

---

---

# The role of taxation in promoting the realization of the requirements of local economic development

**Abdelkader BELLAKHDAR**

University of LAGHOUAT

bellakhdar.aek@gmail.com

**Boualem MESSAOUDI**

University of LAGHOUAT

messaoudmessaoud928@gmail.com

Received: 30/10/2018

Accepted: 30/11/2018

Published: 30/12/2018

---

---

## Abstract:

The study aimed at addressing the issue of taxation by focusing on the concepts, principles and bases on which they are based, the most important tools used in them, and then addressing their importance both in stimulating, encouraging and promoting investment, as well as in increasing the state's financial resources, in achieving the requirements of development in general and domestic economic development in particular.

## Key words;

- Taxation: Economic development, Local development.

**JEL Classification:** Q32, H71, E62.

## Résumé:

L'étude visait à aborder la question de la fiscalité en se concentrant sur les concepts, principes et basent sur lesquels elles reposent, les outils les plus importants qui y sont utilisés, et en abordant ensuite leur importance, à la fois pour stimuler, encourager et promouvoir les investissements, augmenter les ressources financières de l'Etat. Pour répondre aux exigences du développement en général et du développement économique national en particulier.

## Mots clés;

- Imposition, Développement économique, Développement local.

**JEL Classification:** Q32, H71, E62.

\* مرسل المقال: Boualem MESSAOUDI

**Introduction:**

Economic globalization has made the territorial function more complex in relation to the geographical competence linked to the sovereignty of the fiscal state, in connection with the diffusion of the neoliberal ideology which is generalizing the theory of market efficiency to claim the decline of the state.

Taxation on the profits of multinational enterprises, from the point of view of public management, the priority given to controlling public deficits and debt modifies the management of public policy financing, because of the increasing volume of tax revenue devolved to debt repayment and the savings realized on public debt expenses.

This positioning of the public problem leads to a territorialisation of the distribution of the effort of budgetary rigor between the international creditors of the public debt and the national taxpayers, and also between the central level and the local levels of the public administrations of each country. The territorial function also refers to the question of inequalities between territories and the territorial dimension of fiscal policies. Spatial planning, in its conception of a balanced distribution of activities that goes back to the post-war period, is difficult to reconcile with the subsequent benchmarks of local development, especially when the competitiveness of the best endowed territories ("excellence "Territorial") is sought after.

On the side of society, the tax is considered by the individual, according to the times and contexts, as a tribute, a constraint, an obligation, an exchange (the price to be paid for services for which the taxpayer benefits), a citizen-contribution to institutions, public services and policies. When the representation of an individual, a group, a social category or a majority of people is that of the tribute or the constraint, which is more and more the case in France, the risk of behaviors deviance is high. Today, however, the trivialization of the deviance of certain socio-economic categories has been facilitated by financial globalization, which plays into competition between national (and sometimes sub national) territories in order to avoid taxation.

For citizens, fiscal territoriality does not only concern the territorial dimension of fraud and optimization that enter fiscal deviance. It depends more broadly on the characteristics of the socio-financial system: for example, the relationship between debt and taxation, as a first approximation, pits State creditors-in-debt, who form globalized financial elite and national taxpayers, who have charges the repayment of this debt. Tax territoriality also has a local dimension that appears in tax revolts, where a variety of variables is involved. In the French case, one could also note the gap between the relative indifference of public opinion in relation to the institutions of decentralization and the feverishness of the elected representatives in view of the prospect of a reform of the territorial mille village.

Through the above we raise the following main question;

**How taxes can contribute to an achievement in local economic development?****1- Definition of taxes:**

Taxation plays a key role in the current action program for the development. It provides a steady stream of revenue to finance the objectives of development, such as the establishment of physical infrastructure and it is

nested in many other areas of public policy, which range from good governance to the integration of economic activity in the formal sector by stimulating growth. Overall, tax policy establishes the framework in which international trade and investment takes place.

Therefore, the main challenge for African countries is to find the optimal balance between a tax system that is favorable to business and investment, while generating enough revenue to finance public investments that contribute to local development and the attractiveness of economies.

