ANNA KOBIAŁKA, ANETA ZAKRZEWSKA

Agricultural tax as a source of income for rural communes in Poland
Podatek rolny jako źródło dochodów gmin wiejskich w Polsce

Summary. The revenues from the agricultural tax only to a small extent contribute to the budgets of communes, and they often constitute the basic source of tax revenues in rural communes. This is the main reason for the worse income situation of rural communes in Poland. Rural communes in Poland are the least independent units and such situation requires the search for effective sources of income for local government units. For many years, there has also been a discussion on the possibility of real taxation of income from agricultural activities. Considering the above, the purpose of this study was to analyze the income equipment of rural communes in the field of agricultural tax in 2011–2017. The analysis of the income structure confirms that in rural communes, the share of agricultural tax in total income is twice as high as the average in Polish communes. However, this is not a factor that makes it possible to increase the financial independence of rural communes.

Key words: rural communes, own income, agricultural tax

INTRODUCTION

Decentralization of local self-government entrusted specific public tasks to individual local government units. Communes, at the lowest level in the administrative hierarchy, perform the widest range of tasks among all local government entities. It results from a better knowledge of the local communities needs, and depends on the scope of competences and possibility of implementing the financial autonomy of communal self-governments [Surówka 2004, Kotlińska 2012]. Implementation of tasks requires spending some costs, therefore communes have been equipped with specific sources of income...
along with strictly defined entitlements to shape and use some of these resources. An association is financially sustainable when it is able to generate sufficient revenues to perform its fundamental function and deliver some core services up to a minimum acceptable level [Schreurs et al. 2014]. Development potential of communes is significantly influenced by the level of own income per capita. These values affect the scope of activities related to satisfying the needs of residents and striving to improve their standard of living or stable local development [Surówka 2013]. The income potential of communes, expressed in these categories of income, can be significantly different in voivodeship terms. Local government units, in the scope of, among others, agricultural tax, have tax authority [Filipiak 2015], but they do have a small influence on tax rates and fees being the source of budget revenues [Czudec 2014]. Despite the fact that agricultural tax in rural communes should constitute the basic source of tax revenues, the income from this contribute to communal budgets only to a small extent. Limiting the possibility of obtaining tax revenues is the main reason for the worse income situation of rural communes in Poland and causes that they are the least independent units. This situation requires seeking effective sources of income for these local government units. Therefore, for many years, there has been a discussion about the possibility of real taxation of income from agricultural activity [Podstawka 1995]. Considering the above, the analysis of income equipment of rural communes in 2011–2017 and the scope of tax policy applied by the communes as part of the agricultural tax were adopted as the aims of this study.

MATERIAL AND METHODS

In order to assess the importance of agricultural tax in income of a commune, the comparative and descriptive method as well as analysis of time series were used. The research determined the share of income from this tax in total income and in the own income of rural communes in Poland in 2011–2017. A comparison was made of the dynamics of changes in the value of income from agricultural tax, real estate and shares in income taxes in 2017 compared to 2011. Changes in the share of these taxes in own income in that period were also determined. As confirmation of the impact of agricultural tax on the financial condition of rural communes, an analysis of the level of own income per capita in communes of particular types in the analyzed period was carried out. The basis of the research were numerical data from the Local Data Bank of the Central Statistical Office [Bank Danych Lokalnych GUS 2019] concerning income of rural communes in individual voivodeships of Poland.

RESULTS

As regards the level of own income (Tab. 1), rural communes in Poland have a smaller share in total incomes than the other types of communes. This share was lower by 7 percentage points than the average for communes of the country. Own income of rural communes constituted from 30% to almost 60% of total revenues.
Large disparities in the structure of income are visible between rural communes of individual voivodeships, despite the increasing share of own revenues. The highest level of own income was realized by the communes of the following voivodeships: Lower Silesia, Greater Poland, Silesia and West Pomerania. The least independent, for many years, have been communes of the Lublin and Subcarpathia Voivodeships, and the share of own revenues in their total incomes was lower by 8–9 percentage points than the average for the rural communes of the country.

