Index

AC see Autonomous Communities (Spain)
administration problem 104
administrative decentralization 28
administrative effectiveness in tax
system, Spain 214–15
Advisory Council on Fiscal Imbalance,
Canada 133
affordability, and natural resources 127
Agencia Estatal de Administración
(AEAT), Spain 213–14
income tax information 221–2
tax administration, Spain 215
wealth taxes 218
Agència Tributària de Catalunya
(ATC) 237
air travel 42
Álava, Spain 219
Alberta, Canada 121
sales tax 180
alcohol tax 43, 96, 100
Allied High Commission, Germany
207
alternatives for using VAT 97
Andalucía 154
information technology use 216
Andalucía Statute of Autonomy 228, 229
anti-fraud policies 235
assets 130–31
Asturias, information technology use
216
Atlantic Canada, provinces 171
auditing 212, 217
structures, different 206
Auditor General of Canada 175
Australian Commonwealth Grants
Commission 149
Austria, federal structure 86
autonomic competition 78
autonomic financing, Spain 74, 85
autonomic tax agency 104
Autonomous Communities (ACs),
Spain 3, 74, 147
financing 7–15, 209
system, reform 224–6
powers 4
tax administration, Spain 215, 217
taxes 9–13
treasury offices 93–4
autonomous financing, weak points
15–21
autonomous taxes, ceded 82
autonomy of regions in Spain 4
autonomy to set tax rates 33, 34
balanced distribution of income 85
Balearic Islands 4, 91, 154, 156
information technology use 216
self-sufficiency 76
‘basket of taxes’ 85
Basque Country 7, 79, 160, 223
Bavaria 193, 197
tax administration 198–9
wages tax 203
‘benefit taxes’ 38, 39
Berlin 199
betterment levies 41
betting taxes 91
bonded taxes, Germany 196
border adjustment between countries
47, 86
Brazil, sub-national VAT 46
Budget (2006) of Government of
Canada 187
budget for tax administration,
Germany 201
Budget, Restoring Fiscal Balance in
Canada 187
budget revenue 76
buoyancy potential of consumption
tax 85
business taxation, Germany 139
business tax rate, weighted 140
business value tax (BVT) 43