An important part of the increase in tax revenues in Africa comes from taxes on natural resources, while revenues unrelated to these resources have increased by less than 1% of GDP over a period of 25 years<sup>1</sup>. This becomes even more of concern in the context of the global economic crisis, while it is expected that that growth is only 2.8% in Africa in 2009 instead of 5.7% in 2008 and that there is a significant drop in export earnings.

To achieve tax policy, African leaders must face the challenge to maintain a balance between the following priorities:

Domestic resource mobilization and broadening the tax base, to ensure stable revenues for the financing of development and to diversify the tax base, especially in the current context of tariff liberalization customs, which heavily affects tax revenues;

- The fight against tax evasion which is fueled by tax havens, regulatory inadequacies and certain business practices;
- The climate of investment and enterprise development, which depends on largely from the tax system;
- Promoting good governance based on effective taxation,
- Promoting the responsibility of government's via citizens and the investor community.

The OECD can help African countries to meet these challenges in different ways, in particular by playing a leading role in global efforts to counter the international tax evasion, or by working closely with the Forum African tax administration. The OECD also promotes an in-depth dialogue with development agencies and donors to translate the take of aware of the real importance of taxation in an effective action program.<sup>1</sup>

Taxation is an integral part of the development policies of different country, and it is nested with many other areas, which range from good governance and formalization of economic activities to stimulate the growth, through the promotion of small and medium-sized enterprises and export:

- Provides governments with the necessary funds to finance infrastructure on which are based economic development and growth;
- Creates the environment in which business activities are conducted and the creation of wealth;
- Determine how public services are implemented;
- Play a central role in mobilizing national resources.

Taxation ensures a predictable and stable flow of revenue to finance development objectives. In fact, the Monterrey Consensus of 2002 recognized the role of taxation in the mobilization of national resources, which has been confirmed at the 2008 United Nations Conference in Doha on the development finance.

3. Taxation determines the context in which trade and international investments. Predictability and consistency of tax treatment, avoidance of double taxation and the efficiency of the administration constitute important factors to take into account for businesses and, in their absence, the international trade and investment are hampered.

Taxation is a key pillar of the regulatory framework that conditions investment and growth of a country. It plays a key role in making investment decisions motivated by profit maximization, while stimulating also the development of local businesses if it is well designed. To date, countries like Botswana and Rwanda offer promising examples, but in overall the economies of sub-Saharan Africa are still characterized by complex tax regimes, which if they do not discourage national investment and abroad, have loopholes that allow tax evasion.

Effective taxation enhances the quality of governance, especially as taxation offers many opportunities to promote the responsibility of government's via the citizens. One of the essential elements of an effective State is the existence of efficient tax administrations. A strong tax system promotes by the quality of government action.

More generally, a fair and transparent tax system - which is exempt of corruption and applying the rule of law - serves as a reference standard for all administrations. In addition, coordination between central authorities and local is essential for the implementation of fiscal policies. In fact, a improvement of coordination between central and local authorities in the field of tax policy, insofar as it constitutes an essential element of the policy economic development, would have a positive impact on other areas of public policy.

This is another argument for treating taxation as an integral part of development policy. As we have seen above, taxation also integrates citizens into the formal economy, allowing them to benefit from the benefits offered by the State such as pensions, unemployment insurance and the protection of employees. This is a important challenge for Africa because the narrowness of the tax burden has an impact unfavorable on the weight of taxation that applies to the formal sector (relatively narrow). Extending the scope of tax policy, in exchange for new infrastructure and new public services, is an important frontier for African politicians.

Some developing countries have tax administrations that suffer corruption, under-trained and underpaid public servants and deficient administrative structure. Improved results obtained in the collection public revenue will require a major improvement in the administration of tax by: improving service delivery; education of taxpayer; effective use of automatic systems; improvement of the cooperation between tax administrations to combat tax evasion and the aggressive tax planning;

The territorial function of the tax refers to three uses that are analytically distinguishable: geographical sovereignty, equalization of resources and economic development.