In rural communes, income from agricultural tax in total income (Tab. 2) accounted for about 2%, whereas a downward trend in this respect has been evident since 2014. These values in rural communes are higher than the average ones for communes of all types in the country by about 0.6 percentage points. The highest values are recorded by the communes of the Lublin, Opole, Warmia-Masuria and West Pomerania Voivodeships. The lowest income from the agricultural tax in relation to the total income is achieved by rural self-governments in the Silesia and Lesser Poland Voivodeships.

Table 1. Share of own revenue in the total income of rural communes in 2011–2017 in individual voivodeships of Poland (in %)

| Communes          | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------|------|------|------|------|------|------|------|
| Total for Poland  | 45.5 | 46.6 | 48.2 | 49.3 | 49.7 | 44.3 | 43.2 |
| Rural communes    |      |      |      |      |      |      |      |
| Poland            | 37.1 | 38.5 | 40.3 | 41.9 | 42.7 | 37.8 | 36.8 |
| Lower Silesia     | 50.3 | 53.2 | 55.7 | 57.0 | 56.8 | 52.9 | 51.2 |
| Kuyavia-Pomerania | 37.1 | 38.6 | 39.5 | 41.2 | 42.5 | 36.1 | 35.7 |
| Lublin            | 26.5 | 27.2 | 28.4 | 31.1 | 31.6 | 28.4 | 27.1 |
| Lubusz            | 44.1 | 46.7 | 48.1 | 49.7 | 50.2 | 41.7 | 42.1 |
| Łódź              | 42.4 | 44.4 | 45.8 | 48.4 | 48.8 | 43.5 | 42.2 |
| Lesser Poland     | 29.4 | 30.4 | 33.7 | 34.2 | 36.0 | 30.7 | 29.8 |
| Masovia           | 37.4 | 38.6 | 41.5 | 43.3 | 43.0 | 38.0 | 37.6 |
| Opole             | 41.0 | 44.2 | 47.6 | 48.0 | 48.7 | 46.0 | 41.2 |
| Subcarpathia      | 28.7 | 29.5 | 30.8 | 33.0 | 34.1 | 29.1 | 27.8 |
| Podlaskie         | 34.9 | 35.4 | 37.6 | 37.8 | 38.6 | 33.3 | 32.5 |
| Pomerania         | 39.5 | 39.9 | 41.5 | 42.2 | 42.8 | 37.8 | 35.9 |
| Silesia           | 45.9 | 48.3 | 48.4 | 50.2 | 50.1 | 45.2 | 44.8 |
| Holy Cross        | 26.9 | 28.8 | 29.9 | 31.3 | 32.8 | 29.8 | 27.7 |
| Warmia-Masuria    | 35.3 | 36.4 | 37.2 | 38.6 | 39.3 | 34.4 | 33.2 |
| Greater Poland    | 44.2 | 44.4 | 45.4 | 47.7 | 48.8 | 42.7 | 41.8 |
| West Pomerania    | 49.8 | 50.5 | 52.3 | 53.8 | 56.3 | 52.3 | 52.9 |

Source: own study based on the data of Regional Data Bank, Central Statistical Office, www.bdl.stat.gov.pl [access 15.04.2019]
Table 2. Share of agricultural tax in total income of rural communes in individual voivodeships of Poland in 2011–2017 (in %)

