowances (€m)	46	34	35
<b>Operating and capital expenditure (€m)</b>	<b>1,429</b>	<b>1,451</b>	<b>1,496</b>
of which: IT expenditure, including COPERNIC (€m)	423	453	397
Real property expenditure (€m)	246	269	241
Current operating expenditure (€m)	751	718	735
Rent paid by administrations to the government on occupied State-owned property (€m)	9	11	123
<b>GRAND TOTAL (€m)</b>	<b>7,920</b>	<b>8,003</b>	<b>8,170</b>

## HUMAN RESOURCES

### Numbers<sup>(1)</sup> by working hours<sup>(2)</sup>

	A	B	C	
Full-time staff	89.5%	78.1%	69.7%	77.6%
Staff on the gradual retirement scheme	0.2%	1.0%	0.9%	0.8%
Part-time staff	10.3%	21.0%	29.4%	21.7%

### Numbers<sup>(1)</sup> per grade

	A	B	C	
<b>Under 30 years</b>	<b>1,789</b>	<b>1,355</b>	<b>2,389</b>	<b>4% of staff</b>
Men	767	659	1,022	
Women	1,022	696	1,367	
<b>From 30 to 50 years</b>	<b>16,645</b>	<b>22,821</b>	<b>27,000</b>	<b>53% of staff</b>
Men	8,392	9,481	8,992	
Women	8,253	13,340	18,008	
<b>Over 50 years</b>	<b>12,833</b>	<b>20,658</b>	<b>21,096</b>	<b>43% of staff</b>
Men	7,716	5,994	3,997	
Women	5,117	14,664	17,099	
<b>TOTAL</b>	<b>31,267</b>	<b>44,834</b>	<b>50,485</b>	<b>126,586</b>
Men	16,875	16,134	14,011	47,020
Women	14,392	28,700	36,474	79,566
% women	46.0%	64.0%	72.2%	62.9%
% of grades	24.7%	35.4%	39.9%	100%

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

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

## TRAINING

### Number of staff in training

	A	B	C
Initial training	4,342	5,398	5,977
In-service training	308,820	337,598	281,282
Preparation for competitive exams	12,011	10,744	13,537

## PROFESSIONAL EXAMS AND COMPETITIVE EXAMS

Tax sector	Enrolled	Present	Accepted <sup>(1)</sup>
<b>Grade A</b>			
Senior inspector competitive exam	786	610	137
External inspector competitive exam	5,482	3,122	608
Internal inspector competitive exam	2,378	1,716	232
External analyst inspector competitive exam	345	123	30
Internal analyst inspector competitive exam	68	35	6
External operating system programmer competitive exam	146	70	11
Internal operating system programmer competitive exam	46	31	10
Inspector professional exam	71	67	16
<b>TOTAL</b>	<b>9,322</b>	<b>5,774</b>	<b>1,050</b>
<b>Grade B Taxes</b>			
Senior tax controller competitive exam	2,486	2,087	772
External tax controller competitive exam	11,083	8,199	561
Internal tax controller competitive exam	1,571	1,093	207
Special internal tax controller competitive exam	2,370	1,952	165
External programmer tax controller competitive exam	790	187	35
Internal programmer tax controller competitive exam	64	23	3
<b>TOTAL</b>	<b>18,364</b>	<b>13,541</b>	<b>1,743</b>
<b>Grade B Land Registry</b>			
External surveyor technician competitive exam	279	106	32
Internal surveyor technician competitive exam	21	12	3
<b>TOTAL</b>	<b>300</b>	<b>118</b>	<b>35</b>
<b>Grade C</b>			
External reporting official competitive exam	8,749	5,665	1,101
Internal reporting official competitive exam	532	268	30
Professional exam	73	17	14
<b>TOTAL</b>	<b>9,354</b>	<b>5,950</b>	<b>1,145</b>
<b>GRAND TOTAL</b>	<b>37,340</b>	<b>25,383</b>	<b>3,973</b>

