

The role of local taxation in enhancing local finance of local authorities in the shadow areas in Algeria
-A case study of Bordj Zemoura municipality'budget during the period (2015-2020)-

Asma Righi^{1, *}

¹ Laboratory of Economic Strategies and Policies in Algria –Msila University-(Algeria),
asma.righi@univ-msila.dz

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Abstract: The current study aims at investigating the role of local taxation in enhancing local finance of local authorities in the shadow areas in Algeria, by carrying out an analytical field study for the municipality of Bordj Zemoura during the period from 2015 to 2020.

The results showed that the municipality's local taxation contribution in enhancing local finances is very modest. As the contribution of local taxes to increase revenue and cover the expenses of Borj Zemoura municipality remains very limited and does not exceed 2%, The municipality faces a range of obstacles, including Lack of flexibility at work, very low incomes, tax evasion, etc.

Finally, this study recommends that attention should be paid to the economic sector as it is the sector that allows obtaining good incomes, paying more attention to the tourism sector, taking into account the regional dimension in determining the various taxes, since local taxes have to be imposed according to the specificities of the region. Etc.

Keywords: Local finance ; Local taxation ; Local Authorities ; Shadow Area ; Bordj Zemoura municipality.

Jel Classification Codes : H71 ; H72

ملخص: تهدف الدراسة الحالية إلى معرفة دور الجباية المحلية في تعزيز المالية المحلية للجماعات المحلية في مناطق الظل بالجزائر، من خلال القيام بدراسة ميدانية تحليلية لبلدية برج زمورة خلال الفترة من 2015 إلى 2020.

أظهرت نتائج الدراسة أن مساهمة الضرائب المحلية في تعزيز التمويل المحلي لبلدية برج زمورة محدودة للغاية، حيث أن مساهمة الضرائب المحلية في زيادة الإيرادات وتغطية نفقات البلدية لا تزال محدودة للغاية ولا تتجاوز 2٪، كما تواجه البلدية مجموعة من العراقيل التي لا تسمح لها بالقيام بمهامها كالاقتدار إلى المرونة في العمل، التحصيل الجبائي المنخفض للغاية، والتهرب الضريبي... إلخ.

توصي هذه الدراسة في الأخير بضرورة الاهتمام بالقطاع الاقتصادي باعتباره القطاع الذي يسمح بالحصول على مصادر جبائية جيدة، مع منح المزيد من الاهتمام لقطاع السياحة، ومراعاة البعد الإقليمي في تحديد الضرائب المختلفة إذ أنه يستحسن أن تفرض الضرائب المحلية حسب خصوصيات كل منطقة... إلخ.

الكلمات المفتاحية: المالية المحلية؛ الجباية المحلية؛ الجماعات المحلية؛ مناطق الظل؛ بلدية برج زمورة.

تصنيف jel: H71 ; H72

* Corresponding author: Asma Righi, e-mail: asma.righi@univ-msila.dz

Introduction

local authorities in Algeria (the municipality and the *wilaya*) are considered the cornerstone of local development, and a link between the central authorities and the citizens, as they are primarily responsible for providing them public services and taking care of all their concerns and interests.

Regarding the importance of their role on the local level, the Algerian state has given great attention to the local authorities by developing and improving them, starting by setting laws and radical reforms that affect all sectors of life, leading to the most important reform that have an impact on the areas that are still suffering from the isolation, marginalization and weakness of their sectors, which were referred to as “shadow areas” during the meeting held on february 20th 2020. The performance of local authorities in these areas depends on the extent to which they have sufficient financial resources, whether they are internal or external, and the extent of their role in financing its budget.

Considering that local taxation is an integral part of local finance, and one of the basic mechanisms to ensure permanent and continuous financing of the budget, the local authorities constantly rely on it to achieve their social, economic, financial goals, etc, strengthening financial resources on the one hand and covering municipal expenses from the other hand. In addition, the development of this financial source may necessarily lead to an increase in the degree of financial independence, help the municipality to be satisfied with its local resources, and reduce its dependence on state subsidies and other external sources of funding.

For the aim of identifying the contribution of local taxation to enhance the local finances of local authorities in the shadow areas, the municipality of Bordj Zemoura is highlighted as one of the areas whose residents still suffer from the lack of the most important requirements for a decent life.

1. Statement of the problem: the main research problem emerges as follows:

To what extent does local taxation contribute in enhancing the local finances of the municipality of Bordj Zemoura?