| Communes                  | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------|------|------|------|------|------|------|------|
| Total for Poland          | 1.38 | 1.93 | 2.04 | 1.92 | 1.79 | 1.47 | 1.32 |
| Rural communes            |      |      |      |      |      |      |      |
| Poland                    | 2.04 | 2.82 | 2.95 | 2.80 | 2.60 | 2.15 | 1.92 |
| Lower Silesia             | 1.36 | 2.07 | 2.31 | 2.15 | 1.92 | 1.59 | 1.42 |
| Kuyavia-Pomerania         | 2.05 | 2.58 | 2.74 | 2.59 | 2.43 | 2.08 | 1.88 |
| Lublin                    | 2.46 | 2.91 | 3.08 | 2.96 | 2.90 | 2.59 | 2.37 |
| Lubusz                    | 1.24 | 1.86 | 1.94 | 1.82 | 1.69 | 1.38 | 1.21 |
| Łódź                      | 1.18 | 1.56 | 1.62 | 1.53 | 1.46 | 1.23 | 1.11 |
| Lesser Poland             | 0.83 | 1.23 | 1.28 | 1.20 | 1.09 | 0.88 | 0.79 |
| Masovia                   | 1.16 | 1.49 | 1.55 | 1.45 | 1.35 | 1.13 | 1.03 |
| Opole                     | 2.03 | 3.40 | 3.64 | 3.43 | 2.97 | 2.37 | 2.16 |
| Subcarpathia              | 1.13 | 1.54 | 1.62 | 1.52 | 1.48 | 1.21 | 1.06 |
| Podlaskie                 | 1.73 | 2.79 | 2.84 | 2.67 | 2.38 | 1.99 | 1.80 |
| Pomerania                 | 1.21 | 1.88 | 1.95 | 1.81 | 1.64 | 1.24 | 1.08 |
| Silesia                   | 0.60 | 0.95 | 0.97 | 0.88 | 0.79 | 0.62 | 0.57 |
| Holy Cross                | 1.38 | 1.75 | 1.81 | 1.74 | 1.72 | 1.49 | 1.39 |
| Warmia-Masuria            | 2.10 | 3.14 | 3.36 | 3.19 | 3.06 | 2.39 | 2.14 |
| Greater Poland            | 1.33 | 1.78 | 1.86 | 1.81 | 1.70 | 1.34 | 1.20 |
| West Pomerania            | 1.81 | 2.69 | 2.92 | 2.78 | 2.56 | 2.08 | 1.82 |

Source: see Tab. 1

The share of agricultural tax in the communal own income (Tab. 3) has also been systematically decreasing since 2014. In the analyzed period, large disparities in the share of agricultural tax in the own income of rural communes in particular voivodeships also persisted. Rural communes, in which the income from the agricultural tax constituted the smallest share in own revenues, were located in the following voivodeships: Silesia, Lesser Poland and Greater Poland. These values were similar for average values for all types of communes in the whole country. Income from agricultural tax had the greatest impact on the own income of rural communes in the Lublin and Warmia-Masuria Voivodeships.

Tax revenues constitute a basic part of own revenues. The relationship between the amount of tax revenues and own revenues is most favorable in cities, and worst in rural communes, which undoubtedly results from the specificity of property tax as the main source of tax own revenues of cities. Shares from personal income taxes and from legal persons, for which communes do not have tax authority, are significant in the structure of own revenues.
In order to supplement the analysis of agricultural tax significance in the structure of communal income, the share of income from property tax and share in taxes from personal income was calculated.

In the structure of total income of rural communes, share of taxes constituting state budget revenues, which constituted about 30–40% of total revenues, was of great importance for own resources [own calculations based on BDL 2019].

Income from the basic local government taxes, i.e. agricultural and property taxes, depended largely on the type of the commune. On average, for all communes in the voivodeships, these revenues accounted for around 30% of own revenues. Among the communes of particular types, disproportions were quite significant – on the order of a few percentage points. Urban communes have virtually zero income from agricultural tax, while property tax revenues constitute from 30% to 38%. Rural communes are definitely in the worst situation, because revenues from the most important tax sources provide only from 2% to 8% from agricultural tax and from 18% to 27% from property tax.
Table 4. Dynamics of changes in the value of agricultural tax revenues, property tax and shares in income taxes (in %) and changes in the share of these taxes in own income in 2017 as compared to 2011 (in percentage points)