The first use, which has a legal connotation, results from the fiscal sovereignty of the states: it consists in defining the geographical extent of the fiscal power of the state and presupposes a political power, the power to impose and therefore also exempt.

On peut se référer à Jean Bodin qui place la souveraineté, perpétuelle, absolue et indivisible, comme le principe de l'État pour établir des lois générales. Certes, ce pouvoir s'il est exercé de manière absolue conduit à la tyrannie, ce qui explique sans doute les tempéraments apportés par l'auteur dans le livre VI consacré spécifiquement aux finances : en cette matière, le consentement à l'impôt est selon Bodin une nécessité, une analyse qui intéresse la sociologie du contribuable.

For the moment, it will be remembered that fiscal territoriality, in this first functional use, is defined as the power to tax in a given territory.

Historically, it is interesting to note that the state in working for the extension of its territory by the war has often sought to lighten the tax burden on its subjects. Under Roman antiquity, the taxation of tributes perceived by the Empire over the vanquished peoples explains the weakness of taxation in Italy, especially in Rome. This trait participates in the socio-financial system of what may be called the predatory state which exploits the resources of other territories for tax purposes.<sup>2</sup>

Today, with the public debt crisis, the report is somehow reversed. The fiscal State applies on its national territory budgetary rigor, with its batch of additional levies, tribute on the majority of the ordinary taxpayers, in order to continue to repay its public debt, which is held, for a part certainly variable according to the countries but significant, by foreign creditors. The rentiers holding the state debt are putting pressure, with the support of the rating agencies, so that the repayment of the debt is guaranteed by the control of public finances, even if they have become more careful not to kill the debt. Golden egg hen by an economic recession too strong.

In Europe, however, this guarantee, with the agreement of the left and right-wing member states, takes the form of increased scrutiny by the European authorities of the control of public finances, but also of "structural reforms" in economic matters, and Social: European Semester, Fiscal Compact (TSCG), etc. The stripping of state sovereignty over public finances has increased with the crisis, which has an impact on fiscal territoriality.

Here, it is worth noting that the systemic relationship between indebtedness in favor of a privileged class of rentiers and the taxation of the greatest number is not new: Machiavelli criticized the system management of public loans, the Monte.

In the context of war, the state's indebtedness to pay the mercenaries benefited the aristocracy which enriched itself on the account of the majority of the taxpayers: this financial capitalism of the Italian cities reserved the public loans at high rates to richer, in practice some forty families, and instituted forced borrowing, with low interest rates, for ordinary taxpayers. The link with taxation strengthened this unequal social stratification: the repayment of public loans was based on the indirect tax, the salt tax, which favored the richest whose income was not entirely directed towards consumption. Since the consolidation of borrowings had been established in a

single fund since 1345, a secondary market for public debt securities existed in the territories of the government. In this internal market, where speculation enriched the holders of public debt, foreign capital was scarce.

Goldscheid the founder of the financial sociology in 1917, resumed, according to my reading, the Machiavellian equation of the relation of the debt with the taxation by insisting on the structural impoverishment of the modern democratic state. This Marxist blames the financial crisis of the state) for the impoverishment of the public domain and the tax privileges of the ruling classes. The state has become poor because advanced capitalism has dispossessed public properties historically constituted by the possessions of the prince. The state has become dependent on private creditors to meet its needs, so that modern democracy has been for the people to acquire "empty boxes".

Ainsi la crise de l'État fiscal ne relève pas seulement de considérations économiques, it is also largely explained by factors of political sociology and management of public finances. But the relationship to the territory differentiates situations. Today, fiscal territoriality in Europe is increasingly emptied of its political scope, which resulted from the synthesis between sovereignty and democratic consent. As illustrated by the extreme case of the countries subject to the "Troika", renamed "Institutions" in the context of the conflict with Greece, the programs of reorganization of the public policies, of neoliberal inspiration, can be read as dictated by international bodies to meet the requirements of the financial markets.