2. Sub-questions:

- What is the contribution of local taxation in increasing the revenues of Bordj Zemoura municipality?
- To what extent does the local collection cover the expenses of Bordj Zemoura municipality?
- What are the most important obstacles which face the process of collecting the local taxation? What are the mechanisms of activating it?

3. Hypotheses

- Local taxation contributes significantly in increasing the revenues of the municipality of Bordj Zamoura;
- Direct and indirect taxes cover most of Bordj Zemoura municipality's expenditures;
- The process of collecting the local taxation faces many obstacles, including the lack of tax culture, lack of interest in the region's tourism sector, tax evasion, etc.

4. Study Objectives: This study aims at:

- highlighting the components of local taxation in Algeria;
- Identifying the most important challenges facing the development of local collection;
- Giving a future vision for the development of local tax collection at the local level.

5. Significance of the study:

- the impact of the resources of local authorities on their financial independence;
- The role of collecting local taxation in covering the local expenses of the municipality;
- revealing the process of collecting local taxes in the municipality of Bordj Zemoura.

6. Methodology:

To answer the problem posed and become more familiar with the subject, we relied in this study on the descriptive-analytical approach, as it suits the nature of the subject being studied by describing and analyzing its most important components and parts, in addition to the case study approach when addressing the experience of Bordj Zemoura municipality.

Study Axes: In the light of the problem, we will try to address it through the following axes:

- **First axis:** theoretical side of local taxation, shadow areas;
- **Second axis:** an analytical study of Bordj Zemoura municipality budget during the period 2015-2020.

7. The previous study:

– **The study of (mdjamia & taibi, 2021):** this study aims at investigating the different obstacles that face local taxation in financing local finance and identifying some ways of reforms to activate it. This study relied on the analysis of two variables, namely, local achievement and local financing, without addressing a case study that converses the most important contents of the theoretical side of the study.

A set of results has been reached, the most important result includes that local taxation is the first contributor to financing the local budget, but it knows a set of obstacles that lead to its weakening, in addition to that the local taxation is subject to the principle of subordination to the central authority, meaning that the central administration controls everything related to the local taxation;

– **The study of (Benkari & zerzar, 2020):** this study aims at investigating the contribution of local taxes in covering the financial deficit of local communities. This study is based on two main variables which are: local taxation and local authorities' budget, using the descriptive-analytical and the case study method.

The budget of the Bordj Ghedir municipality for the year 2018 was analyzed and a financial surplus was obtained as a result of the benefits received by the municipality. In addition to that, the taxes do not provide sufficient financial coverage for this deficit. until the financial resources from the FCCL in the form of subsidies cover this deficit;

– **The study of (Salmi & mahmoudi, 2021):** This study aims to identify the contribution of direct taxes and similar fees in financing the budget of local communities, by carrying out an analytical study of the municipality's budget, which aimed to assess the reality of financing direct taxes and the extent of their contribution to its total revenues. The study also concluded that these taxes do not contribute to the municipality's revenues as required. And that their contribution did not exceed 01%, and that the municipalities are not at all free to determine the tax base, nor to determine their percentage or the method of collecting them;

– **Similarities and differences with the previous studies:** Our study is similar to previous studies in many aspects, such as the similarity in the variables and dimensions of the research, and we sought to achieve one goal, which is knowing the role of local taxation in financing the budget of local communities, by using a descriptive-analytical and the case study approach, in addition to Reaching the same results in general, but what distinguishes our study from previous studies is to address a recent topic in Algeria, which is the study of the impact of local taxation on local finance in shadow areas, and to know if the specificity of the region affects the work of local authorities in the collection process and what are the most important obstacles that face the municipality of Bordj Zemoura. In addition, the study period was longer compared to the second previous study, and it dealt with all direct and indirect taxes and the extent of their contribution to financing, unlike the last previous study, which dealt only with direct taxes.

I. Theoretical side of local finance, shadow areas

Local finance is one of the branches of public finance, and an indicator of local authorities' work and their management capacity.

It can be defined as “an official financial document, whose figures are built based on forecasting of the local revenues and expenditures needed to implement policies and activities of a local nature, aimed in providing local services in accordance with the priorities of the local community”.

It is “the set of phenomena and rules related to revenues and expenditures that belong to local authorities.” (Lamir, 2014, p. 140)

From the definitions above, we can note that local finance depends on two variables which are the revenues and expenditures, but in this study, we will focus only on the local authorities’ revenues especially the local taxation.

I. 1. Definition of local taxation

The budget of local authorities is financed from several sources, including internal and external, as local taxation is considered one of the most important internal sources of financing due to its high profitability.