Public management sector	Enrolled	Present	Accepted <sup>(1)</sup>
<b>Grade A</b>			
Senior inspector competitive exam	143	141	42
External inspector competitive exam	5,637	2,709	434
Internal inspector competitive exam	1,234	855	222
<b>TOTAL</b>	<b>7,014</b>	<b>3,705</b>	<b>698</b>
<b>Grade B</b>			
Senior tax controller competitive exam	1,786	1,660	759
External tax controller competitive exam	10,356	6,158	376 <sup>(2)</sup>
Internal tax controller competitive exam	1,621	1,128	166 <sup>(2)</sup>
Special internal tax controller competitive exam	799	553	103
<b>TOTAL</b>	<b>14,562</b>	<b>9,499</b>	<b>1,404</b>
<b>Grade C</b>			
External collection official competitive exam	21,608	11,830	424 <sup>(2)</sup>
Internal collection official competitive exam	2,060	1,163	47 <sup>(2)</sup>
Professional exam	64	60	56
<b>TOTAL</b>	<b>23,732</b>	<b>13,053</b>	<b>527</b>
<b>GRAND TOTAL</b>	<b>45,308</b>	<b>26,257</b>	<b>2,629</b>

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

(2) Number of posts offered, excluding any secondary admission lists drawn up by future admission juries.

## CENTRAL GOVERNMENT EXPENDITURE PAID BY THE DGFIP

Breakdown of expenditure	2006	2007	2008
<b>General budget (€m)</b>	<b>345,000</b>	<b>351,600</b>	<b>370,409</b>
including: Intervention expenditure	39.0%	40.7%	41.6%
Personnel expenditure	35.0%	33.7%	32.3%
Debt servicing	11.3%	11.3%	12.0%
Operating expenditure	10.7%	10.3%	10.0%
Capital expenditure	3.7%	3.7%	3.7%
Public authorities	0.2%	0.3%	0.3%
Financial transaction expenditure	0.1%	0.1%	0.1%
<b>Special accounts (€m)</b>	<b>203,000</b>	<b>187,700</b>	<b>195,055</b>
<b>European structural funds (€m)</b>	<b>-</b>	<b>2,100</b>	<b>1,672</b>
<b>TOTAL (EN €m)</b>	<b>548,000</b>	<b>541,400</b>	<b>567,136</b>

## LOCAL PUBLIC SECTOR EXPENDITURE PAID BY THE DGFIP<sup>(1)</sup>

Total actual expenditure (€m)	2006	2007	2008*
Regions	21,700	24,200	26,600
Départements	58,200	62,000	65,100
Municipalities	85,900	90,200	89,700
Intermunicipal co-operation groups with separate tax status (GFP)	30,000	32,400	33,500
<b>TOTAL</b>	<b>195,800</b>	<b>208,800</b>	<b>214,900</b>

Capital expenditure (€m)	2006	2007	2008*
Regions	10,000	10,400	11,400
Départements	16,100	16,600	16,800
Municipalities	29,000	31,300	28,900
Intermunicipal co-operation groups with separate tax status (GFP)	8,400	9,700	9,700
<b>TOTAL</b>	<b>63,500</b>	<b>68,000</b>	<b>66,800</b>

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

\* Provisional figures.

## THE FINANCIAL SERVICES

Deposits of funds with the Public Treasury	2006	2007	2008
<b>Number of accounts</b>			
Central government	5,248	5,102	5,195
Public establishments	6,869	14,503	12,979
Local public sector	12,934	13,917	15,443
Others (chambers of commerce and industry, etc.)	2,160	2,099	1,762
<b>TOTAL</b>	<b>27,211</b>	<b>35,621</b>	<b>35,379</b>
<b>Portfolio (€m)</b>			
Central government	1,395	1,986	2,047
Public establishments	4,933	5,242	5,483
Local public sector	212	205	335
Others (chambers of commerce and industry, etc.)	505	574	600
<b>TOTAL</b>	<b>7,045</b>	<b>8,007</b>	<b>8,466</b>

Deposits and Loans Fund's official receiver activity	2006	2007	2008
<b>Number of accounts</b>			
Notaries	28,424	29,072	30,334
Court-appointed receivers	25,518	23,610	23,021
Persons protected by law	18,353	18,519	18,225
Bailiffs	4,388	4,514	4,655
Welfare bodies	2,143	2,247	2,308
Other legal professions	2,033	2,070	2,238
Social housing bodies	1,387	1,138	1,305
Tenants in residential care facilities	1,372	1,326	1,231
Other public utility institutions (semi-public regional planning companies, etc.)	1,343	1,401	1,476
Other clientele	921	1,048	1,240
Deposits	208	185	184
<b>TOTAL</b>	<b>86,090</b>	<b>85,130</b>	<b>86,217</b>
<b>Portfolio (€m)</b>			
Notaries	23,399	23,146	19,454
Court-appointed receivers	5,932	5,825	5,822
Persons protected by law	50	50	53
Bailiffs	256	406	415
Welfare bodies	288	608	319
Other legal professions	222	246	273
Social housing bodies	563	1,200	1,195
Tenants in care establishments	3	3	3
Other public utility institutions (semi-public regional planning companies, etc.)	229	213	350
Other clientele	337	577	703
Deposits	2,019	1,970	1,335
<b>TOTAL</b>	<b>33,298</b>	<b>34,244</b>	<b>29,922</b>