Canada 92
federal revenue 170
and Quebec arrangement 179–80
sub-national VAT 46
‘tax competence’ 86
and United States model 49
Canada Health Transfer (CHT) 110, 112
Canada Revenue Agency (CRA) 174, 175, 185
tax coordination 187–9
Canada Social Transfer (CST) 110, 112
Canadian Constitution 169
major revision 114
Canadian equalization system 121
Canadian provinces 109
direct taxation 169
Canadian Revenue Agency (CRA), federal 223
Canary Islands 4
information technology use 216
Cantabria, information technology use 216
capital transfer tax 99, 101, 216
car registration tax 96, 98, 100
Castile 92
Castilla-La Mancha
information technology use 216
Catalan language 216, 223
Catalonia 21, 22, 23, 92, 229
self-sufficiency 76
tax administration authority 216
Catalonia, Statute of Autonomy 2002 210, 224, 226, 229
ceded administration 96
centralization of tax information 226
centralized registration 96
central transfers 31
children 161
church tax 202–3
CHT see Canada Health Transfer
CITCA see Comprehensive Integrated Tax Coordination Agreement
clearing-house arrangement 47
cohabitation of tax bases 33
cohesion, lack of, Germany 206, 207
collaboration 211–14
agreements 216
and coordination 233–4
among levels of government 94
Commission on Tax Coordination and Regulatory Evaluation 219
common responsibilities 8–9
common tax base 174, 177
common taxes, Germany 195
communities in Germany, taxes 194
compensating VAT (CVAT) 48
Comprehensive Integrated Tax Coordination Agreements (CITCAs) 179–86
computing procedure, mistrust 221
Comunidades Forales 7, 160
of Basque Country and Navarre 219
Comunitat Valenciana 243
Consejo Superior de Dirección, Spain, functions 213–14
consortium board membership, sharing 238
consortium for decentralization 228, 229
Constitutional Court 214
Constitution of Spain 3, 4
consumption patterns 88
consumption taxes 84–7
Spain 148
and territorial benefit 85
coordinating authority, Germany 207
coordination 211–14
and collaboration 233–4
of decentralized administration 204–205
incentives 229
mechanisms, lack of 21
co-responsibility 76, 93
corporate income tax 68, 69
Canada 121, 174
Spain 16
at sub-national level 45
corporation tax 99, 101
income, Germany 195, 203–204, 207
management of 219
Court of Luxembourg and freedoms 78
CPFF (Spanish Fiscal and Financial Policy Council) 225–6
CRA see Canada Revenue Agency
cross-border trade 43
cross-state cases 205
CST see Canada Social Transfer
customs duties 99, 197
CVAT, compensating VAT 48
debts 130–31
decentralization areas 101
in form of consortium 238
in Germany 205–208
levels of 84
in Spain 3, 4, 5, 229
of tax administration, Germany 193–208
variation of degree of 56
deconcentration in tax administration, Spain 214
deferred payment approach 47
delocalization of purchases 97, 99
demographic changes 19
demographic growth in Spain 148
Denmark 92
Department of Finance, Canada 175
destination-based tax 47
devolution process, Spain 147
DGT see Directorate General of Taxes
differentiation on regional level 91, 92
direct and indirect taxes 77
direct management control, shared taxes 223–4
Directorate General of Taxes (DGT)
Galicia 221
Spain 216–19
direct taxation 169
disaggregation of tax bases 124–6
discretionary approaches 112
discretionary charges 122
Disputación, Spain 4
drinking water, safe 38
dual administration 175
dysfunctions 220–24
East Germany, former 143
economic environment, stable 36
downturns 64
economic principles, Canada 114
economies of scale 226
Canada 175
educational services, Spain 161
education, as fundamental service 14
effectiveness versus equality 215
efficiency 205
for tax compliance 235
efficiency-accountability trade-off 34
elderly groups 161
electricity tax 80, 96, 97, 100
entitlements, volatility of 131–2
equality in tax system, Spain 214–15
equalization 22, 23
adequacy of 111, 112
affordability of 111
design of system 115–21
grants 23
and incentives 239–42
equalization grants
from central government 76
Equalization Grants (Asignaciones de Nivelación) 149
Spain, reform of 154, 159
equalization system 230, 231
equalization transfers 109, 121–2
equalization transfer system, Spain
148–53, 154–62
equitable income distribution 36
European Community Directive 91
European harmonization 88, 89, 95, 96
European Union 85, 99
evasion level 93
exchequer revenues 75
excise duties 80, 91, 96–103, 197
Excise Tax Act, Canada 184
excise taxes 9, 43–4
exclusionary approach 33
expenditure areas, Spain 8
expenditure equalization 120–21
expenditure requirement indicators 23
Expert Panel on Equalization and Territorial Formula Financing 133
Extremadura 156
tax unfairness 223
fair treatment to provinces, Canada 223
federal administration, Germany 197, 198
federal government, Canada 177
federalism in North America, history of 29
Federal-Provincial Committee on Taxation, Canada 175
federal-provincial transfer system, Canada 109, 132–3
federal structures 86
federal tax 174, 184
   Germany 142
fees and user charges 39, 40
financial and administrative area, Canada 189
financial autonomy 24, 210
   of Autonomous Communities, Spain 16
financing
   adequate levels of 30
   of Autonomous Communities 79, 84
First Nations (aboriginal peoples, Canada) 188
First World War, costs, Canada 172
Fiscal and Financial Policy Council (CPFF), Spain 8, 79, 212
fiscal autonomy 226
fiscal capacity 139, 141
fiscal decentralization
   Canada 109, 114, 115
   Germany 137–9
fiscal disparities, horizontal 30
fiscal equalization 12, 17–22
   Canada 109–35
   Germany 137–45
   Spain 147–64
fiscal federalism 109
   Germany 145
   Spain 74
fiscal imbalance 112
fiscal inequity 115
fiscal need 139
Fiscus GmbH 200
foral provinces, Spain 79, 219–20
foral regime regions, Spain 160
forecasts 220
formula-based approaches 112
fraud
   chance increased 88, 89
   detection filters 238
   leniency 230
free movement, Canada 177
freedoms, fundamental 78
fuel tax 43, 80, 96, 100
funds, specific 17, 18
Galicia 91
Galician language 223
gambling revenues 125
General Fund, Spain 151
General Tax Act 214, 222
gеographic neutrality 37
German Constitution 193, 197
German Federal Republic 137
German Federation 193, 194
German Senate 149
German tax administration 194–205
Germany
   decentralization of tax administration 193–208
   federal structure 86
   fiscal equalization 137–45
   fiscal federalism 145
   gift tax 9, 11, 16, 100
Goods and Services Tax (GST)
   administration by Quebec 185–6
   Canada 171, 184
   exceptions 182
   governance issues 132
   government policy objectives 36
   government, intermediate levels, taxes 13–14, 34
grants
   Europe and Australia 14
   Spain 12
Great Depression (1929-39), Canada 172
Gross Domestic Product (GDP) 231
gross equalization 118, 159
GST see Goods and Services Tax
Guiopúzcoa, Spain 219
harmonization
   among foral provinces 219
   of tax base 174–5
harmonized sales tax (HST) 183–7
   revenues, sharing 185, 186
health
   Canada 110
   as fundamental service 14
   health care 56
   health costs 42
   health responsibilities, resources 8, 9
   health services 151, 161
   horizontal equalization system 231
   Germany 142
horizontal equity, rupture of 19
horizontal imbalances 150
HST see harmonized sales tax
human resources area, Canada 189
hydroelectric utilities 125