Local taxation means “the set of taxes and fees payable directly or indirectly for the benefit of local authorities”;

It can be defined also as “those taxes that are taken directly from those who are obliged to pay them, or those that are transferred for their benefit by the state.” (Sheikh & Afifi, 2018, p. 59)

Local authorities can collect local taxes by imposing a set of taxes and fees levied on persons, whether natural or legal. These taxes and fees can be classified according to the destination of collection, as we find that some are directed to the state and funds, others are for the benefit of local groups, and some are collected only for the benefit of municipalities, which we will address in the following.

I. 1.1. Local taxation entirely beneficial to the municipalities

This means that the taxes and fees are collected exclusively for the benefit of the municipality, and it can be listed as follows:

- **Real estate tax:** It is a direct tax levied annually on real property. According to the Taxes and Similar Fees Law, it can be divided into two parts, which are principally:

- ✚ **Real estate tax on built properties:** According to the article 248 of the (T.S.F.L), real estate fees are applied to built properties, regardless of their legal status on the national territory, except for those expressly exempt from tax; (Law on Taxes and Similar Fees, 2021, pp. 67-70)

- ✚ **Real estate fee for unbuilt properties:** An annual real estate fee is based on unbuilt properties of all kinds, with the exception of expressly exempted from tax according to Article 261-d OF (T.S.F.L); (Law on Taxes and similar fees, 2021, p. 70)

- **Household garbage fee:** According to Article 263 of the L.T.S.F, this fee is assessed annually in the name of the owner or the beneficiary and related to the real estate fee on the built properties from the removal of the garbage. The amount collected is distributed only to the municipality, and it is determined by a decision of the President of the Municipal People’s Council, based on the council’s deliberation, and after approval by the guardian authority; (Hamdi, 2018, p. 88)

- **wedding tax:** It is assessed in the areas where family wedding ceremonies are organized with music. The fee is paid through of a receipt issued by the municipality before starting the ceremony. It is determined as follows:

- ✚ From 500 to 800 DA for each day in which the duration of the party does not exceed seven o'clock in the evening;

- ✚ From 1000 DZD to 1500 DZD for each day in which the duration of the party exceeds seven in the evening; (Lahoual, 2017, p. 192)

- **Health fee on meat:** This fee is obligatory for the owner of the meat during slaughter, and if this owner is not a merchant and slaughtered by another merchant, then the latter is

jointly responsible with the owner to pay this fee, and the tariff of the fee is set at 10 DA per kilogram; (Law on Taxes and Similar Fees, 2021, p. 64)

- **Residence fee:** the tariff of this fee is based on the person, and per day of stay, it cannot be less than 50 DA per person and per day, and not exceed 60 DA and 100 DA for a family.

However, for the hotels of three stars and more, the fee is 200 DA for three-star hotels, 400 DA for four-star hotels, and 600 DA for 5-star hotels. A fee is collected entirely in favor of the concerned municipality; (Boualem Wlahy, 2019, p. 102)

I. 1.2. Local taxation partially beneficial to the municipalities:

It means the set of taxes and fees whose proceeds are directed at varying rates for the benefit of the municipality, the wilaya, the state, and the joint fund of local authorities, as they can be listed as follows:

- **Tax on professional activity:** It is an annual tax paid by natural or legal persons that own a professional shop in Algeria, and practice an activity under the category of commercial, non-commercial, and industrial profits. (Beraza, 2017, p. 253)

According to the Article 222 in law on Direct Taxes and Similar Fees, the proceeds of the tax on professional activity are distributed as stated in the same article as follows: The municipality's share: 66%; state share: 29%; The share of the Solidarity and Guarantee Fund for Local Authorities: 5%. (Law on taxes and similar fees, 2021, p. 62)

- **Value-added tax:** It is considered one of the most important indirect taxes imposed on consumption, and it pertains to operations of an industrial, commercial, or craftsman nature, in addition to that it is a neutral tax that does not affect the result of legal taxpayers, since the final consumer is the one who pays, including in the price of the good or service; (Khaznadj & Bezza, 2020, p. 107)

According to Article 21 in the same law, this fee is collected at the normal rate of 19%, while the reduced rate is set at 9% according to Article 23 of the same law, and the proceeds of this fee are distributed as follows: 75% for the benefit of the state budget; 10% for the municipalities, 15% for the Solidarity and Guarantee Fund for local authorities; (law on Business fee, 2021, p. 04)

- **Single flat tax:** According to Article 282 of The L.T.S.F, the civil companies and natural persons who engage in industrial, commercial, non-commercial, and craft activities, as well as craft cooperatives and traditional industries whose annual revenues do not exceed fifteen million dinars (15 000 000 DZD), are subject to the single flat tax system, except for those that have chosen the system of taxation according to the real profit;