## PUBLIC REVENUES COLLECTED BY THE DGFIP

	2006	2007	2008
<b>Income tax</b>			
<b>Number of taxpayers</b>	<b>35,081,797</b>	<b>35,459,212</b>	<b>36,036,164</b>
of which: Tax assessment notices	16,923,660	16,310,237	16,925,542
No-liability notices	10,383,064	10,403,999	10,220,365
Refund notices	7,775,073	8,744,976	8,890,257
Revenues for central government (€m)	58,619	56,304	59,198
<b>Wealth tax</b>			
Number of tax returns	456,856	527,866	565,966
Revenues for central government (€m)	3,682	4,417	4,196
<b>VAT</b>			
<b>Number of taxable businesses</b>	<b>3,795,653</b>	<b>3,902,640</b>	<b>4,028,333</b>
of which: Actual bookkeeping system	1,229,331	1,252,661	1,277,503
Simplified bookkeeping system	1,686,259	1,746,139	1,811,504
Micro business profits and special professional profits	388,005	417,620	457,674
Simplified agricultural system	492,058	486,220	481,652
Revenues for central government (€m)	147,152	155,020	157,500
Revenues for various bodies (€m)	5,846	6,118	8,372
<b>TOTAL (€m)</b>	<b>152,998</b>	<b>161,138</b>	<b>165,872</b>
<b>Corporation tax</b>			
Number of taxable companies	1,338,123	1,419,325	1,507,926
Revenues for central government (€m)	59,452	64,947	64,619
<b>Social contribution on business profits</b>			
Revenues for central government (€m)	1,096	311	139
Revenues for various bodies (€m)	0	955	1,123
<b>TOTAL (€m)</b>	<b>1,096</b>	<b>1,266</b>	<b>1,262</b>
<b>Residence tax</b>			
Number of tax assessment notices	26,675,926	27,182,800	27,897,894
Revenues for local government (€m)	14,169	14,838	15,534
<b>Real property tax</b>			
Number of tax assessment notices	27,601,660	28,025,545	28,435,287
Revenues for local government (€m)	24,657	25,758	26,844
<b>Local business tax</b>			
Number of tax assessment notices	3,533,081	3,599,984	3,667,678
Revenues for local government (€m)	30,251	30,261	31,520
<b>Planning taxes</b>			
Revenues for local government (€m)	757	866	1,007

## PUBLIC REVENUES COLLECTED BY THE DGFIP

Television licence fee	2006	2007	2008
Revenues for various bodies (€m)	2,721	2,792	2,891

Registration	2006	2007	2008
Transfers for valuable consideration (€m)	1,057	1,288	1,062
Transfers without valuable consideration: gifts (€m)	1,401	1,087	818
Transfers without valuable consideration: successions (€m)	7,269	7,882	7,101
Special tax on insurance policies (€m)	4,356	3,544	2,746
Real property registration tax (€m)	254	292	334
Other revenues and penalties (€m)	487	485	478
<b>TOTAL (€m)</b>	<b>14,824</b>	<b>14,578</b>	<b>12,539</b>

Stamp duty and assimilated taxes	2006	2007	2008
Company car tax collected for central government (€m)	1,134	900	356
Company car tax collected for various bodies (€m)	0	260	778
Single stamp (€m)	233	173	157
Tax on stock exchange transactions (€m)	244	271	0
Other revenues and penalties (€m)	536	180	168
<b>TOTAL (€m)</b>	<b>2,147</b>	<b>1,784</b>	<b>1,459</b>

