For a Local Tax System Dedicated to Sustainable Development
Incorporating Governance, Transparency and Innovation

Hamza Lachheb¹, Rachid Bouthanoute² & Mohammed Bendriouch³

¹ Faculty of Legal, Economic and Social Sciences, Agdal. Mohammed V – Agdal University, Rabat, Morocco
² Faculty of Legal, Economic and Social Sciences, Mohammedia. Hassan II University, Mohammedia, Morocco
³ Faculty of Legal, Economic and Social Sciences, Souissi. Mohammed V – Souissi University, Rabat, Morocco

Correspondence: Hamza Lachheb, Faculty of Legal, Economic and Social Sciences, Agdal. Mohammed V – Agdal University, Rabat, Morocco. Tel: 212-0661-262-516. E-mail: lachheb.hamza@gmail.com

Abstract
Local authorities have a duty to find local financing solutions. Indeed, tax proves to be the most effective financial instrument that will supply local public budgets in order to contribute to local development in its economic, social and environmental levels. The local tax is not only a tool to increase local resources, but also a detour to sit in the territories, economic efficiency, social equity and environmental protection. Tax resource is a resource that meets present needs without touching the capacity of future generations. However, the success of a local taxing dedicated to sustainable development requires the establishment of three major pillars: governance, transparency and innovation. Improving governance requires greater involvement of local actors in the processes that affect the exercise of powers at local level, particularly in terms of openness, participation, accountability, effectiveness and consistency in local taxation. Transparency is a prerequisite and guarantor of good governance, this assumes perfect clarity and accessibility of tax public information and institutional communication and more effective close. The third pillar of this tripartite packaging of local sustainable development is the administrative innovation through simplifying procedures, legislative innovation, e-government, the implementation of new rules to improve the relationship local tax office / taxpayer and promoting research and development in this field.

Keywords: local taxation, local sustainable development, local governance, public transparency, administrative innovation

1. Introduction
Sustainable development means, according to the Brundtland Commission's report in 1987: “a development which meets the needs of current generations without compromising the ability of future generations to meet their own needs”. This famous development that sits on three dimensions: Economic, social and ecological, became the sacrosanct objective of modern states. Again in modern states, the mission of sustainable development is no longer a task of the central state, but rather is in large part entrusted to local authorities, we speak to this effect, about a sustainable territorial development. Local authorities, have a duty to find ways of funding this local project. Local taxation proves to be a means of financing characterized by its legitimacy and sustainability.

In this paper, we set as a starting question: What kind of local taxation for sustainable development? We will try in the first part of this work (Taxation and sustainable development: towards a local tax model for territorial development), to answer this question by presenting a local tax model that takes into account the three dimensions Main sustainable development, namely economic dimension, social and ecological. In part two, we will discuss the possibilities and modes of integration of local public governance, public transparency and administrative innovation in the local tax system to ensure its success and its contribution to sustainable development.

2. Taxation and Sustainable Development: Towards a Local Tax Model for Territorial Development
A taxation for sustainable development must have the spirit of sustainable development; share its principles and its neatly fit vocations. “There will be no sustainable development without new collective intelligence tools” (Perret, 2009). It is in this perspective, we believe that we must produce a new tax based on the trio forming
sustainable development and must find solutions to the economic, social and local environmental challenges.

The proposed local tax model is inspired by the *World Commission on Environment and Development of the United Nations* (Brundtland Commission's Report: Our Common Future, 1987), he is sitting in the rules of the tax base on three main local taxes to finance development needs at local level, these three taxes are proposed:

- Local economic contribution;
- Local social contribution;
- Local ecological contribution.

The set can be grouped under a single tax, called the local contribution to sustainable development that contains these three tax items, for efficiency reasons and simplicity of the new local tax. To this end, we demonstrate the relation between these three local taxes proposed and sustainable development, but also we will explain how this local tax package will promote a development taking into account the needs of future generations, accessible to all, enabling the strengthening of solidarity and compatible with the ecological balance (Sainteny, 2008).

According Sainteny (2008), the three pillars of sustainable development defined by the Americans are the profit, the human and the planet “sustainable development is about three things: profit, people and planet.”

