

## Property taxation and enhanced tax administration in challenging times

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Following a wide range of tax stimulus measures over the period 2008-10, the focus of tax policy has clearly shifted towards a much needed consolidation of public finances. Several Member States will have to consider increasing tax revenues – as a complement to expenditure control – to consolidate their public finances. This is particularly relevant for countries that show unsustainable budgetary situations but, at the same time, have room for potential tax revenue increases.

In this context good tax governance is more than ever needed. Combatting tax fraud and evasion, reducing tax gaps and improving the efficiency of tax collection can play an important role in raising additional revenues. At the same time, improving the growth-friendliness of the overall structure of taxation is an important element of the universal challenge to enhance the growth potential of the EU economies. While growth is a goal per se it is also a condition for making public finances sustainable. Research on the growth-taxation nexus has shown that shifting the tax burden away from labour and capital towards housing can contribute to reducing the distortions caused by taxation.

The present conference proceedings gather together the views of academics, national policy-makers and international institutions on these topical issues of great policy-relevance at the current juncture. The part on 'Housing taxation' touches upon different aspects of housing taxation and their characteristics with respect to economic efficiency/distortions, macroeconomic (de-)stabilisation and equity/distributional considerations. Country-specific contributions provide insights into facts and recent reforms of national housing tax policies. The theoretical contributions focus on the link between housing taxation and macro imbalances and the efficiency of current housing tax provisions, including their impact on low income households. Given political resistance against increasing housing taxation, limiting mortgage interest rate deductibility is suggested as one way forward in reforming housing taxation. Up-to-date valuation systems are found to be of high importance for an effective, efficient and fair taxation of housing property.

The part on 'Efficiency of tax administration and improving tax compliance' discusses the main avenues in fostering voluntary tax compliance, improving tax administration efficiency, reducing compliance costs and complexity and safeguarding effective tax auditing and enforcement. The importance of third-party information for compliance is highlighted, as third-party information can dramatically lower the taxpayer's ability to misreport taxes. Furthermore, audit selection criteria and the effects of tax audits on compliance of audited taxpayers are discussed. Finally, country-specific contributions present some experiences with combatting the underground economy and the role of tax administration. Setting the incentives right appears to be vital for voluntary tax compliance, including through an improved understanding of non-economic factors determining taxpayers' behaviour. One important conclusion is that, in particular at the current juncture, attempts to increase tax revenues need to be carefully balanced against the long-term erosion of voluntary compliance and trust.