40.25% of the proceeds of this tax is collected for the benefits of the municipality, 05% for the wilaya, 49% for the state, 0.5% for the Chamber of Commerce and Industry, 0.01% for the National Chamber of Handicraft, 0.24% for the Chamber of Handicraft and Professions, and 05% for the Common Fund of Local Communities; (Boulahbal, 2020, p. 61)

- **Wealth or property tax:** this tax constitutes from the total taxable property, rights, and values owned by persons. According to Article 282 of the Tax and Similar Fees Law, the proceeds of tax distribution on the property are determined as follows: 70% to the state budget; 30% to the municipal budget; (Law on Taxes and similar fees, 2021, p. 80)

I. 2. Definition of shadow areas

The term shadow areas was not widely used in the past, and it appeared prominently during the Council The government held on February 16, 2020, when an investigation was presented entitled "The Sufferings of the Shadow Areas" by the achievement of Algerian television at the request of President Taboun Abdel Majid, which showed the suffering experienced by the citizens and isolated areas, which was expressed by the term "shadow areas".

After the speech of the President of the Republic at the meeting of the government-prefects, it became a widely used political, social and economic term that expresses the hotbeds of underdevelopment throughout the country, and refers to those isolated, remote, marginalized and deprived areas of development. (Hadouche & Bessa, 2021, p. 10)

Shadow areas is a new term, but we can give some definitions, such as:

Shadow areas are isolated areas that lack the minimum conditions of life, such as the absence of electricity, gas and networks, water, roads, public lighting, sports and health establishment, in addition to the remoteness of schools and health centers, where they continued to live in poverty and unemployment and did not know any development for many years; (bouhsane & Zenkri, 2021, p. 642)

Shadow areas are a concept that has been used for two years to designate poor areas that lack the resources or infrastructure needed to ensure a decent life for citizens; (Bouaricha, 2021)

Shadow areas are found in any area of the country, but they may be found in big cities, which are described as chaotic neighborhoods or isolated areas, especially in the countryside, which is characterized by the absence of facilities and necessities of life. (Benmorsli & Bounaceur, 2021, p. 172)

From the definitions above, a comprehensive definition of shadow areas can be deduced:

Shadow areas are isolated areas that suffer from state of fragility, poverty, and minimum conditions of life, due to the lack of infrastructure and the most basic necessities of life, such as electricity, gas, schools, and job opportunities...etc

I. 2. The taken instructions by the Algerien authorities regarding shadow areas:

Instructions have been issued by the president of the Republic regarding shadow areas for taking care of the requirements and needs of the citizens residing there, and to create a balance between all regions of the states, represented in the following:

- Counting the shadow areas at the level of all the municipalities of the states;
- Writing down all the recorded shortcomings and needs in terms of basic services such as city gas, electricity;
- The road network, the various water networks, school food, and transportation in these areas, with the presentation of the financial evaluation and the preparation of detailed technical cards for each registered operation;
- Forming a state committee, whose mission is to define the shadow areas at the level of the state territory, and to develop an emergency program that ensures optimal care of the basic needs of the residents of these areas, in coordination with the joint ministerial committee formed to supervise the implementation of the process of defining the shadow areas and the implementation of its emergency program. The state committee also establishes committees at the district level to undertake the operations of shadow areas. (Hadouche & Bessa, 2021, p. 13)

II.an analytical study of Bordj Zemoura municipality budget during the period 2015-2020.

In this axis, we will take Bordj Zemoura municipality budget as an experience, and discuss the role of local taxation in enhancing local finance during the period 2015 to 2020, as we will discuss the most important taxes that the municipality depends on, and the contribution of local taxation in increasing revenues and also in covering the municipality expenditures, and finally will recognize the obstacles that face the municipality of Bordj Zemoura in enhancing its local finance.