- The profit: A tax that is used to take a share of the profit made by economic actors, which was carried out directly or indirectly by the local community. We're talking about a financial contribution based on the wealth created at the local level: The local economic contribution;

- The people: A tax that establishes social equity and encourages solidarity among members of the local community. We're talking about a financial contribution based on the wealth held at local level: The local social contribution;

- The planet: A tax aimed at protecting the local environment and ecological resources that benefit the local community. We're talking about a financial contribution based on ecological resources destroyed at local level: The ecological local contribution;

The existence of a local tax system composed of a multitude of inefficient and scheduler taxes, negatively impacts the effectiveness of local tax and stripped the interest of local economic actors in a given area, because the tax variable has a strong influence on the economic decisions of these agents. The unification of these taxes, their simplification and presentation in a sustainable development framework is proving to be an interesting solution.

2.1 A taxation at the Service of the Local Economy: Economic local Contribution

Local economic actors should contribute to the financing of actions for sustainable development, however, the local tax system should be designed in a way that allows these agents to join the mission of developing the local economy (Berrebbeh, 1999). The proposed tax is based on two principles: the first is to ask the local productive actors, notably companies and all persons engaged in profit-making activities, to participate in financing the needs of the territory, assigning part of their turnover achieved in local territory, in recognition of the role of the local community in creating that wealth. Consideration of revenue as tax base has many advantages because it is indeed a broad tax base, easy in his determination, and allows you to apply lower tax rates, which will have a psychological impact positive by giving the impression that the taxpayer pays less because the tax rates on sales are generally less than those applied on the net income.

Regarding the setting of tax rates, the French experience proves to be interesting (the territorial economic contribution introduced by the Finance Act 2010 in France), it has led us to propose to give the government in consultation with the parliament to define a sort of national range bounded by the lowest and highest tax rates practiced to this local economic contribution, while allowing local authorities - as part of local governance - to define the appropriate tax rate used for the budget year, those rates may be revised annually according to the situation and economic trends.

As to specific rates and exemptions, they must be part of a single goal, that of promoting the local economy, particularly in terms of investment, production, innovation and value creation and Employment at the territorial level. It would be interesting, to provide an opportunity for local authorities to grant special tax incentives, to guide investments in the sectors and the most interesting areas of economic activities, that the importance and evolution changes from one territory to another.

Finally the principles determining this proposed tax are:
The unification of all local taxes related to economic activities in a single local economic contribution;
The use of the turnover as a broader tax base and simpler to liquidate;
The application of low tax rates more attractive;
The establishment of a range of tax rates at the national level while keeping the actors of local governance the ability to set local tax rates to develop positive competition between regions.
Give local authorities the opportunity to direct local economic actors to the most interesting sectors through local tax incentives.

2.2 A Local Tax of Equity and Solidarity: Sociallocal Contribution

Taxation has always been at the top of the instruments used by states to ensure greater equityand especially social solidarity (Berrebbeh, 1999), the principle of progressive taxation is the proof, since the tax rate represents the degree of financial puncture increases as of the ability of the taxpayer. The tax is also used to overtax the income and acts of the richest in favor of the lowest incomes, to achieve a kind of solidarity.

The application of these principles of local taxation, invites us to give a particular attention to the social dimension, a key element of sustainable development. This leads us to reflect on the establishment of a local tax operating social purpose: the idea is to tax the taxpayers based unproductive wealth as property values held with proportional tax rate targeting social equity. The tax base contains all the unproductive wealth, not creating collective wealth and that can be identified and controlled easily. Land and built assets will be taxed on the basis of their values, opting for a simple base composed of two elements, square meter area and the tax rate. The tax will be equivalent to the tax rate multiplied by the total area covered. As to the first element, it is the land area or the covered area of the property, while the rate will be expressed in national currency by the organs of local governance. This mode facilitate and simplify the tax rules, makes them more transparent, reliable and effective, limits the discretion of the tax administration, establishes tax fairness because the contributions of local actors will be dependent on their wealth and keep holding non rentier wealth-creating value with regard to the taxation as they are the engine of local economic development.

2.3 A Protective Taxation of the Local Environment: Ecological Local Contribution

“The world faces a host of environmental problems. Some, of local, can be caused by a small number of polluters, such as mercury air emissions or discharges of wastewater into watercourses; others are global in scope and are the result of millions of individual actors, such as greenhouse gas emissions “(OECD, 2010). Ecological became a huge challenge policymakers face, underestimate this dimension may distort the whole sustainable development equation and cause major damage to the life of the community.

