

Commune tax revenue audit in Poland

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Regional Chambers of Audit in Poland

- ✓ Audit
- ✓ Supervisory
- ✓ Opinion-giving
- ✓ Information and Training



Criteria of audit

- ✓ Compliance with the law
- ✓ Conformity of documentation with the state of affairs



Criteria of audit

In the scope of government administration responsibilities performed by local governments also:

- ✓ purposefulness
- ✓ reliability
- ✓ economic prudence



Performed audits

- ✓ comprehensive audits
- ✓ problem-focused audits
- ✓ unscheduled audits
- ✓ check-up audits



Joint problem-focused audits in the field of public revenue

- ✓ 2002 – adjacent fee
- ✓ 2002 – re-zoning fee
- ✓ 2004 – real estate tax
- ✓ 2008 – income from assets



Post-audit report

- ✓ objective
- ✓ transparent
- ✓ brief
- ✓ constructive



Revenue of local government units

- ✓ grants
- ✓ targeted-oriented subsidies
- ✓ own revenue



Own revenue

	2006	2007	2008
communes	34,5	36	35,7
municipalities-and-communes	43,8	45,4	45,5
municipalities	59,5	61,8	62,1
municipalities treated like districts (without metropolis)	56,6	58,9	58,3
municipalities treated like districts (metropolis)	67,4	70,5	70

source: www.mf.gov.pl



Tax revenue

- ✓ Shares in the revenue from income taxes
- ✓ Taxes collected directly by commune or city authorities offices
- ✓ Taxes collected for communes or municipalities by inland revenue
- ✓ Revenue duty and service charge



Taxes collected directly by commune or city authorities offices

- ✓ real estate tax
- ✓ agricultural land tax
- ✓ forest tax
- ✓ vehicle tax



Taxes collected directly by commune or city authorities offices

Communes have wide range of rights in defining the amount of taxes:

- ✓ defining the tax rates
- ✓ creating tax relief and exemption from tax
- ✓ in individual cases – redemptions, defferals, spreading of tax payments into instalments



The most frequent irregularities

- ✓ no verification of the tax returns filed by taxpayers
- ✓ incompliance with the principle of tax universality
- ✓ abandonment of enforcement actions
- ✓ granting tax relief and exemptions from tax incompliant with the Tax Code



Report on the generation of tax revenue

The entire taxation activity is reflected in the applicable report on tax revenue generation:

- ✓ the amount of revenue generated from the above sources
- ✓ the potential revenue the commune or municipality has given up
- ✓ the index of tax revenue per resident



The index of tax revenue per resident

Communes and municipalities in which the index is lower than 92% of all the communes and municipalities gain additional revenue in form of compensatory part of general grants, if it is higher than 150% communes and municipalities make payments to the state budget



The most frequent irregularities

- ✓ incorrect amount of the tax revenue granted
- ✓ not showing the financial effects of decreasing tax rates
- ✓ not showing the financial effects of tax relief and exemptions
- ✓ not showing the financial effects of redemption of outstanding tax, spreading of tax payments into instalments or deferral of outstanding tax



Irregularities in numbers

✓ 2005	– 86	– 3.087.091 PLN
✓ 2006	– 157	– 7.133.072 PLN
✓ 2007	– 244	– 14.453.625 PLN
✓ 2008	– 128	– 10.909.059 PLN

Source: www.rio.gov.pl



Summary

- ✓ strong link of the budgets of communes and municipalities with the central budget through the solidarity system



Summary

- ✓ audit of tax revenue is one of the priority actions of regional chambers of audit



Summary

- ✓ complexity of the issues makes them susceptible to different kinds of mistakes and irregularities



**Thank you for
your attention!**