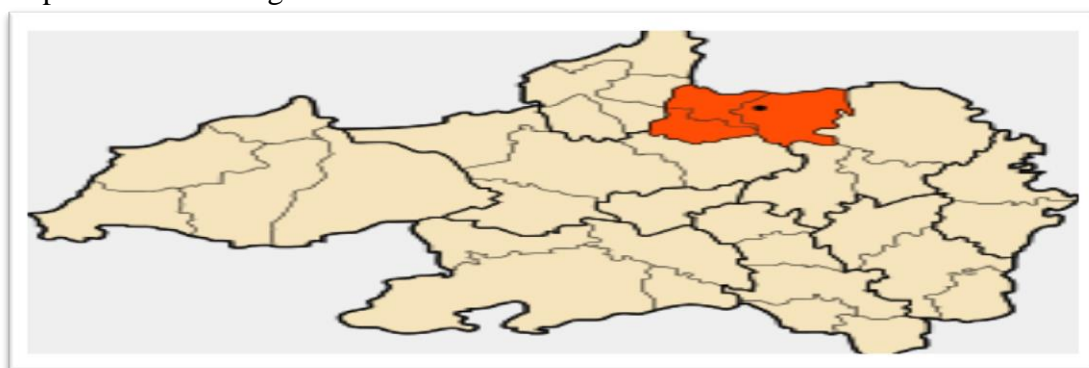
II. 1. Introduction to the municipality of Bordj Zemoura:

Bordj Zemoura is the name given to a city, district, and municipality in the east of Algeria that is administratively subordinate to the state of Bordj Bou Arreridj. Zemoura is

about thirty km from Al-Bordj, the capital of the state of Al-Bordj. Zemoura is considered older than the state itself because it was founded about 700 years ago.

Zemoura was famous for science and scholars, including Sheikh Ahmed bin Qadour, who explained Sibawayh's book and has many comments on the collection of texts, including the well-known scholar Sheikh Omar Abi Hafs al-Zamuri, who was the argument of his time.

Zemoura is a city steeped in history and Roman antiquities. It bears witness to the depth of the history of the region in Taluzru, Tigramin, and Khirbet Qaydra, which are classified globally. According to some hypotheses, the city was built starting in the tenth century on the mountainside with a mosque and a water fountain. Zemoura gained its status for it was a large city during the era of the Ottoman Turks, who settled it and took it as an important center in the Algerian east and established the protectorates of the Zemoura Castle as a center for the Ottoman presence in the region.



Geographical location of the municipality of Bordj Zemoura

II. 2. Analysis of the evolution of tax revenues collected partially for the benefit of municipality:

The following table shows the evolution of tax revenues that are collected partially for the benefit of Bordj Zemoura municipality during the period 2015-2020:

Table (01) The evolution of tax revenues collected partially for the benefit of Bordj Zemoura municipality during the period 2015-2020:

Years Taxes	2015	2016	2017	2018	2019	2020
Tax on Professional Activity	2220485.39	1792450.92	1272906.08	2173550.29	1371690.84	2846733.46
Value added tax	418456	336429.4	301040.8	214582.56	209934.2	123791.60
Single Flat Tax	1578285.07	1945343.05	1907018.2	2664616.16	2514158.55	2726738.75
Ecological fees and taxes	0	0	0	0	0	0
Total	4217226,46	4074223,37	3480965,08	5052749,01	4095783,59	5697263,81

Source: prepared by reasercher based on the administrative account 2015-2020

Through the previous table, we can note that the tax on professional activity represents the largest proportion of the partially collected tax revenues for the benefit of the municipality, followed by the single flat tax in second place, to come in the last place value-added tax that contribution in financing is somewhat weak. in general, we can see that these revenues knew some fluctuation in their values, we can return that for the following reasons:

– The low percentage of the value-added tax's contribution to financing the Bordj Zamoura municipality's budget is due to the weakness of the economic and commercial

volume in Bordj Zamoura municipality. However, this tax is collected entirely as one of the obligatory taxes to be paid by those charged with it and belonging to the real system;

- It can be said that the tax on professional activity is the most contributing resource to the total direct revenues during the study period despite the fluctuation in its value, due to the varying commercial, service, and industrial activities in the region. This tax is considered highly profitable locally due to the difficulty of evading its payment, in addition to the wide scope of its application including most industrial, commercial, craft, and professional activities;

- Although the single flat tax contributes to the revenues of direct taxes and similar fees, it does not represent the real revenue for it, and the reasons for its poor financing can be summarized in the following points:

- ✚ The decrease in this tax is due to the change in the finance laws that excluded some activities from the predatory system and compulsorily subjected them to the real profit system, including the liberal professions;

- ✚ The difficulty of controlling the arbitrary activities container through the leniency of the tax legislator by granting the right of arbitrary appreciation within very different limits, ranging from 80,000 DZD to 30,000,000 DZD, which resulted in a weak follow-up by the competent authorities;

- ✚ The majority of those charged with paying the minimum tax, estimated at 10,000 dinars, took shelter, which led to a decrease in the real revenues suitable for these activities.