Other taxes	2006	2007	2008
Payroll tax for central government (€m)	525	0	0
Payroll tax for various bodies (€m)	10,138	10,572	11,015
Levies on investment income (€m)	3,224	3,618	5,336
Minimum local business tax contribution (€m)	2,149	2,433	2,761
Withholding taxes and income tax for non-residents (€m)	513	563	506
Other revenues for central government (€m)	6,699	6,759	7,205
Département real property registration tax (€m)	7,156	7,548	6,904
Other revenues for local government (€m)	3,958	4,961	5,692
Social contributions (€m)	13,057	14,425	15,800
Other revenues for various bodies (€m)	3,857	3,170	2,882
<b>TOTAL (€m)</b>	<b>51,276</b>	<b>54,049</b>	<b>58,101</b>

Non-tax revenues	2006	2007	2008
Revenues for central government (€m)	24,780	28,680	27,958
Revenues for local government (€m)	49,400	50,200	51,800
<b>TOTAL (en M€)</b>	<b>74,180</b>	<b>78,880</b>	<b>79,758</b>

Grand total of revenues collected by the DGFIP	2006	2007	2008
Revenues for central government (€m)	324,862	339,154	342,638
Revenues for local government (€m)	130,348	134,432	139,301
Revenues for various bodies (€m)	35,619	38,292	42,861
<b>TOTAL (€m)</b>	<b>490,829</b>	<b>511,878</b>	<b>524,800</b>

## REFUNDS AND RELIEF GRANTED BY THE DGFIP

Central government taxes	2006	2007	2008
Earned-income tax credit (€m)	2,683	3,967	4,095
Number of recipients	8,577,309	8,888,432	8,920,929
Income tax (€m)	2,178	2,304	3,363
Corporation tax (€m)	9,424	12,109	13,285
VAT (€m)	39,141	42,384	48,157
Others (€m)	5,444	5,866	5,895
<b>TOTAL (€m)</b>	<b>58,870</b>	<b>66,630</b>	<b>74,795</b>

Local taxes	2006	2007	2008
Local business tax (€m)	8,715	9,356	11,909
Property taxes (€m)	574	583	726
Residence tax (€m)	2,966	3,028	3,063
Others (€m)	488	523	515
<b>TOTAL (€m)</b>	<b>12,743</b>	<b>13,490</b>	<b>16,213</b>

## COLLECTION

Paperless tax payment	2006	2007	2008
<b>Rate of subscribers</b>			
<b>Income tax</b>			
Monthly direct debit	61.2%	60.9%	65.5%
Direct debit on payment due date	9.4%	9.5%	10.1%
Payment online	2.3%	2.7%	2.8%
<b>TOTAL</b>	<b>72.9%</b>	<b>73.1%</b>	<b>78.4%</b>
<b>Residence tax</b>			
Monthly direct debit	30.4%	32.1%	33.3%
Direct debit on payment due date	7.4%	8.0%	8.6%
Payment online	1.8%	2.4%	2.7%
<b>TOTAL</b>	<b>39.6%</b>	<b>42.5%</b>	<b>44.6%</b>
<b>Real property tax</b>			
Monthly direct debit	23.7%	25.1%	26.2%
Direct debit on payment due date	8.7%	9.7%	10.5%
Payment online	1.5%	1.9%	2.3%
<b>TOTAL</b>	<b>33.9%</b>	<b>36.7%</b>	<b>39.0%</b>
<b>All taxes</b>			
Monthly direct debit	35.0%	36.3%	37.9%
Direct debit on payment due date	8.4%	9.0%	9.7%
Payment online	1.8%	2.3%	2.6%
<b>TOTAL</b>	<b>45.2%</b>	<b>47.6%</b>	<b>50.2%</b>
<b>Recovery action</b>			
<b>Individuals' taxes</b>			
<b>Dunning operations</b>			
Notices calling in outstanding taxes	6,000,000	5,930,000	5,800,000
Notice to garnishee	4,020,700	4,263,000	4,400,314
<b>Legal proceedings</b>			
Civil jurisdiction	2,023	1,945	2,224
Commercial jurisdiction	n/a	n/a	1,465
Administrative jurisdiction	520	420	516
<b>Enforcement action</b>			
Recovery of fraudulently transferred assets	302	333	192
Property seizure	508	545	556
Bankruptcy and winding-up petitions	829	842	766
<b>Defensive action</b>			
Appeals	4,254	4,123	4,710
Other claims	2,686	2,753	3,647
<b>Business taxes</b>			
<b>Dunning operations</b>			
Notices calling in outstanding taxes	1,761,330	1,818,341	1,846,970
Notice to garnishee	341,643	392,360	371,307
<b>Legal proceedings</b>			
Civil jurisdiction	1,567	1,476	1,462
Commercial jurisdiction	1,539	1,271	1,624
Administrative jurisdiction	128	137	122
<b>Enforcement action</b>			
Precautionary measures	643	623	639
Property seizure	115	89	116
Bankruptcy and winding-up petitions	908	816	1,120
<b>Defensive action</b>			
Appeals	701	749	688

