



Documentation Regional development instruments

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Protection

Interreg III B

General Data

Name of instrument:	Local taxes raised with the profit of the communes and the intercommunal cooperation structures (Taxes locales perçues au profit des communes et de leurs groupements)
Country / region:	FR
Spatial level:	local
Type:	Economic instruments
Subtype:	Steering taxes
Description:	<p>Main local taxes raised for the profit of communes or intercommunal cooperation structures are the land tax on the undeveloped properties (.i e. agrarian and forest land); the land tax on the built properties; the tax of dwelling; and the corporate tax. Besides these four main taxes, have to be mentioned a whole of various taxes, like as: taxes for domestic garbage collection or for sweeping, contractual imposition on imposition on the electric pylons, tax for urban town planning or tax on the ski lifts, which are not raised in all communes.</p> <p>Amongst the four main taxes, the first three are based on cadastral rental value of real estate or housing:</p> <ul style="list-style-type: none"> - The land tax on undeveloped properties is paid by the owner and is established annually on the undeveloped properties of any nature located in France, except for those which are expressly exonerated from it. Besides, are given temporary exemptions of this to sown land pieces, planted or replanted out of wood, during the first 30 years of sowing, the plantation or replanting. - Are subjected to the land tax on the built properties, the buildings and the constructions and buildings high above ground-level or built in basement. For the private individuals, they are primarily the buildings of dwelling and the car parks of which they are owners, that they are or not occupying places. The tax is paid by the owner. The commercial, industrial or professional buildings are also imposed on the land tax. There are 2 years temporary exemptions for new constructions under certain conditions. Other exemptions, total or partial, limited in time or not, are left with the choice of the communes. - The tax of dwelling is due by any resident living in an housing. It is paid by the occupant (owner, tenant or occupant on a purely gracious basis if necessary). Are submitted all the residences, vacuums or furnished. The professional buildings are not concerned with the tax of dwelling, since they are submitted with the corporate tax. <p>The 'cadastral income' constitutes the taxable amount to these taxes. It is equal to the so called 'cadastral rental value' , less of an abatement of 20% to 50%, depending on the tax, intended to compensate for the expenses and loads of the owner. The cadastral rental value corresponds to a theoretical annual rent calculated using a communal tariff established by nature of culture or property and possibly by class. The rates are voted by the local communities and are applied to the cadastral income. They make it possible to calculate the share of the tax which returns to the</p>

	<p>commune, to the intercommunal co-operation structure, the Département and the Région.</p> <p>- The corporate tax relates only to the companies. It accounts for 50% of the tax resources of the local authorities. The tax is due by any French or foreign person or entity who practices in France on a purely usual basis a non wage-earning profession. The non-profit-making activities or with purely private goal are thus excluded. Some exceptions: are exonerated the activities of general interest (exerted by the State, the local authorities or of associations), the agricultural activities, and under certain conditions the activities exerted in small companies.</p> <p>The only base of this tax is the rental value of the tangible fixed assets available to the debtor. For those fixed assets which are liable to the land tax, the base will be then the cadastral rental value, thus the professional owner of his buildings of activity will be subjected at the same time to the land tax and the corporate tax. For the tangible fixed assets which are not subjected to the land tax (computers, machines, etc), one will retain 16% of the purchase price of the good or the rent if they are rented.</p> <p>The local authorities can make decisions of exemption of corporate tax. These decisions aim at exonerating certain activities. The commune cannot make the decision to exonerate only one company, but can exempt companies which take again establishments in difficulty. Can be also exonerated the installations of companies in certain zones of the territory, in a framework envisaged by the law. Same as for other local taxes, the local authorities vote the rates of corporate tax. However, the rates are framed. For example, the rate cannot twice exceed the national average of the rates of the previous year. In Moreover, since 1999, rates must be standardized between communes membership of an Agglomeration Community. This is optional for the Communes Community.</p>
General objectives:	Contribute to finance the budgets of the communes by giving to those the possibility of deciding the tax rates of the principal taxes whose products are affected for them and by envisaging various exemptions intended to facilitate the development of the communes.
General Objectives keywords:	municipal budget ; socio-economic development ;
Responsible:	Local authority/Municipal council
Stakeholder Involved:	National authority
Reference:	General Tax Code
General assessment of strength and weakness:	<p>The laws of decentralization gave to the local communities one broad financial autonomy. This is why the principle of the tax responsibility is marked there beside that of the financial compensation for any transfer of competences. The tax responsibility implies the control by the elected officials of the local taxation, which constitutes a determining share of the whole of the communes resources. However, the communes inherit a system of local taxes which was often criticized but never basically reformed. Criticisms are due to the antiquated character of the principal taxable amounts, which badly reflect the market value of the landpieces, constructions or the assets of the companies. Criticisms also come from the nature of the authorized exemptions, and the inequalities which they generate. Concerning the land tax on the property built, the legislator in particular envisaged exemptions permanent for the public propertys of the State or the local communities, as well as temporary exemptions for the new residences or new constructions, or, if the communes wish it, for companies settling in the commune. In the same way, the communes can decide special abatements of the tax of dwelling for people with low income. Last example, of the temporary exemptions of professional tax are planned for the companies lately create, on preliminary deliberation of communities concerned and on certain zones of the French territory.</p> <p>It results from all this an extremely complex system, which gives the possibility to the communes of directing their strategies of development, by limiting for example the rates of the professional taxes so as to attract companies in the hope of future</p>

	<p>tax re-entries, but which can accentuate competition between communes. So when it is carried out, the standardization of the rates of professional taxes constitutes an important progress, even when the local taxes system does not take into account explicitly objectives of sustainability or of sparing use of space.</p> <p>However, there are indirect relations between local taxes rates and land resources management, since the communes may decide to keep low rates for taxes raised on inhabitants or entreprises, to attract population or economic activities.</p>
Metadata:	<p>Date of entry: 2007/02/16</p> <p>Contact: Ifuplan, Schleißheimer Str. 156, 80797 München</p>
Implementation	
Legal status:	mandatory for responsible body AND mandatory for end-user
Extension:	all municipalities
Type of monitoring:	Mixture of quantitative and qualitative reporting
Assessment	
Relevance	
Status:	weak indirect relevance
Ranking:	1
Remark:	-
Acceptance	
Status:	municipal administration. Local economy, environmental NGOs, municipal residents, superordinate administrations
Ranking:	5
Implementation	
Status:	-
Ranking:	5
Remark:	-
Feasibility	
Status:	Legislation, Political will
Ranking:	4
Remark:	-
Effectiveness	
Status:	-
Ranking:	0
Remark:	Direction and types of effects difficult to assess in view of land take