- As for the ecological fees and taxes, we note that they do not contribute at all to the increase in revenues and their contribution rate is 0% during the study period. The most important reasons for the weak funding of this source can be listed as follows:

- ✚ The lack of tax culture among those charged with this fee has led to the inability to collect it, especially since the base of this fee is determined through the statements of those charged with it;

- ✚ The weakness of the possibilities and methods of collecting these two fees by the tax collector;

- ✚ Lack of ability to determine the tariff of this fee, especially in determining minimum and maximum values of air pollution;

- ✚ Multiple and overlapping authorities of the authorities in charge of the collection and collection of this fee for each of the directors of the environment, the Directorate of Taxes, those charged with the fee, the municipality...etc.

In general, it can be said that the contribution of previous taxes that are related to economic activities is very modest, although it represents the largest resource for the budget of the municipality of Bordj Zamoura, which indicates the weak interest is given to the economic sector. The most important reasons for this can be summarized in the following:

- ✚ The migration of young, qualified youth towards the cities explains the inability of the municipality to break the isolation between it and the cities;

- ✚ The lack of specialized offices and contractors to study and implement development projects in the region, in addition to the lack of experience could cost the municipality huge sums of money;

- ✚ The lack of flexibility in work, as the developmental work requires continuous and direct communication between local officials and the area in which development projects are taking place;

- ✚ Weak local development requirements (availability of infrastructure, qualified labor, etc.).

II.3. Analysis of the evolution of tax revenues collected entirely for the benefit of the municipality:

The following table shows the evolution of tax revenues that are collected entirely for the benefit of Bordj Zemoura municipality during the period 2015-2020:

Table (02) The evolution of tax revenues collected entirely for the benefit of Bordj Zemoura municipality during the period 2015-2020:

Years Taxes	2015	2016	2017	2018	2019	2020
Real estate tax	60908	18994	316662.50	94787	103325.5	42226.75
Household Garbage Collection Tax	33125	7500	168975	76750	71374	15000
Residence tax	0	0	0	0	0	0
Building Permits Tax	0	0	0	0	0	0
Health tax on meat	0	0	0	0	0	0
Tax on Advertisement	0	0	0	0	0	0
Parties tax	219000	199500	223500	208500	166500	126000
Others	48292.5	173092.5	45000	63787.50	92452.5	135920
Total	361325,5	399086,5	754137,5	443824,5	433652	319146,75

Source: prepared by reasercher based on the administrative account 2015-2020

The previous table shows clearly that the wedding tax and real estate tax constitute the largest percentage of the taxes collected entirely for the benefit of the municipality of Bordj Zemoura, while other taxes such as residence tax, tax on an advertisement, and tax on the road whose proceeds are non-existent, and the most important reasons for the weak contribution to funding can be attributed to the following reasons:

- Concerning the marriage tax, the concerned municipality has resorted to imposing the payment of rights when concluding marriage contracts in the civil status records, but the proceeds of this tax are not exploited by the municipality, they are directed directly to the indigent and the needy. Under the heading of school solidarity;

- The reasons for the limited and weak contribution of the real estate tax and Household Garbage Collection to the revenues of direct taxes and similar fees for the municipality of Bordj Zamoura during the study period can be summarized in the following points:

- ✚ The collection of the real estate fee remains very limited despite the instructions taken to collect it;

- ✚ Failure to update the nominal lists of those charged with these fees periodically, and tax authorities rely on old statistics;

- ✚ Most of the territorial divisions across a region do not carry their owners on the real estate registers, because of real estate problems, which makes their residents not included in the nominal lists of those charged with these fees;

- ✚ Weak capabilities and methods of collecting these fees from the treasury of the municipality of Bordj Zamoura;

- ✚ the municipality doesn't notify the taxpayer and follows him up judicially when he refuses to pay, and this is primarily due to political factors to prevent any protests or closure of the municipality by citizens;

✚ Moreover, the real estate fee does not cover all taxable properties, as a result of the absence of periodic updating of the property cards subject to the fee, as the newly completed buildings have not yet been subject to this fee, due to the lack of coordination between the authorities of the municipality of Bordj Zamoura with the Tax Directorate in the nominal lists of building permits for inclusion in the taxpayer's list;

- All this failure constituted an obstacle in improving the tax base of the real estate fee and improving its income.