## STATE PROPERTY

State real-estate property	2006	2007	2008
Management activities (number of dossiers managed):			
Real property units listed on the General Register of State Properties	109,781	107,612	89,384
<b>Proceeds from the management of the State's public and private property (€m)</b>	<b>372</b>	<b>723</b>	<b>1,073</b>
Real estate transactions:			
Property transfers	3,633	3,309	3,409
Acquisitions and leasing	10,187	12,122	8,267
<b>Proceeds from sales (€m)</b>	<b>798</b>	<b>820</b>	<b>395</b>
Real property tasks:			
Valuations	216,164	208,175	206,942
Expropriation rulings	4,470	5,396	5,820

State movable property	2006	2007	2008
Transfers (number of batches sold)	51,641	46,159	50,377
Private property remaining to be handled (vacant, unclaimed and escheated estates)	23,853	23,283	24,021
<b>Proceeds from sales (€m)</b>	<b>57</b>	<b>61</b>	<b>111</b>

## THE LAND REGISTRY

Situation as at 1 January	2006	2007	2008
Accounts of owners and civil servants provided with accommodation	34,911,582	35,218,352	35,664,362
Premises	45,922,130	46,496,985	47,149,309
Non-subdivided plots of land and tax subdivisions	101,422,492	101,801,037	102,219,664
Items in the computerised directory of roads and localities	7,067,364	7,089,470	7,110,643

Work carried out	2006	2007	2008
Maps:			
Reviewed or reworked plots of land and tax subdivisions	80,741	105,340	84,772
Land registry – map updating:			
Survey documents checked	310,542	298,851	248,614
Number of changes reported	714,269	696,183	690,727
Number of extracts of deeds and regrouping sheets processed	2,542,948	2,503,486	2,436,158
Land assessments:			
Processed declarations of developed properties	1,663,241	1,686,501	1,689,669
Changes processed regarding non-developed properties	907,696	929,591	891,071
Issue of information:			
Copies and map excerpts	2,535,374	1,935,729 <sup>(2)</sup>	388,233 <sup>(3)</sup>
Model 1 and 3 excerpts <sup>(1)</sup>	4,322,540	4,385,271	4,361,064
Other documents	1,536,028	1,219,992 <sup>(2)</sup>	275,924 <sup>(3)</sup>
<b>TOTAL</b>	<b>8,393,942</b>	<b>7,540,992</b>	<b>5,025,221</b>

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

(2) Following the tax assessment office-real property tax office merger, certain documents are issued free of charge. They are therefore no longer included in MAJIC 2, which explains the decrease in the figures reported.

(3) All documents issued are now free of charge with the exception of large-format map printouts and map files on digital media.

## REAL PROPERTY REGISTRATION

Number of operations	2006	2007	2008
Publications	2,655,600	2,546,641	2,432,455
Registrations	1,069,976	1,032,830	950,173
Deregistrations, notes and entries	427,558	412,637	456,949
Requests for information	6,048,896	5,952,275	5,609,457
Requests for copies of records and documents	374,103	396,742	409,814
Special tasks:			
Regrouping reports	42,068	34,454	27,258
Reorganisation reports	51,029	62,780	50,486
Expropriation orders	5,623	7,421	5,216
<b>TOTAL</b>	<b>10,674,853</b>	<b>10,445,780</b>	<b>9,941,808</b>

## TAX AUDITS

Documentary audits	2006	2007	2008
<b>Net taxes (€m)</b>	<b>5,488</b>	<b>5,921</b>	<b>5,620</b>
of which: Corporation tax (€m)	542	601	650
Income tax (€m)	1,453	1,358	1,261
Turnover tax (€m)	543	945	606
VAT credit refunds (€m)	1,080	1,029	1,246
Registration duties (€m)	1,589	1,689	1,560
Wealth tax (€m)	222	270	273
Sundry taxes (€m)	4	4	3
Personal capital gains (€m)	55	25	21