According to a recent study by the Organization for Economic Cooperation and Development in 2013, world population will increase from 7 billion to more than 9 billion people, and the global economy will almost quadruple by 2050, with the maintenance strong demand for energy and natural resources and more pollution. Economic and population growth is faster than reductions in environmental damage (OECD, 2013). This leads us to consider how public interventions for the protection of our planet and the riches it offers us. The Environmental protection issue was also addressed at the local level and keeps the same universal importance because if any community takes good care of its ecological environment, protects and develops, mankind will not have to worry about the fate of the planet. We think for this purpose to protect the national environment or universal by local mechanisms.

Address local environmental challenges require reform existing local public policies that do not protect environmental assets of-the territory and the local tax is included. Taxation is a public tool that can help protect the local environment, for example, in Ireland, € 0.15 tax on plastic bags (2002) reduced their use of more than 90% or the tax Swedish on the SO2, has helped to reduce emissions by 80% (OECD, 2013).

This will be reflected by the introduction of environmental taxes in two dimensions, the first prevents local actors to pollute and consume-these ecological assets for fear of being surcharged and pay more, the second encourages them to use other modes of production or consumption for the benefit of a lesser tax and pay less. This eco-taxation consists of a set of taxes and environmental taxes intended to be integrated as part of an ecological local contribution.

The conceptual framework of this contribution is to be as follows:
The tax base should be based on local pollutant actor: the industrial unit emitting greenhouse gases, households produce waste and waste or fuel car owners.
The rate of the tax should be set on the basis of future damage to the local environment, but also the financial cost required to process a result of this pollution.

The local productive actors who use non-renewable or hardly renewable natural resources should be taxed on the basis of their turnover from the sale or processing of such products (wood, water, mines, sand ...).

The Tax rates must be gradual, it evolves with the future damage caused or the amount of natural resources consumed.

Local actors who opt for innovative solutions to avoid pollution or depletion of local environmental assets should enjoy the tax benefits, including reduced rates or tax credits.

3. Governance, Transparency and Innovation: The Pillars of a Successful Local Taxation

In the light of the primacy of local sustainable development entrusted to local authorities, and the crucial importance of tax regarded as the fuel of these development activities. The search for solutions to achieve these objectives, presupposes the establishment of a scientific reflection that allow the definition of a conceptual framework for the development of local authorities by local taxation, which is based on three major pillars: governance, transparency and innovation.

3.1 Governance at the Heart of the Local Tax System

The governance issue has become one of the main centralities that worry all passionate organizations by the durability and performance. Nowadays, we tend more and more to talk about “bad governance” or lack of governance where there’s weakness and ineffectiveness henceforth governance is the foundation of effective public organizations (Bekkour, 2013). Considered “a field of interdisciplinary study of power relations between public authorities, civil society and the market, in a context of the transformation of political communities the ability to legitimately govern themselves and to act effectively” (Rigaud, 2012), public governance has interested many global organizations such as the World Bank, the International Monetary Fund, the European Union or the Organization for Economic Cooperation and Development. These organizations have produced a body of work and standards over the last decade, including “the OECD Guidelines on Corporate Governance of State Companies” published in 2005 by the OECD and the Country Governance Index IGM developed by the World Bank in 2008. Governance must be at the heart of the local state apparatus, the establishment of bases and foundations of territorial governance within local authorities is the condition of local political successes and any local development action (Farinós, 2009).

To this end, the local tax system we have shown that it can contribute to the establishment of sustainable development must be part of this line, and be based on the principles of territorial public governance. With this in mind, we have tried to adapt a set of principles and standards established by the Organization for Economic Cooperation and Development in terms of governance, which seem to be adaptable and achievable in local taxation. These principles are found to be adapted as follows:

- It is necessary to distinguish clearly between the mission of local elected officials and other tasks incumbent local tax authorities and which are likely to influence the conditions in which these entities operate, especially in taxation and tax audit.
- Governments should strive to simplify and streamline the operational practices of local tax authorities.
- The local tax authorities should not be exempted from compliance with the general laws and regulations. Stakeholders, including taxpayers, should have access to effective and fair redress mechanisms if they feel their rights have not been respected.
- The legal and regulatory framework must be flexible enough so that it is possible to make changes in the local tax policy when they are needed to achieve their financial goals.
- Local authorities should develop and publish a local tax strategy spanning the mandate of elected officials, defining its overall objectives, its role in sustainable development, and how they implement this tax strategy.
- Elected officials and the state should not be involved in the daily management of local tax administrations and should allow them full autonomy to achieve the objectives that have been assigned to them, while linking responsibility to accountability.
- The exercise of the rights attached to the elected must be clearly identified in the local tax authorities.
- The local tax administration is accountable to legally representative bodies, and maintains relationships clearly defined with relevant public bodies, including the Supreme Audit Institutions of public finances.
The state must exercise the rights attached to the surveillance and the control it holds so adapted to the structure and needs of each local authority. Its main responsibilities are:

- Establish systematic and transparent procedures for the appointment of heads of local tax authorities;
- Establish information dissemination systems to regularly monitor and evaluate the performance of local tax authorities;
- Maintain a permanent dialogue with external auditors and specific state control organs of;
- Ensure that, for the heads of local tax authorities, compensation arrangements reflect the long-term interests of the local society and can attract and retain qualified professionals.

