

## Abstract

### THE CALCULATION OF TAX ARREARS

According to the National Tax Authorities Annual Report ("*Rapport annuel de l'Administration générale des impôts*"), which provides the main source of public information about the calculation of tax arrears, the taxes due to be collected at the end of the year 2002 amounted to, over years, 11 billion euros for direct taxes and 14 billion euros for VAT, i.e. a total of 25 billion euros. The Court has examined whether these data produced with the authorities' current management tools could be regarded as satisfactory indicators of tax arrears.

On the one hand, these data are incomplete: they refer only to direct taxes and VAT and these taxes do not include all duties to be settled on the due date and still unpaid, but only those that were still unpaid after time limits of varying lengths.

On the other hand, these data are not very homogeneous and differ in nature by tax category. Lastly, they do not provide any information to assess the real chances of collecting the amounts owed and therefore their economic value is difficult to measure. However the situation is that only a small portion of the figures in the Annual Report matches the amounts immediately due and payable and a very large portion of duties is in litigation (more than half the amount of direct tax arrears).

The Court recommends that without delay the tax authorities should set up the indicators for a relevant, reliable, clear, complete and homogeneous calculation of tax arrears. Such a calculation of tax arrears, allowing comparisons across time for each tax category, is a tool which the tax authorities' managers and the supervising authorities definitely need.