On-the-spot audits	2006	2007	2008
<b>Accounting audits</b>			
Number of general audits	40,190	40,098	39,359
Number of simple audits	2,764	2,474	2,600
Number of one-off audits	4,897	5,212	5,885
<b>Net taxes (€m)</b>	<b>6,420</b>	<b>6,579</b>	<b>6,734</b>
of which: Corporation tax (€m)	2,471	2,453	2,274
Income tax (€m)	395	407	421
Turnover tax (€m)	2,302	2,335	2,452
Registration duties (€m)	120	135	100
Local taxes (€m)	710	718	696
Sundry taxes (€m)	421	530	791
Penalties (€m)	2,764	3,264	2,285
Average net taxes (€)	134,162	137,678	140,749
<b>Examinations of taxpayers' situations</b>			
Number	4,578	4,508	4,166
<b>Net taxes (€m)</b>	<b>484</b>	<b>446</b>	<b>384</b>
Penalties (€m)	276	229	160
Average net taxes (€)	105,723	98,935	92,175
<b>TOTAL</b>			
Number	52,429	52,292	52,010
<b>Net taxes (€m)</b>	<b>6,904</b>	<b>7,025</b>	<b>7,118</b>
Penalties (€m)	3,040	3,493	2,445

## TAX AUDITS

### Right of inquiry

(Art. L. 80 F to L. 80 J of the book of tax procedures)

	2006	2007	2008
Number of inquiries closed	3,538	3,530	3,501

### Criminal proceedings

	2006	2007	2008
Proposals for proceedings sent to the Tax Infringements Commission	1,030	1,143	1,029
<b>Complaints for tax evasion</b>	<b>917</b>	<b>972</b>	<b>992</b>
of which: No return and undeclared business activity	237	232	340
Concealment of earnings	477	496	419
Fictitious transactions	88	116	104
Other fraudulent procedures	115	128	129
Complaints for fraud	8	31	59
Obstruction proceedings	14	32	30

### Breakdown of complaints

	2006	2007	2008
Agriculture	1.1%	0.9%	0.4%
Industry	2.7%	2.7%	2.4%
Self-employed professionals	10.0%	12.4%	9.5%
Company managers and employees	10.1%	9.0%	9.6%
Construction	28.9%	32.1%	32.1%
Trade	26.2%	23.1%	20.6%
Services	21.0%	19.8%	25.4%

## DISPUTED CLAIMS

Administrative phase	2006	2007	2008
<b>Cases received</b>			
<b>Contentious claims</b>			
Residence tax	917,911	916,434	926,435
Property taxes	306,343	289,592	279,628
Local business tax with ceiling based on value-added	435,281	405,905	434,111
Income tax	1,270,974	1,242,224	1,322,523
Turnover tax	70,964	57,039	51,833
Other taxes	145,940	158,867	146,834
Television licence fee	659,057	573,073	552,506
Tax cap	-	20,177	18,264
<b>TOTAL</b>	<b>3,806,470</b>	<b>3,663,311</b>	<b>3,732,134</b>
<b>Equitable relief claims</b>			
Residence tax	284,997	288,386	283,666
Property taxes	94,887	70,300	71,139
Local business tax	19,393	19,419	20,926
Income tax and other direct central government taxes	226,064	199,718	202,343
Registration duties	28,777	28,630	26,608
Turnover taxes	115,060	109,590	106,319
Television licence fee	151,068	162,930	167,995
<b>TOTAL</b>	<b>920,246</b>	<b>878,973</b>	<b>878,996</b>
<b>GRAND TOTAL</b>	<b>4,726,716</b>	<b>4,542,284</b>	<b>4,611,130</b>