These considerations raise the question of the power to tax in the context of economic and financial globalization. I would like to recall here that no determinism obliges the states to reduce the taxation of capital, to exempt the profits of multinationals, to preserve the richest and to make severe cuts in social spending. International empirical studies, as I have written elsewhere, show that the resilience of the social fiscal state in the face of globalization is a reality, even if the dismantling of the European Welfare State becomes a tangible threat, the neoliberal ideology of market efficiency has nevertheless spread and has been met by political elites to transform the socio-financial system.

The radical weakening of the welfare state is undermining its resilience to globalization, as evidenced by pension reforms and declining funding for public services and investment. In France, 50 billion Euros in savings are planned by 2017, 21 billion for social protection, 11 billion for health insurance, 11 billion for CT and 18 billion for the state. The drift of public regulation has thus favored fiscal deviance, as will be seen below.<sup>3</sup>

## 2- Tax Challenges:

This second use of the territorial function is based on an observation that of the differences in tax revenues according to the territories of the same institutional entity.

The gap balance assumes to be related to a relevant reference space. Thus, the measurement of public (or fiscal) tax revenues within OECD countries, or between all countries including developing countries, does not directly concern the territorial function, although it is a useful indicator. , although relative, of the tax pressure, the question arises mainly for state associations and in the context of decentralization.

In the European Union (EU), the debate on the harmonization of tax bases and rates, already carried out in the case of VAT (even if differences persist), is relaunched in relation to the Tax on companies (IS) which is one of the sources of tax optimization. The problem of inequality is also subject to non-fiscal treatment by the Structural Funds policy, part of which aims to reduce inequalities between regions (in the European sense) rich and poor regions.

The case of financial federalism is particularly interesting because it often involves a system of equalization of tax revenues, even if other arrangements are planned to take into account needs and costs (expenses). Financial equalization can be organized vertically from the federal state to the other echelons, or horizontally between the federated states, often with equalization towards the local authorities.

For example, Switzerland has a system of equalization of resources based on the federal income and profits tax, equalization schemes are quite effective, but do not exclude competition between cantons with economic disparities. The technique of sharing tax resources can be the subject, as in Germany, of a strong legal guarantee (financial constitution) by reserving to the sub-federal entities, taken as a whole, a share of taxes. This tax envelope is then distributed according to cost and need criteria. In the German case, the effects of equalization on the new Länder are significant, firstly because of the sharing of VAT, which is already bringing their resources closer together, and then by the other horizontal and vertical equalization schemes (Werner, 2014). This efficiency is not without controversy because equalization impoverishes the richest Länder who are deprived of the fruits of their economic dynamism.

In the case of Belgium, the system of taxation of personal income and social security reduces income inequality, by about 75% between Flanders and Wallonia. In Canada, Equalization rebalances territorial inequalities from the provinces' fiscal capacity, a system that is somewhat effective. However, beyond the constitutional principles laid down, the objectivity of the Equalization criteria is modified in two ways (Champagne et al., 2014): by challenging the methods of calculation by the provinces (political negotiation); by transfers from the federal government that intervenes by its spending power by retaining, as in the case of health or social action, the criterion of the number of inhabitants, and not the socio-economic criteria of income. These balances are shaken by the rigorous policy of the federal level that tends to discard at the provincial and municipal levels of the sustainability of the financial management of health policies, where the aging of the population leads to a structural increase in spending, and deteriorating public infrastructures: a reinforcement of territorial inequalities, because of the territorial differences of gross (market) income, is not to exclude.<sup>4</sup>

In Brazil, solidarity federalism, in addition to its democratic dimension through participatory budgets, is a vector for reducing social inequalities through the redistribution policies it promotes (the case of Bolsafamilia).

Dans le cas de la France, pays unitaire avec une organisation décentralisée de la République, le revenu fiscal de référence (RFR) constitue un indicateur intéressant des inégalités fiscales selon les territoires.

The problem of tax inequality also finds a particular expression in the case of local authorities. In France, before it was abolished, the business tax was criticized as the main cause of inequalities of resources between local

authorities. However, resource gaps, which are compounded by inequities in the burden of charges, remain a reality, even if equalization mitigates their effects.