- The non-collection of health tax on meat is due to that the municipality doesn't have slaughterhouses, so it can't benefit from its revenues, and considering that the municipality is located in a shadow area, it cannot even build a slaughterhouse that it exploits to obtain the revenues of this fee;

- The absence of hotels in Bordj Zemoura, even though its a popular tourist area, in addition to its availability to the ancient villages in Algeria like kolea in teuseumert, explains the non-collection of residence tax;

- Self-employed people were notified of paying the fees on advertisements and professional signs, but the process did not receive a response from them, in addition to the fact that the municipality lack the human element and necessary transportation to form a field team to follow up the collection of this tax;

- The municipality of Bordj Zemoura doesn't collect the building tax permits, even it's a very important tax that allows it to increase its revenues, but the most important reason for the non-collection is due to the lack of fiscal culture, and although orders are issued for direct and advance payment to the Treasurer before handing over any license, whether it is a license to divide a plot of land for construction, demolition, housing, etc.

II.3. the contribution of local taxes in increasing revenues and covering expenses

The next table shows clearly the contribution of local taxes in increasing revenues and covering expenses during period 2015-2020:

Table (03) the contribution of local taxes in increasing revenues and covering expenses during period 2015-2020

years	2015	2016	2017	2018	2019	2020
Direct taxes	3892803.46	3764287.96	3665561.78	5009703.45	4060547.89	5630698.96
Indirect taxes	685748.5	709021.9	569540	486870.06	468886.7	385711.6
Local tax revenues	4578551.96	4473309.86	4235102.58	5496573.51	4529436.51	6016410.56
The government subsidies	64237960	52577000	48442000	60274231	101933000	67422449
Municipality revenues	440674095.97	241398479.81	271755671.56	301385681.89	514010426.84	556279026.6
Local taxes/revenues	2.1%	1.85%	1.55%	1.82%	0.86%	1.08%
Expenses	349421712.7	167052974.38	221762027.57	245777774.23	260286922.73	264333549.6
Local taxes/expenses	1.31%	2.6%	1.9%	2.23%	1.74%	2.27%

Source: prepared by reasercher based on the administrative account 2015-2020

Through the above table, we note that the percentage of the local tax's contribution to the increase in the municipality's budget revenues ranged between 2.1% in 2015 the highest contribution rate, and 0.86% in 2019 the lowest. The table also shows that the percentage of local collection's contribution to covering its expenses does not exceed 2.6% in 2016 the highest value, while the lowest value of coverage amounted to 1.31% in 2015.

Therefore, it can be said that the contribution of local taxation to strengthening the local finances of local communities is modest and very limited, as the most important reasons for this weakness can be attributed to the following:

- The low percentage of the local tax contribution from the municipal budget resources, as they only participate in a percentage of their total revenues, is due to the dependence of most municipalities on external subsidies provided by the state, the wilaya or from the mutual guarantee and solidarity funds;
- The municipality's failure to create tax sources, due to the lack of all the basic requirements for the establishment of projects or industrial zones, in addition to the lack of funding necessary for this;
- Failure to carry out the tax collection process due to the absence of field teams and the necessary means for that;
- The lack of necessities and infrastructure, as it is an isolated shadow area, in addition to the lack of hotels or even motels and dorms to attract tourists, as it is a tourist area par excellence;
- The municipality did not build slaughterhouses and benefit from its tax revenues;
- The contribution of the local collection to covering the municipality's expenses is also considered very low, due to the refusal of those charged with local collection to pay their fees and taxes;
- Failure of the municipality to rationalize its expenditures;
- A decrease in the tax yield due to the low rates of fees imposed;
- The insufficient resources of local collection to cover the expenses, as the municipality's expenses are of large sums due to the increasing needs of the population on the one hand, and on the other hand, the initiation of development projects within the municipality;
- As for the decrease in the percentage of local taxes compared to the total expenditures; it is due to the increase in the size of the necessary expenditures, especially in the year 2020, which was known for exceptional expenses and burdens related to granting bonuses to those charged with the cleansing and sterilization process in the streets and the headquarters of the administrative municipalities and preparing treatment rooms to confront the Corona pandemic;

In general, it can be said that the contribution of local taxes in enhancing local finance remains very limited, and it doesn't exceed 2% in increasing revenues and covering the municipality expenditure due to many obstacles which we will try to mention in the following topic.

III. Obstacles facing local taxes in enhancing local finances of the municipality of Bordj Zemoura:

Despite the diversity of fees and taxes legislated by the Algerian legislator in favor of the municipality, In this case, we found that they do not even contribute to covering the necessary expenditures and do not contribute to increasing their revenues. also, we found that the municipality of Bordj Zemoura often relies on State subsidies and had always faced a deficit in its budget, on the one hand, thus increasing the burden on the State, on the other hand, especially after taking all the necessary instructions to upgrade this type of area. this makes us ask the following question: Are the subsidies provided by the government in

addition to the instructions adopted to promote these areas will be a solution and a way to revive this municipality, or will they increase their dependence on State subsidies no more?