## DISPUTED CLAIMS

Administrative phase	2006	2007	2008
<b>Cases processed</b>			
<b>Contentious claims</b>			
Income tax	1,265,530	1,247,092	1,325,507
Vacant premises tax	38,761	38,701	32,319
Other direct central government taxes	82,684	94,155	90,169
Registration duties	22,156	24,612	24,802
Turnover taxes	67,175	54,605	50,743
Property taxes and residence tax	1,228,801	1,215,824	1,220,905
Local business tax with ceiling based on value-added	455,207	421,712	439,163
Television licence fee	666,073	580,778	558,374
Tax cap	-	10,305	28,541
<b>TOTAL</b>	<b>3,826,387</b>	<b>3,687,784</b>	<b>3,770,523</b>
<b>Equitable relief claims</b>			
Direct taxes	221,191	197,501	200,627
Corporation tax and other central government taxes	4,203	4,587	3,540
Registration duties	30,759	27,981	26,624
Turnover taxes	112,760	107,792	103,615
Property taxes and residence tax	385,967	395,184	380,184
Local business tax	19,740	20,274	20,894
Television licence fee	151,184	165,730	169,840
Others	-	12	-
<b>TOTAL</b>	<b>925,804</b>	<b>919,061</b>	<b>905,324</b>
Discretionary tax relief decisions (all taxes)	681,830	691,918	683,864
Television licence fee reduction decisions	117,201	117,877	116,014
Written answers to requests for information	287,558	252,090	225,366
<b>GRAND TOTAL</b>	<b>5,838,780</b>	<b>5,668,730</b>	<b>5,701,091</b>

Judicial phase	2006	2007	2008
<b>Registered cases</b>			
<b>Administrative jurisdictions</b>			
Administrative courts	18,570	17,133	16,939
Administrative courts of appeal and Conseil d'Etat	4,608	4,118	4,544
<b>Judicial courts</b>			
High courts	730	685	647
Court of appeal	314	315	263
Supreme court of appeal	139	130	112

## INTERNATIONAL CO-OPERATION

Tax sector	2006	2007	2008
<b>Number of missions</b>	<b>257</b>	<b>308</b>	<b>336</b>
of which: Candidate countries and new Member States	162	165	189
Enlarged Europe's new neighbours (Russia, Mediterranean rim and Balkans)	48	86	114
Other regions (sub-Saharan Africa, Latin America and Asia)	47	57	33
Number of experts sent	425	551	597
Number of days worked by experts	2,428	3,243	2,655
<b>Number of delegations hosted</b>	<b>74</b>	<b>74</b>	<b>76</b>
of which: Candidate countries and new Member States	20	18	15
Enlarged Europe's new neighbours (Russia, Mediterranean rim and Balkans)	30	31	36
Other regions (sub-Saharan Africa, Latin America and Asia)	24	25	25
Number of visitors hosted	265	354	337
<b>Training given (National Tax School – National Land Registry School)</b>	<b>117</b>	<b>122</b>	<b>115</b>
of which: Long training courses	20	20	20
Short training courses	97	102	95
<b>Twinning operations financed by the European Union</b>	<b>11</b>	<b>11</b>	<b>12</b>
<b>Seminars held</b>	<b>7</b>	<b>7</b>	<b>7</b>
of which: 40 to 50 participants (IOTA <sup>(1)</sup> and CREDAF <sup>(2)</sup> )	6	6	6
Over 100 participants (CREDAF <sup>(2)</sup> )	1	1	1

Public management sector	2006	2007	2008
<b>Number of missions</b>	<b>217</b>	<b>200</b>	<b>176</b>
of which: Candidate countries and new Member States	159	98	65
Enlarged Europe's new neighbours (Russia, Mediterranean rim and Balkans)	31	57	69
Other regions (sub-Saharan Africa, Latin American and Asia)	27	45	42
Number of experts sent	375	253	178
Number of days worked by experts	1,080	828	830
<b>Number of delegations hosted</b>	<b>63</b>	<b>54</b>	<b>60</b>
of which: Candidate countries and new Member States	12	13	13
Enlarged Europe's new neighbours (Russia, Mediterranean rim and Balkans)	35	20	16
Other regions (sub-Saharan Africa, Latin America and Asia)	16	21	31
Number of visitors hosted	349	303	371
<b>Training given (National Treasury School - ENT)</b>	<b>34</b>	<b>47</b>	<b>20</b>
of which: Long training courses	18	19	20
Short training courses	16	28	0
Short external training courses (excluding ENT and twinning operations)	25	78	60
Twinning operations with Eastern European countries	6	6	2
<b>Seminars held</b>	<b>1</b>	<b>2</b>	<b>4</b>
of which: 0 to 100 participants (AIST <sup>(3)</sup> )	0	1	1
Over 100 participants (Treasury services and PFUE <sup>(4)</sup> )	1	1	3

(1) IOTA: Intra-European Organisation of Tax Administrations.

(2) CREDAF: Conference and Study Centre for Tax Administration Managers.

(3) AIST: International Association of Treasury Services.

(4) PFUE: French Presidency of the European Union.



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