The debate on inequalities of resources is therefore complex. Concerning the justifications and the modalities of the public action, while retaining only the nodal case of the local taxation, the equality ends always to focus on the financial relations between the State and the territorial collectivities. It is a cognitive bias: the real debate should focus on the gaps in wealth and burdens, in which the differences in fiscal resources that concern us here, between territories of social, economic or cultural (identity) relevance. The question is the equality of financial means for the territorial treatment of public problems, that is to say, those relating to public action, which does not necessarily correspond to the geographical competence of our local institutions. It is then a political bias, well known: the accumulation of the mandates, whose reform remains shy, amplifies the point of view of the local elected officials who tend to protect their power (and also their advantages) as the difficulties of the reform of taxation or local institutions.

Of course, the problem depends on the distribution of skills. However, from the point of view of income inequalities and social policies, it is not certain that decentralization in the French way can solve the problem ... In this respect, small is not always beautiful, even if inequalities are also to be appreciated depending on the development possibilities.<sup>5</sup>

## **2- Tax policy and its relationship to local economic development:**

The concept of local development appeared in France in the 1960s and 1970s in response to land-use planning practices based on sectoral logics of value chains. Applying the feeling of belonging of the inhabitants to their place of life, he proposes to take into account their expectations and to encourage them to take initiatives in all the fields that can contribute to ensuring a harmonious socio-economic development. This process notably involves an endogenous dynamic of development of local specificities and resources that is combined with an exogenous dynamics of the opening of the territory likely to allow its integration into higher spatial levels. These elements, associated with the evolution of economic paradigms because of the changes in the French productive fabric (questioning of large production units, growth of Small and Medium-sized Enterprises and Industries (SME-SMI), multiplication of practices of "cooperation" ...), contributed in the 1980s to the recognition of the relevance of local development practices as planning tools.<sup>6</sup>

This mode of development was implemented in Parthenay, a small town of 10,000 inhabitants located in the heart of Pays de Gâtine, near Niort and Poitiers in the north-east of the department of Deux-Sèvres (Poitou-Charentes). At the end of the 70s, the future of this town and its micro-region seemed to be compromised by the decline of their economic activities. It has not happened. Parthenay is today a dynamic city whose notoriety extends beyond the borders of France. Its status as "urban laboratory" since the launch in 1995 of the European project "digitized cities" has given it a new dimension that has turned it into a place of experimentation of Information and Communication Technologies (ICT or NTIC if we add the adjective "News") allowing the observation of the uses developed by the inhabitants around them. However, ICT is not intended to be a



"technological showcase" for Parthenay but rather, in the words of Michel HERVE, mayor of the town since 1979, an "additional catalyst to increase the density of relationships [and reinforce in intensity - in the local space and expand in extension - at the global level - the field of interactive communication ".<sup>7</sup>

ICTs alone do not explain the renewal of the territory of the Pays de la Loire region. This one owes a lot to the election of Michel HERVE at the head of the municipality, to the processes of innovation in various sectors and to the mobilization of the local actors (public authorities, companies, associations, citizens ...) that he contributed to promote. Four fundamental principles structure this approach: global (intervention must be done on all possible aspects - economic, social, educational, cultural ... - development), partnership (individuals or structures from different horizons must cooperate to promote the realization of transversal projects), solidarity (inequalities of all kinds must be combated in order to promote social cohesion) and openness (development must not be done in a self-centered way but by encouraging contacts and exchanges with the outside world). This long-term work has notably been translated into terms of economic animation, associative development, adaptation of the city to the disabled, social integration, heritage enhancement, cultural action, etc.

The territorial scope is of variable geography, it admits special regimes according to the territories, for example in the case of overseas collectivities or according to taxes. The law reflects the contradiction of tax policies that seek to tax as much as possible but also to attract business: for example in the sense of budget performance, the criterion of fiscal domicile in France leads to the imposition of income tax on the income tax. All of the taxpayer's income; we can also mention the fight against profit transfers which consist for a multinational "in its fiscal management to inflate the profits of an establishment located in a little taxed by decreasing correlatively those which are released in France", Article 57 of the General Tax Code (CGI) aims to repatriate refugee benefits in lax territories to impose them in France. This is to oppose the montages by transfer prices between entities of the same group whose sole purpose is to reduce the tax payable, without economic substance, a tax evasion that relies on manipulations of the transaction prices inside the group.