The local tax administration must ensure that all elected officials receive fair and equal treatment if they represent minority political parties, ensuring higher transparency and develop an active policy of communication and consultation of all the elect.

The local tax authorities must recognize and respect the rights of stakeholders established by law or through mutual agreements and refer to the principles of public governance.

The local tax authorities should be required to develop, implement and awareness of compliance with internal codes of ethics programs. These codes should be guided by national standards, comply with international commitments.

The local tax authorities should issue regular and consolidated information on tax revenues and publish an aggregated annual report on these activities.

The local tax authorities must develop efficient internal control procedures and implement a management oversight board, under the supervision of the municipal or regional council and the audit committee.

The local tax authorities, especially large ones, have to be submitted annually to an independent external audit of their accounts to international standards. The existence of specific procedures by the State control does not replace the use of independent external auditors.

The council of the local authority should exercise its supervisory role of management and strategic guidance of the local tax authority. It must have the power to appoint and dismiss the State in collaboration with the director of the local tax authority.

The council of the local authority must conduct an annual performance evaluation of the local tax policy and must take ultimate responsibility for the results of the local tax authority.

It should include mechanisms to ensure representation of officials and civil society at the annual meetings of evaluation and definition of the action plan of the local tax authority.

3.2 The Transparency Guidelines

Transparency is displayed as ultimate guarantor of the effectiveness of local public action, a transparent environment gives more confidence and reliability to local actors, and enhances confidence in public bodies. The transparency is critical in local taxation. Faced with a complex and complicated tax system, a discretionary power of the tax authorities and illegal practices such as corruption and clientelism, the taxpayer loses confidence in the system and begins to react in a negative face this environment “non-transparent” and “untrustworthy” by other illegal practices such as tax evasion or fraud. To this effect, local decision makers are encouraged to promote transparency of the local tax system in all its aspects and in all functions, in order to adhere the taxpayer to the tax case and do contribute to the actions of sustainable territorial development.

With this in mind, we have taken as a reference, one of the leading work on fiscal transparency, which is nothing other than “the Code of Practice on Fiscal Transparency,” published by the International Monetary Fund in 1998 and revised in 2007, this standard has been supplemented by a “Manual on Fiscal Transparency,” the code that contains 45 good practices has been improved by the IMF, presenting a “Fiscal Transparency Code Project” in July 1, 2013 subject to consultation.

We then tried to adapt these practices, taking into account the specific characteristics of local taxation, adapted these good practices are as follows:

- The structure, roles, organization, functions, powers, rights and obligations of local tax authorities should be well defined, clear, transparent and accessible to the actors of the territory.
- The distribution of powers and responsibilities between the different levels and levels of local tax administration, and relations between them and their interaction must be clearly defined, formalized and
The rules of assessment, litigation, control and revenue collection should be governed by a law passed by parliament, with significant room for maneuver of local authorities within the framework of democracy and local governance. The discretion of the local tax authorities should be limited.

Synthesized and simplified documents containing these rules must be accessible to the general public.

A presentation of the main fiscal measures and their contribution in the promotion of sustainable development at local level, based on statistical data, economic, social and ecological, must be made accessible to the territorial actors.

The accounting system of local governments must provide reliable information regarding emission monitoring and collection of local taxes.

A report on tax revenues by region, must be submitted to the parliament and local government bodies. Quarterly editions to be published.

The proposed measures in addition tax revenue perspective must be submitted to parliament or local governing bodies, according to predefined thresholds and procedures already by law.

The final accounts related to tax revenues to be audited, subject to parliamentary and local governance bodies and published within a maximum of one year.

The report on the local tax revenue must include the achievements of two previous fiscal years as part of a comparative approach. It should also include projections on tax revenues next two fiscal years with the projected impact of sensitivity analyzes and correlation, especially in the economic, social and ecological dimensions.

Statements describing the nature and budgetary impact of tax expenditures should be part of the budget documentation, along with an assessment of all other major financial risks.