| Communes          | Dynamics of changes in the value of income (in %) | Changes in the structure of own revenues; Deviation (in p.p.) |
|-------------------|--------------------------------------------------|------------------------------------------------------------|
|                   | A*      | B*      | C*      | A*      | B*      | C*      |
| Poland – average  | 140     | 137     | 158     | 0.01    | −0.5    | 4.8     |
| Poland – rural communes | 138   | 145     | 173     | −0.26   | 0.0     | 6.3     |
| Lower Silesia     | 144     | 152     | 192     | −0.59   | −1.8    | 5.8     |
| Kuyavia-Pomerania | 141     | 154     | 185     | −0.60   | 0.0     | 6.3     |
| Lublin            | 129     | 137     | 170     | −1.01   | −0.5    | 6.4     |
| Lubusz            | 136     | 139     | 151     | 0.25    | 2.3     | 4.9     |
| Łódź              | 137     | 152     | 174     | −0.35   | 0.7     | 4.6     |
| Lesser Poland     | 141     | 157     | 176     | −0.20   | 1.0     | 7.2     |
| Masovia           | 138     | 145     | 167     | −0.44   | −1.2    | 3.8     |
| Opole             | 140     | 101     | 159     | 0.58    | −8.2    | 7.4     |
| Subcarpathia      | 137     | 125     | 179     | −0.02   | −2.3    | 9.2     |
| Podlaskie         | 146     | 150     | 179     | 1.04    | 5.0     | 8.8     |
| Pomerania         | 143     | 150     | 188     | −0.04   | 1.0     | 7.8     |
| Silesia           | 135     | 133     | 158     | −0.04   | −1.1    | 5.7     |
| Holy Cross        | 129     | 140     | 159     | −0.17   | 1.5     | 6.7     |
| Warmia-Masuria    | 142     | 148     | 179     | 0.67    | 2.9     | 8.1     |
| Greater Poland    | 136     | 145     | 182     | −0.21   | 0.4     | 8.8     |
| West Pomerania    | 142     | 167     | 175     | −0.64   | 1.8     | 2.4     |

* A – agricultural tax, B – property tax, C – shares in taxes constituting revenues of the state budget
Source: see Tab. 1

High level of income dependence of rural communes is visible in the disproportions in the scope of the importance of tax revenues and shares in income taxes in the own income of rural communes (Tab. 4). In the studied period, the share of income from agricultural tax and property tax decreased, while the importance of shares in income taxes increased by around 6 percentage points. The decline in the importance of agricultural tax results from lower rate of growth of income from this tax than the growth rate of property tax revenues, and in particular, very large increase in the value of shares from income taxes in 2011–2017.

Despite minimum increase in the share of agricultural tax in the income of rural communes, it should be noted that this is an inefficient source of income. This situation is aggravated by the tax policy implemented by communes, which causes depletion of tax liabilities due to this tax by approximately 25%. The use of tax policy tools was rather social than economic in nature. Rural communes implement a liberal tax policy, especially with regard to agricultural tax, applying very large tax rate reductions. The application of reliefs, waivers and deferrals in the area of agricultural tax was of minimal importance in the tax policy of rural communes. Significant loss of tax revenues of communes signif-
Agricultural tax as a source of income for rural communes in Poland

129

significantly affected the level of their financial independence, which forced these units to use other sources of communal tasks financing [Kobiałka 2017].

Table 5. Ratio of own income per capita of individual types of communes to average values for communes in Poland in 2011–2017 (in PLN, in %)

| Communes       | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|----------------|--------|--------|--------|--------|--------|--------|--------|
| Poland         | PLN    | 1 331  | 1 408  | 1 492  | 1 614  | 1 688  | 1 749  | 1 862  |
|                | %      | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  |
| Urban          | PLN    | 1 637  | 1 702  | 1 786  | 1 931  | 1 990  | 2 099  | 2 226  |
|                | %      | 123.0  | 120.9  | 119.7  | 119.6  | 117.9  | 120.0  | 119.5  |
| Urban-rural    | PLN    | 1 362  | 1 444  | 1 530  | 1 644  | 1 714  | 1 779  | 1 898  |
|                | %      | 102.3  | 102.6  | 102.5  | 101.8  | 101.5  | 101.8  | 101.9  |
| Rural          | PLN    | 1 132  | 1 212  | 1 300  | 1 416  | 1 501  | 1 533  | 1 635  |
|                | %      | 85.0   | 86.1   | 87.1   | 87.7   | 89.0   | 87.7   | 87.8   |

Source: see Tab. 1

Confirmation of the impact of agricultural tax on the financial condition of rural communes is the analysis of the level of own income per capita in communes of particular types in the analyzed period. Communes with a per capita income higher than average by around 20% are in the best situation. Rural communes achieved own income per capita lower than the national average by about 15–12%.

