



## PRESS RELEASE

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### PUBLIC POLICIES AND ENTITIES

## THE DGFIP, TEN YEARS AFTER THE MERGER A transformation that needs to be speeded up

The creation of the *Direction Générale des Finances Publiques* (DGFIP – Public Finances General Directorate) in 2008, by the merger of the *Direction Générale des Impôts* (DGI – General Directorate of Taxes) with the *Direction Générale de la Comptabilité Publique* (DGCP – General Directorate of Public Accounts), was one of the emblematic reforms in the general revision of public policies. With over 103,000 officials and a budget of almost €8 billion in 2018, the DGFIP is the State's second largest civil administration. It carries out a wide range of missions of a highly technical nature serving private individuals, companies, the State, local government authorities and hospitals.

Now, ten years later, the Court's assessment of the reform is a contrasting one, both as regards service quality and efficiency. It makes real transformation of the DGFIP essential, setting out a strategy for change and removing the main factors that slow down or even block its implementation. With the opening of a new chapter in State reform, the Court has formulated a series of recommendations designed to improve services rendered and reduce costs.

### The merger: a seamless reform

The 2008 reform produced a model like no other: the only tax administration among OECD countries tasked with such a wide, not to say disparate range of missions. Compared with other tax administrations, which have made significant reductions in their local branch networks with the advent of digital technology, the DGFIP has been slow in adapting since it still has over 4000 local branches.

Ten years after the reform, assessment of the merger's major objectives is a contrasting one. As regards taxation, most private individuals now benefit from having a single tax contact and service quality has improved overall. Nonetheless, performances are still poor in a number of territories and telephone reception remains the system's weak point. Lastly, use of online services is less developed than it is abroad.

The merger has not brought about any decisive improvements as far as local authorities are concerned. Despite modernisation and improvement initiatives, there is still dissatisfaction with regard to local direct taxation, there is little demand for provision of advice, and account maintenance could be improved.

There are also contrasting results in terms of cost. The DGFIP has certainly been the main contributor to controlling State expenditure (a yearly average of some 2000 job cuts), but savings on support functions, although real enough, are modest at best.



Although such results do not call the reform carried out ten years ago into question, they nonetheless suggest that transformation of the DGFIP should be speeded up.

## **Persistence of major inflexibilities**

Four inflexibility factors hamper the DGFIP's evolution:

- the sharp drop in IT budgets over the past ten years has further weakened already ageing information systems. The DGFIP has consequently accumulated a "technological debt" that impedes its modernisation;
- the DGFIP's network is overly dense and includes a very large number of small local branches that are unable to provide quality service;
- rules for management of human resources are over-complex and highly centralised, resulting in poor compatibility with service needs;
- lastly, since the merger, the DGFIP has not managed or wished to provide itself with a clear transformation plan, preferring to focus initially on the merger's success and then on consolidation of existing resources.

## **Conditions for a necessary transformation**

The Court recommends that an explicit transformation strategy be defined, specifying the objectives and the resources necessary to achieve them.

The scope of missions needs to be revised: customs collections should be the DGFIP's responsibility, while a number of other missions (civil servants' retirement pension service, land registry, etc.) could well be entrusted to other operators. Missions carried out on behalf of local government authorities should be modified to meet expressed needs.

The DGFIP should take full advantage of the digital transition in order to increase productivity and improve service quality: digital channels should become the standard way of communicating with private individuals, with physical reception being reserved for the most complex questions, and telephone reception should be greatly improved, in particular during the WHT implementation phase.

Lastly, the DGFIP network should be reduced and community-based services maintained via partnerships with other public services.

The Court has formulated 17 recommendations that aim to:

- define and integrate a transformation strategy into a multiannual ways and means convention;
- take full advantage of digital technology in order to modernise services rendered to taxpayers;
- rationalise and renovate services rendered to local government authorities;
- rationalise the DGFIP's internal organisation and management as well as the scope of its missions.

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