The product tax revenues should appear separately in the annual budget presentation.

The budget documentation should report the fiscal position of local authorities.

Local authorities should publish a periodic report on long-term public finances.

A budget overview guide - related tax revenue - plain should be widely disseminated in the annual budget.

A comparison of the results and objectives of major budget programs should be presented to the legislature annually.

The publication in a timely manner, information on public finance should be a statutory duty of local authorities.

The broadcast schedule information on the public finances must be announced in advance and respected.

The annual budget and final accounts should indicate the accounting basis used for the preparation and presentation of financial data. Generally accepted accounting standards should be followed.

The data of budget reports should be internally consistent and must be reconciled with relevant data from other sources. Major revisions to historical financial data and any changes to data classification should be explained.

The behavior of employees of local tax authorities should be governed by clear and well-communicated rules of conduct.

The activities and finances of local tax authorities must be subject to an internal audit, and audit procedures should be reviewed.

The local tax administration should be legally protected from political influence, it must ensure respect for the rights of taxpayers and must publicly report on its activities at regular intervals.

Local tax policies should be subject to the control of a national audit body or similar independent of the executive body.

Independent experts should be invited to assess the tax revenue forecasts, the macroeconomic forecasts on which they are based and the underlying assumptions.

A national statistical agency must have institutional independence to verify the quality of fiscal data reported by local tax authorities.
3.3 The New Lines of Administrative Innovation

“Knowledge is the main driver of the current global economy,” said Secretary General of the OECD Angel Gurría at the launch of the Strategy of Innovation in Paris. “Countries need to make the most of innovation and entrepreneurship to boost growth and employment. This is the key to a sustainable increase in the standards of living. “Innovation is a key factor of economic growth, its role is no longer in doubt: according to the Ministry of Ecology, Sustainable Development and Energy in France, Global industrial growth is generated for two-thirds of new products, at the same scale, 42% of products exported in 2005 were not included in global flows decade earlier.

Innovate to last, it's as simple as that. In a world that never stops changing and whose parameters do not stop being upset, innovation is the perfect solution to have a sustainable performance. In the local environment, local authorities will need to find new ways of thinking and new ways to improve the level of innovation in the local tax authorities in order to contribute to sustainable development desired by the local community.

3.3.1 Simplification of Procedures

Innovation refers to the removal of the old methods and tools and the implementation of new solutions that will improve the situation of the local tax authority. The classic bureaucracy and cumbersome procedures will have no place in this riding of administrative innovation. As to the merits of the local tax system, the administration must go goal by simplifying the rules of assessment and liquidation of tax, opting for the removal of scheduler taxes and complicated rules for taxes and grouped in their liquidation. As for the form, procedures should be fewer, simpler and characterized by the existence of a single administrative contact.

3.3.2 The Legislative Innovation

The texts of laws governing local taxation must fit perfectly with the spirit of change and innovation carried by the local tax authorities. To this end, the legislator must take into account developments and new political, economic, social, environmental and technological in order to produce texts that meet the present needs. The establishment of a national observatory of the tax legislative innovation, which will take care of this task for the benefit of all regional authorities, seems to be an interesting solution.

3.3.3 E-Government

The new challenge of local tax administrations is to move to a digital administration, the achievement of this objective involves three projects, the first is the establishment of information systems that contain all the elements of assessment, litigation, of collection and control without resorting to physical files, the second is the development of digital solutions that allow taxpayers to interact with the tax authorities through e-administration(electronic administration) and m-government (mobile government).

3.3.4 An Innovative Communication

The local tax administration must develop new tools for communication with taxpayers, to improve the relationship local tax/taxpayer, and make them adhere to the territorial public cause. This requires the establishment of a particular public marketing strategy in its communications aspect.

The promotion of research and development tax matters.

The importance of scientific research in development is no longer disassembles, local authorities need to develop research and development entities, such entities will have as a main task to initiate reflections on the issues of local public action including financial and fiscal dimension. The treatment of tax issues in collaboration with local scientific and professional institutions will certainly help in improving the local tax system and help it achieve these objectives set for sustainable development.

4. Conclusion

We tried through this humble work, start thinking about the possibility of setting up a local taxation for sustainable development of local communities, but also to sit on a tripartite system of governance comprised packaging, transparency and innovation to make it succeed. This work is part of qualitative research, it remains like any other scientific analyze, criticized and has limits. Theses or proposals in this paper may be supplemented by other scientific work or be experienced in local communities interested in the question of territorial sustainable development.

References


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