DISCUSSION

In rural communes, income from agricultural tax should influence the own income of communes. Rural communes are in a worse income situation, because they cannot count on high income from property tax, like urban communes. This problem becomes particularly important in less developed regions based on agriculture, such as the Lublin or Subcarpathia voivodeships. Scientific research shows that the level of communal autonomy can be determined through the prism of the commune’s financial policy [Podstawka and Rudowicz 2010]. Fiscal policy tools, especially in the area of agricultural tax, which undermine the level of own revenues and limit the possibilities of financing tasks, have an impact on the level of financial independence of rural communes. In this context, for many years, there has been a discussion on the possibility of taxing income from agricultural activity.

The basic tax burden of farms in European countries is the tax from personal income of farmers, taking into account differences in the construction of this tax. In the tax systems of the EU countries, a common principle is applied that income from agricultural
activity is not excluded from the tax system [Kisiel and Idźkowska 2014]. Most often, the net income is assumed as the taxable base, determined as the difference between income from agricultural activity and incurred costs, adjusted for subsidies and direct payments. On the other hand, Polish regulations point to the special role of the tax system in influencing the economic situation of rural residents in the area of financial burdens of agriculture [Przygodzka 2016]. Income from agricultural activity remains outside the tax system, while in the structure of agricultural tax, there is no link between the tax base and economic condition of farms. Separate taxation rules related to the agricultural activity make it difficult to compare its fiscal burdens with other sectors of national economy [Rosiński 2011].

CONCLUSIONS

Analysis of the communal income structure confirms that in rural communes, the share of agricultural tax in total income is twice as high as the average value in communes of Poland. This value, however, decreased systematically during the studied period. Income from agricultural tax in rural communes constitutes on average about 5% of own revenues of these units. In this respect, there are very large disproportions between rural communes of individual voivodeships. The highest share of income from agricultural tax in own revenues is recorded by the communes of the Lublin and Warmian-Masurian Voivodeships. Communes have a small influence on tax rates and fees, also in the area of agricultural tax. With tax authority, they can only lower maximum rates. Rural communes in Poland, by applying tax policy as part of the agricultural tax, reduced their own income by about 1%. It seems that the way to raise the income of rural communes could be taxation of income from agricultural activity and transferring these revenues to self-government units. Taxation of income tax could be included in the personal income tax according to the scale. Such a variant would give the possibility of settling together with a spouse or a child, using the pro-family relief and the possibility of settling losses incurred in agricultural activity. Line tax rules, in turn, would give the opportunity to benefit from a reduced tax rate for micro-entities. The records, which are the basis for determining the tax liability, could be kept in the form of a revenue and expense ledger or based on records kept for VAT purposes. Another solution is the possibility of introducing a flat tax on revenues, but the problem is not taking into account costs and not being able to take advantage of family allowances.

REFERENCES

Bank Danych Lokalnych Głównego Urzędu Statystycznego (GUS). https://bdl.stat.gov.pl/BDL/ [access 15.04.2019].
Czudec A., 2014. Znaczenie transferów zewnętrznych w kształtowaniu stabilności finansowej jednostek samorządu terytorialnego. Nierówn. Społ. Wzrost Gosp. 40 , 17–30.
Filipiak B., 2015. Polityka podatkowa gmin czy realizacja władztwa podatkowego. Zesz. Nauk. Uniw. Szczec. 864, Finanse Rynki Finans. Ubezp. 76(1), 221–230, https://doi.org/10.18276/frfu.2015.76/1-19
Agricultural tax as a source of income for rural communes in Poland