immigrants 23
incentive effects of equalization 126–7
and natural resources 128
incentives 94
and disincentives 76
incidence and revenue yield 102
income tax 109, 113
assessment procedure 238
auditing 222
flat-rate, piggyback 44
Germany 195, 207
law of 2007, Spain 221
personal 9, 10
withholding mechanism 221
India and Pakistan, VAT 33
sub-national VAT 46
indirect taxation 81, 83, 85–6
inflation 172
information exchange 211, 216, 226
infrastructure 130–31
inheritance tax 9, 11, 16, 100
institutions, Spain 211
insurance contracts 91
insurance premiums 96, 100
tax on 97
intergovernmental transfers 31, 56, 57
international experience, tax
assignments 48–9
international obligations, Canada 179
inter-provincial sales 184
inter-provincial tax policies 128–9
inter-regional distribution, Spain 149
inter-regional solidarity 79
inter-territorial Equalization Fund 80
inter-territorial equity, Spain 17
invoices, control of 94
Italy, regional business tax 43

Joint Commission on Tax
Coordination, functions 212–13

La Rioja 156
information technology use 216
Labrador 179, 183

Länder administration, Germany 197–201
land tax, Germany 139
land values, taxing 41
languages, co-official, Spain 223
legal principles, Spain 210
legislative powers of state, Spain 4
liquidity problems 41
local administration, Spain 4, 5
local business taxes 42–3
local communities, Spain 5
local management, quality of 208
low-income tax reductions 176, 179
Low Population Density Fund, Spain 151
lump-sum
allowances 203
payments 41
transfers 231–3
Luxembourg 92

Maastricht criteria 208
MacEachen guidelines, Canada 176, 177
macroeconomic stability 30
Madrid
self-sufficiency 76
tax administration authority 216
management of services, pooling 225
mandatory collection 216
manufacture, taxes on 96
measurability, and natural resources 128
measurement of ‘tax autonomy’ 58–9
Mecklenburg-Western Pomerania 199
Mill, John Stuart, on taxes 169
Minister of National Revenue, Canada 188
mobile and immobile tax bases 232
modernization process, Germany 207
municipal fiscal equalization 139–42
municipal revenue sources 125
municipalities in Spain 4, 5
Murcia 154