Thus, the main constraints facing local taxes in strengthening the local finance of Bordj Zemoura municipality are:

- Bordj Zemoura area is considered a tourist par excellence, due to its archaeological features and the picturesque nature. However, the Zammoura Bordj municipality did not exploit its characteristics by establishing hotels, or even inns and shrines through which it can attract tourists and thus benefit from the collection of fees on the residence that it's legislated for it by the Algerian legislator;

- The municipality of Bordj Zamoura pays great attention to paying employees' wages, as all subsidies provided by the state are directed directly to paying the wages of municipal employees and are not provided towards investment projects, which explains the low tax revenues related to economic activities;

- The lack of all the basic requirements that allow the implementation of projects such as roads, water, and electricity, allowed the escape of contractors, qualified young people, and consequently the inability to raise tax sources on these lost projects;

- The municipality's interest in carrying out only the preparation and maintenance process, such as preparing mosques, painting sidewalks, repairing municipal devices, without even thinking about building a banquet hall, an altar, and other constructions that would contribute to an increase in tax sources;

- Lack of the necessary means and methods of collection, such as service cars used for transportation towards informing taxpayers of the fee;

- The lack of political awareness among citizens. The citizen is still elected based on the person and not based on his competence, development projects, and ability to change;

- Lack of awareness among citizens and even workers, as they often believe that the taxes and fees collected are for the private interest of the state and not to achieve the public interest.

- The citizens' weak awareness and financial culture and their ignorance of many fees and taxes in light of the weakness of local authorities in following up on taxpayers. There are, for example, taxes and fees related to building and excavation licenses. The fee for rental capacity for tourism purposes is legally present on paper but almost absent in the municipality of Bordj Zamoura;

- Irresponsible disbursement of expenses;

- The lack of annual update of the nominal list of those charged with paying by the tax authorities as a result of changing the residence, selling the property, or building a new property, despite the continuous activity that the construction and works sector knew in the region;

- The main accountants of the municipality (municipal treasurers) are satisfied only with sending warnings without having more effective follow-ups (not resorting to a forced collection when the ways and various legal means for friendly collection are exhausted).

Conclusion

The shadow areas have received great interest from the Algerian authorities, especially after the meeting of the government with the governors held on February 16 and 17, 2020; this was embodied through setting programs and development plans to advance and promote these areas. Therefore, in this study, we highlighted the contribution of local taxes in enhancing local finance of the municipality of Bordj Zemmoura as a shadow area during the period 2015-2020, After addressing first the basic concepts related to local taxation and its components in Algeria, and the meaning of shadow areas and the taken instructions to advance them. Our study reached the following results:

- Local taxation is an important resource for municipalities, but their role remains very limited in financing their budget;
- the weak contribution of the local taxes in financing the municipal budget of Bordj Zamoura, as it does not even cover the obligatory expenses of the municipality;
- The contribution of local taxes in increasing revenues and covering the municipality of Bordj Zemoura expenses remains very limited and it doesn't exceed 2%;
- the municipality depends more on state subsidies;
- the process of collecting these taxes faces many obstacles such as the lack of tax culture, the lack of field teams that are in charge of the collection process, and tax evasion.etc

proposal

- Dissemination of tax culture to citizens through awareness campaigns and emphasizing that the collected taxes and fees are not for the private interest of the state, but rather to achieve the public interest;
- Paying more attention to the tourism sector;
- The necessity of the government's intervention to help these areas as soon as possible until they will be able to be self-reliant in running their affairs and having a kind of independence;
- Coordination between the tax authority and the interest of the municipality through the joint transmission documents related to the preparation of tax lists;
- Taking into account the regional dimension in determining the various taxes, since local taxes have to be imposed according to the specificities of the region;
- the necessity of including the value of the real estate fee and the household garbage fee in the electricity bill, provided that its value is transferred in favor of the municipality, would increase the tax proceeds for the two taxes quite easily, especially the difficulty of evading the payment of the electricity bill and in light of Sonelgaz's follow-up to its debts compared to the municipalities, but this requires a decree, decision and administrative arrangement at the central level to activate it;
- Thinking about the possibility of pooling some of the neighboring municipalities of varying sources of revenue in order to reduce disparities and the size of incapable or resource-poor municipalities;
- Not neglecting eco-taxes and fees in the process of collecting local taxation;
- Opening up to the leading foreign experiences in the field, ensuring the exchange of experiences in accordance with the prevailing conditions, and integrating the new workers with the old ones to exchange experiences.

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