**Arabe league Education, Culture, and Science Organization**

**Abou Bakr Belkaied -Tlemcen- Algeria**

**The tenth axis:** local authorities finances

**The intervention title:** The role of local taxation in enhancing local finances of local authorities in the shadow areas in algeria

-A case study of bordj zemoura municipality’ budget during the period (2015-2020)-

**دور الجباية المحلية في تعزيز المالية المحلية للجماعات المحلية في مناطق الظل بالجزائر**

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**Abstract:** 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 goels, 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 identifing 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.

Based on the municipality’s administrative account, this study allowed to reach a set of **results,** including the weak contribution of the local tax in financing the municipal budget of Bordj Zamoura, as it does not even cover the obligatory expenses of the municipality, the municipality depends more on state subsidies, the process of collecting this taxes faces many obstacles which are: the lack of tax culture, the lack of field teams that are in charge of collection process, lack of interest in the tourism aspect in the region, etc. All these reasons that call for examining the most important mechanisms that contribute in activating the role of taxation in financing the budget.

**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?**

**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?

**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.

**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.

**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.

**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 and local authorities;
* **Second axis:** an analytical study of bordj zemoura municipality budget during the period 2015-2020.
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