Kisiel R., Idźkowska K., 2014. System opodatkowania rolnictwa w Polsce oraz w wybranych krajach Unii Europejskiej. Polityki Eur. Finanse Mark. 12(61), 64–78.
Kobialka A., 2017. Polityka podatkowa gmin w kontekście samodzielności finansowej, Prac. Nauk. Univ. Ekon. Wrocław. 488, 69–75, https://doi.org/10.15611/pn.2017.488.06
Kotlińska J., 2012. Rozwój gospodarczy jednostek samorządu terytorialnego a zakres realizowanych przez nie zadań. Zesz. Nauk. WwSB Poznań 42, 147–160.
Podstawka M., 1995. Opodatkowanie rolnictwa i perspektywy jego zmian w Polsce, Wyd. SGGW, Warszawa.
Podstawka M., Rudowicz E., 2010. Wykorzystanie wybranych podatków lokalnych w kreowaniu polityki fiskalnej gmin. Zesz. Nauk. Politi. Eur. Finanse Mark. Zesz. Nauk. SGGW 4(53), 79–87.
Przygodzka R., 2016. System podatkowy i zabezpieczenie społeczne wsi. In: J. Wilkin, I. Nurzyńska (ed.), Polska wieś 2016. Raport o stanie wsi. Wyd. Nauk. Scholar, Warszawa.
Rosiński R., 2011. Opodatkowanie działalności rolniczej i gospodarczej w Polsce. Zesz. Nauk. SGGW Ekon. Org. Gosp. Żywn. 88, 257–266.
Schreurs H., Salaues A. G., Risseeuw A., 2014. Financial Management in a Local Government Association (LGA). VNG International. www.localizingthesdgs.org/library/324/Financial-Management-in-a-Local-Government-Association.pdf [access 16.04.2019].
Surówka K., 2004. Kierunki zmian systemu zasilania budżetów jednostek samorządu terytorialnego. Zesz. Nauk. SGGW 4(53), 257–266.
Surówka K., 2013. Samodzielność finansowa samorządu terytorialnego w Polsce. PWE, Warszawa.

Financing source: The funds allocated to research and development and related tasks for the development of young scientists and doctoral students. Department of Economics and Agribusiness University of Life Sciences in Lublin, RKA/MN/02.

Streszczenie. Wpływy z podatku rolnego tylko w niewielkim stopniu zasilają budżety gmin, a w gminach wiejskich często stanowią podstawowe źródło dochodów podatkowych. Stanowi to główny powód gorszej sytuacji dochodowej gmin wiejskich w Polsce. Gminy wiejskie w Polsce są najmniej samodzielnymi jednostkami i taka sytuacja wymaga poszukiwania efektywnych źródeł dochodów jednostek samorządu terytorialnego. Od wielu lat podejmowana jest także dyskusja w zakresie możliwości realnego opodatkowania dochodów z działalności rolniczej. Biorąc pod uwagę powyższe, za cel niniejszego opracowania przyjęto analizę wyposażenia dochodowego gmin wiejskich w Polsce w zakresie podatku rolnego w latach 2011–2017. Przeprowadzona analiza w zakresie struktury dochodów gmin potwierdza, że w gminach wiejskich udział podatku rolnego w dochodach ogółem jest dwukrotnie wyższy niż średnio gmin w Polsce. Nie jest to jednak czynnik, który pozwala podnieść poziom samodzielności finansowej gmin wiejskich.

Słowa kluczowe: gminy wiejskie, dochody własne, podatek rolny

Received: 11.07.2019
Accepted: 1.10.2019

Streszczenie. Wpływy z podatku rolnego tylko w niewielkim stopniu zasilają budżety gmin, a w gminach wiejskich często stanowią podstawowe źródło dochodów podatkowych. Stanowi to główny powód gorszej sytuacji dochodowej gmin wiejskich w Polsce. Gminy wiejskie w Polsce są najmniej samodzielnymi jednostkami i taka sytuacja wymaga poszukiwania efektywnych źródeł dochodów jednostek samorządu terytorialnego. Od wielu lat podejmowana jest także dyskusja w zakresie możliwości realnego opodatkowania dochodów z działalności rolniczej. Biorąc pod uwagę powyższe, za cel niniejszego opracowania przyjęto analizę wyposażenia dochodowego gmin wiejskich w Polsce w zakresie podatku rolnego w latach 2011–2017. Przeprowadzona analiza w zakresie struktury dochodów gmin potwierdza, że w gminach wiejskich udział podatku rolnego w dochodach ogółem jest dwukrotnie wyższy niż średnio gmin w Polsce. Nie jest to jednak czynnik, który pozwala podnieść poziom samodzielności finansowej gmin wiejskich.

Słowa kluczowe: gminy wiejskie, dochody własne, podatek rolny

Received: 11.07.2019
Accepted: 1.10.2019