From the analysis of some thirty strategies from a panel of communities Representative, we can schematically represent development strategies economic via a matrix with two axes:

- A horizontal axis describing the degree of integration of economic competence within intermunicipality;
- A vertical axis showing the community's ability to think and drive a development transversal economy, which gives an economic meaning to skills (housing, employment, higher education, town planning, mobility, cohesion social, environment, etc.).

From this typology, there is a correlation between economic integration and transversality of Community action. Only intercommunality with a large community economic interest may be able to think coherent action between all the economic domains it deals with.

Globalization, decentralization and market liberalization present new challenges and new opportunities for development, especially at the local level. While the questions of development are global by nature, the greatest progress and the most immediate can be done at the local level through different approaches. Experience shows

us that only a few Globe locations will become the next Silicon Valley or attract the big winner, that is, this new big industry that can simultaneously save the local economy and protect local values.

For most places, economic development requires more fundamental approach: to understand where the forces are the locality in question and what it can offer; where are his weaknesses, what external threats and opportunities exist; And this what the locality wants and what it needs. The success of the LED depends much of the will of the local power to encourage the creation of a business environment where markets can work effectively, but also appropriately, in the local context. In most localities, especially in developing countries micro-enterprises, small and medium-sized enterprises, medium-sized enterprises need to be strongly supported and encouraged to play the role of locomotive of economic development since they occupy a key position in the creation of wealth, new jobs, as well as in the generation of taxes at the local level. For this do, we need partnerships, policies and regulations that support economic activity, as well as support structures business and coordination. Strategic planning offers one of the best opportunities to move forward in development economic.<sup>8</sup>

For communities facing increasing poverty, part of their economic development strategy could be focus on the informal economy. The informal economy is composed small or independent businesses, whose owners are self-employed employees working outside the system of regulation of government administration, and which do not part of any representative structure, and receive no support financial services. They operate with a small capital, even without any capital, have low productivity, provide little security of employment or rights, and usually offer income weak and irregular. Those that work in the informal economy generally have little or no social support those who work in the informal economy generally have little or no social or public support, and are outside the law safety, health and workplace safety.

According to research, women and children are involved in disproportionately in the informal economy and are strongly vulnerable to abuse and exploitation in their places of job. For these reasons, the quality of the work, or obtaining a decent work, is very important in the unstructured economy.

Informal economic activity is not usually measured or monitored. It receives little attention from the authorities, except for the exercise of certain illegal activities.<sup>9</sup>

Among the employees of the informal economy, we find shoe polishers, car keepers, suppliers of snacks, driver's rickshaw cars, street vendors of all kinds, small artisans, workers construction companies, domestic workers, fishermen and farmers in urban areas. Some informal jobs could be considered socially prejudicial, or illegal, such as child labor (or even worse, prostitution children). Other jobs include a lot of activities that inside houses and which are closely related to the formal economy by the system of " supply to outside ", such as work related to computers and telecommunications or light manufacturing in the garment industry. The second type of jobs or 'additional jobs' obtained in activities not declared to supplement the income is also considered as part of the informal economy. Some main causes of the growth of the informal economy are, among others:

Low growth in the formal economy Complicated and bureaucratic procedures in the sector companies (for example, they are too expensive, waste a lot of time, or impossible without relationships necessary to obtain the required authorizations, etc.);

- Unemployment due to lack of qualifications for jobs available (eg literacy);
- Urban migration of unskilled workers, migration caused by declining agricultural productivity which leads to the reduction of agricultural jobs and a high population pressure on available land;
- Ease of passing through the cracks of the process local legislature and tax services;
- Job losses related to the growing competitiveness of the international economy;
- Inadequacy of rural development programs and urban;
- Layoffs arising from shocks and economic crises and financial (political instability, divestments.)
- Fall in net wages due to inflation);
- Activities carried out to supplement income;
- The development of a type of tourism industry that supports small entrepreneurs (craftsmen, tour guides).

