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
Alava, Spain 219
Alberta, Canada 121
sales tax 180
alcohol tax 43, 96, 100
Allied High Commission, Germany 207
alternatives for using VAT 97
Andalucia 154
information technology use 216
Andalucia 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 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 f 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
depts 130–31
decentration 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
<table>
<thead>
<tr>
<th>Federal-Provincial Committee on Taxation, Canada 175</th>
</tr>
</thead>
<tbody>
<tr>
<td>federal-provincial transfer system, Canada 109, 132–3</td>
</tr>
<tr>
<td>federal structures 86</td>
</tr>
<tr>
<td>federal tax 174, 184</td>
</tr>
<tr>
<td>Germany 142</td>
</tr>
<tr>
<td>fees and user charges 39, 40</td>
</tr>
<tr>
<td>financial and administrative area, Canada 189</td>
</tr>
<tr>
<td>financial autonomy 24, 210</td>
</tr>
<tr>
<td>of Autonomous Communities, Spain 16</td>
</tr>
<tr>
<td>financing adequate levels of 30</td>
</tr>
<tr>
<td>of Autonomous Communities 79, 84</td>
</tr>
<tr>
<td>First Nations (aboriginal peoples, Canada) 188</td>
</tr>
<tr>
<td>First World War, costs, Canada 172</td>
</tr>
<tr>
<td>Fiscal and Financial Policy Council (CPFF), Spain 8, 79, 212</td>
</tr>
<tr>
<td>fiscal autonomy 226</td>
</tr>
<tr>
<td>fiscal capacity 139, 141</td>
</tr>
<tr>
<td>fiscal decentralization</td>
</tr>
<tr>
<td>Canada 109, 114, 115</td>
</tr>
<tr>
<td>Germany 137–9</td>
</tr>
<tr>
<td>fiscal disparities, horizontal 30</td>
</tr>
<tr>
<td>fiscal equalization 12, 17–22</td>
</tr>
<tr>
<td>Canada 109–35</td>
</tr>
<tr>
<td>Germany 137–45</td>
</tr>
<tr>
<td>Spain 147–64</td>
</tr>
<tr>
<td>fiscal federalism 109</td>
</tr>
<tr>
<td>Germany 145</td>
</tr>
<tr>
<td>Spain 74</td>
</tr>
<tr>
<td>fiscal imbalance 112</td>
</tr>
<tr>
<td>fiscal inequity 115</td>
</tr>
<tr>
<td>fiscal need 139</td>
</tr>
<tr>
<td>Fiscus GmbH 200</td>
</tr>
<tr>
<td>foral provinces, Spain 79, 219–20</td>
</tr>
<tr>
<td>foral regime regions, Spain 160</td>
</tr>
<tr>
<td>forecasts 220</td>
</tr>
<tr>
<td>formula-based approaches 112</td>
</tr>
<tr>
<td>fraud chance increased 88, 89</td>
</tr>
<tr>
<td>detection filters 238</td>
</tr>
<tr>
<td>leniency 230</td>
</tr>
<tr>
<td>free movement, Canada 177</td>
</tr>
<tr>
<td>freedoms, fundamental 78</td>
</tr>
<tr>
<td>fuel tax 43, 80, 96, 100</td>
</tr>
<tr>
<td>funds, specific 17, 18</td>
</tr>
</tbody>
</table>

| Galicia 91 |
| Galician language 223 |
| gambling revenues 125 |
| General Fund, Spain 151 |
| General Tax Act 214, 222 |
| geographic 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 |
Index

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 sytem 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 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
Index

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
supertaxes 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
developed, 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
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
  Germany 195
  training on-the-job, Germany 201–202
  transfer system 117
taxonomy, 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
  administration 218
  audits 223
  compliance 223
  Spain 233
wealthy and poor areas 76
welfare, Canada 110
withholding mechanism 221
zero-rating approach 47