national harmonization 178
natural resources, Canada, 121, 122, 127–8
geographic concentration 42
revenues 111, 125
taxes 42
Navarra 7, 79, 160
needs, estimated, of Autonomous Communities, Spain 79–80
net equalization 159
net fiscal benefits (NFBs) 115
differentials 117, 118
New Brunswick 179, 183
Newfoundland 179, 183
non-residential property 40
non-uniformity in tax processes 238
non-university education 56
normative competences 104
North-Rhein-Westphalia 199
Nova Scotia 179, 183
OECD see Organization for Economic Cooperation and Development
oil and gas revenues, Atlantic provinces 122
Ontario, tax on consumer goods 186
Organic Law 7/2001, Spain 79
Organic Law 8/1980, Spain 84
Organic Law on AC Financing, Spain 211
Organization of Economic Cooperation and Development (OECD)
countries, tax assignment 56–73
partnerships 229
payment for tax officers, Germany 202
payroll tax 109
Performance Comparison between Länder 205, 206
personal income taxes 68, 69
Canada 121, 122, 170
collaboration on 225
Spain 48
at sub-national level 44–5
piggyback taxes model 49
place of consumption, electricity 97
police, Spain 161
policies of provinces 117
political decentralization 27
political economy 29
pollution of environment 42
population 17
groups 161
low density 8
and public services 130
post-secondary education, Canada 110
powers of Autonomous Communities, Spain 4
preferential treatment 179
profit tax 37, 64
at sub-national level 45
property taxes 40–41
British Columbia 122
Canada 121
equalization 129–30
property values 129
provinces in Canada 169
above-average 118
below-average 118
differing needs 115
disparities 133
flexibility 178
own-source revenue 171
taxes 174, 180–82
province-specific tax credits 176, 179
provincial government in Spain 4, 5
provincial property rights 127
public expenditure distribution,
Spanish 5–7
public services 75
of provinces 117
standard level 118
public utility services, taxation 44
quality control in Germany 207
Quebec 109, 171
administration of harmonized sales tax (HST) 185–7
consumption tax base 185
corporation
goods and services tax (GST) 186
own tax collection system 173, 174
personal income taxes 113
Quebec Sales Tax (QST) 46, 47, 48, 185
rate tax-back 126, 127
redistribution of income 36
reform of equalization system 123
reform proposals
Spain 210, 224
reform, positive 238
regime of surcharge 94
regions
autonomy principle 226
consumption 88
expenditure needs 152, 153
financing systems, Spain 7, 220
government in Spain 4, 35
interests 149
population, Spain 161
powers, annual inspection 212
resources, and Sufficiency Fund 158
shares, Spain 147
tax differences 93, 97
regressivity of user charges 39, 40
Relative Income Fund, Spain 152
rents, taxing 41
Report on Reform of Autonomic
Financing System 225
representative equalization 118
representative tax system (RTS) 119, 124
approaches to equalization 111
Canada 109
Spain 231
resource allocation 36
responsibility for states, Germany 206
representative tax system (RTS)
retail sales tax 46, 182
  Quebec 185
territorial 90–92
retail sector 93
retail VAT, transferring 88–9, 92–6
revenue
  assignments 27–52
  authorities of Länder 203
  autonomy 32
    at margin 38
    behavior 101
decentralization 28
equalization 119, 121
evolution 19
  needs of sub-national governments 50
  participation 87–8
potential of property taxes 40
revenue-producing taxes 37, 38
revenue sources
  Canada 124–6
  small 125
revenue-sharing 3, 35, 46
  Germany 142
revenues, structure of 12–14
reversibility, principle of 96
rich or poor communities 30
Rowell-Sirois Commission, Canada 113
Royal Decree-Law 12/2005 220
RTS see representative tax system
rules of modulation 18
sales
  by post 95
electronic 95
sales tax 109, 180
  Canada 121, 190
  coordination 179–87
sales tax reform options 183
sales tax systems, harmonization 183
Savings Fund for Temporary Disability (El Fondo de Ahorro en
Incapacidad Temporal) 12
SCG see sub-central governments
Second World War 113
Canada 172
segmentation tax office 204
self-assessment 170, 184
services
differences in 120
quality and quantity of 37
smuggling 43
social security 90
social services resources 8, 9
soft budget constraint 117
software sharing 205
solidarity among territories 210
Spain
  comparison with federal countries 5–6
  fiscal decentralization 23, 27–52
  political decentralization 23
  regional co-responsibility 74–105
  shared governmental responsibilities 4, 5
tax administration, reform of 209–245
Spanish Constitution 1978 3, 4, 214, 222
  on taxes 210–11
Spanish Fiscal and Financial Policy
  Council 149, 224
Spanish regions 3–23
Spanish tax administration,
dysfunctions 224
Special Delegation of AEAT, Spain 237
special taxes 100
spending power, abuse of 112
staff satisfaction 205
stamp duties 91, 101, 216
standard tax base, Canada 123–4
state exchequer 81, 82
state fiscal equalization transfers 143
state-level fiscal equalization, Germany 142–5
State Tax Administration, Spain 229
state tax authority (AEAT), Spain 215
State Treasury 210
states in Germany, Länder 193, 194
Statute of Autonomy 8, 21, 237
Catalonia 103, 210
statutory reforms 226–9
structural change 64
students, enrolled 161
sub-central governments (SCGs) 56, 58
and tax 58–9, 64
and tax-sharing arrangements 68
sub-national governments 29–49
sub-national taxes 37
autonomy 30, 34
poor choices 44–6
sub-national VATs 46–8
subsidies 125
Sufficiency Fund (Fondo de Suficiencia) 12–13, 24, 80, 147–54
adjustment mechanisms 19–20
poor functioning 17, 18, 19
supplementary resource systems 76
surcharges 81, 90
territorial, administration of 89–90
surtaxes 176
task completion 205
tax administration 22
Catalonia 228
centralized 34
foral regime 219
Germany 197, 198
software, Germany 199–200
Spain 215–16
and tax autonomy 229
Tax Agency of Catalonia (ATC) 237
tax agency, shared 225–6
tax and public expenditure in ACs, Spain 15
tax assignment 29, 36, 79–84
in OECD countries 56–73
Taxation Agency 22
of Catalonia 226–9
taxation, extra-territorial 84
tax auditing 211
tax autonomy 1995–2002 31–5, 64–7
good level 49, 50
in OECD countries 56–73
Spain, 209, 234–7
sub-central governments 59, 60–63
state level 143
tax category 69–73
tax burden 77, 230
tax capacity, calculating 239–42
tax categories in Germany 194, 195
Tax Collection Agreement (TCAs), Canada 171, 173, 187
from 1962 to 2001 176
tax collection, normative, Spain 157
tax competition 37, 92, 97, 139, 230, 231
tax compliance 230
and decentralization 222
level of 229–33
tax coordination 187
Canada 169–91
Tax Coordination Agency of Basque Country 219
Tax Coordination Agreements, Canada 171
tax coordination agreements, integrated 183–5
tax co-responsibility 94
tax credits 16
options 89
and restrictions, provincial 178
tax equalization 205
taxes 7, 23
and benefits 187, 188
ceded 9, 10, 11, 12 ,16, 22, 79
devolved, Spain 155
normative capacity 22
open or closed lists 32–3
reassignment 64
tax evasion in Germany 206, 208
tax fraud 214, 230, 231, 235
tax harmonization 79
in Canada 113, 189–90
tax helix, Germany 196
Index