It is important for local authorities to recognize the contribution of the informal sector to the growth of the economy in its together. Structuring the informal economy could be an objective to long term for reasons of health, safety and better management of public affairs, or for more taxes, to name just one.<sup>10</sup>

However, the formal economy needs to be developed to a where it will be able to absorb the people currently in the informal sector; otherwise, attempts to Regulating the informal economy will only lead to more poverty and marginalization. Rather than regulate and delete, local authorities must look for strategies that tolerate and support the informal economy while seeking to strengthen skills and the resources of people engaged in the informal economy (see case study 6). Institutions like the International Organization (ILO) have developed programs for only to face the challenges and complexities of a formalization of the informal economy.

The process of strategic planning of local development described in this manual recommends a better understanding and the introduction of the local informal economy into LED, of the Strategies to Integrate the Informal Economy Effectively in the local development strategy include, among others:

- The apprehension of the advantages and disadvantages of regulation the informal economy;
- improving skills leading to on a qualification;
- the improvement of working conditions;
- And, identification financial opportunities.

After all, the informal economy undoubtedly involves some of the most enterprising people of a given sector. Strengthen their energy and spirit of innovation can help communities move away from poverty and economic stagnation.

Despite these opportunities to reduce poverty, it may be that some local authorities are reluctant to tackle it alone, fear that the success of a program will no longer attract poor people from other sectors. However, hesitation is neither economically responsible, nor socially desirable. (For example, expect a coordinated approach by the national government).

Local authorities may also wish to develop a combat strategy to tackle the problems of poverty at the local level, while working with other local authorities and with other high levels of responsibility in the administration, with a view to developing more comprehensive approaches and more detailed.

### Conclusion:

Developing countries such as Algeria can reach more the agreed development goals in cleaning up their public finances. It matters to this that they are working to improve the effectiveness of the collection of taxes, an approach to which Netherlands bring their help. Transparency and predictability of the tax system are also conducive to the private sector.

Taxation is closely linked to these areas of intervention given that a fair and efficient tax system is essential to improving the financial situation of the countries in development. The Monterrey Consensus recognizes this correlation and underlines the importance of in the mobilization of national resources. The relationship between development and taxation has already been raised elsewhere, for example in the objectives Millennium Development Program. Curiously, taxation does not get the attention it deserves, which is surprising, given that tax revenues are likely to reduce poverty and to encourage sustainable development.

<sup>1</sup>Thomas, A., **Tax Design for Inclusive Economic Growth**, OECD Taxation Working Papers, 2016, p 26.

<sup>2</sup>Torres, C, **Effective Personal Tax Rates on Marginal Skills Investments in OECD Countries: A New Methodology**. OECD Taxation Working Papers, 2013, p 16.

<sup>3</sup>Torres, C., **Taxes and Investment in Skills**, OECD Taxation Working Papers, 2012, p 13.

<sup>4</sup>Laroque, G, **Indirect Taxation Is Superfluous under Reparability and Taste Homogeneity: A Simple Proof**, Economics Letters, 2005, p 04.

<sup>5</sup>Keen, M., **the Comparison between Destination and Origin Principles under Imperfect Competition**, Journal of International Economics, 1998, p 50.

<sup>6</sup>Martin, D., **Benefit Simplification: How, and Why, It Must Be Done**, London: Centre for Policy Studies, 2009, p 07.

<sup>7</sup>Van Reenen, J, **Changes in Wage Inequality**, The New Palgrave Dictionary of Economics, second edition, Basingstoke: Palgrave Macmillan, 2008, p 21.

<sup>8</sup>Smith, S., **The Future of Value-Added Tax in the European Union**, Economic Policy, 1996, p 23.

<sup>9</sup>Lockwood, B., **Commodity Tax Competition under Destination and Origin Principles**, Journal of Public Economics, 1993, p 52.

<sup>10</sup>Winston, G., **Impatience and Grades: Delay Discount Rates Correlate Negatively with College GPA**, Learning and Individual Differences, 2005, p 15.