 taxing power 59
 of sub-central governments 59, 60–62
tax instruments, kind of 32
tax liquidations 17
tax monopolies 197
tax officers, training system, Germany 201
tax offices and taxpayers, physical
closeness 223
tax on capital transfers (TCT) 217
tax-on-income, Canada 181–2
tax-on-tax system 176
 Canada 180
taxpayer service 222, 226
differing rules 238
Tax Policy Review Committee, Canada 183, 184
tax rates setting 33
 autonomy in 34
tax reliefs 63
Tax Rental Agreements, Canada 173
tax revenue
 and administration, Germany 196–7
decentralization in OECD 138–9
 Spain 9–12
 and total resources 20, 21
tax-sharing 35
Tax Sharing Agreements 35, 63–4, 68, 69, 173
tax-sharing/transfer model 49
tax system, Spain 214–15
tax transfers 97
tax (VAT) 9, 10
TCA see tax collection agreements
TCT see tax on capital transfers
terminology, unclear, Spain 154
Territorial Council in Catalonia 237
Territorial Council on Taxation 216, 223
 Spain, functions 213
territorial financing 100
territorial inequalities 76
territorial tax, visibility 85
territories in Canada 169
tobacco tax 43, 80, 100, 101
top-province standard 118
trade and commerce, free movement 78
trade tax 204
 Germany 195
 training on-the-job, Germany 201–202
transfer system 117
tax transparency, lack of 21
transportation taxes 41–2
uniform regulation 91, 96
unilateralism 112
United States 92
 and Canada model 49
retail sales tax 86
user fees 124
Valencia, Autonomous Community 162–3
 information technology use 216
tax unfairness 223
Valencian Tax Service 229
value-added tax (VAT) 43, 80, 86, 87, 182
Autonomous Communities portion 87–90
Canada 183
Germany 68, 69, 195, 207
Quebec 180
Spain 16
 at sub-national level 45–6
vehicle taxes 41–2
vendor sales, exchange of information 186
vertical fiscal imbalance 111
vertical imbalances 150
viable integrated VAT (VIVAT) 48
victimhood 77
VIVAT, viable integrated VAT 48
Vizcaya, Spain 219
volatility of equalization 111
voluntary compliance 236
wage tax cards 202
 Germany 202–03
war financing 113
Wartime Tax Agreements, Canada 173
wealth tax 9, 11, 16
 and administration 218
audits 223
compliance 223
Spain 233
wealthy and poor areas 76
welfare, Canada 110
withholding mechanism 221
zero-rating approach 47