

Book Chapter on Sub national Taxation Powers

SUBNATIONAL TAX POWERS IN ARGENTINA

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1. Introduction.

Maslove notes that, taxation by a sub national unit in a specific federation raises a number of economic, institutional and local issues², as well as geographic, demographic, and historic ones.

Thus, analyzing the evolution and nature of the sub national tax powers in Argentina requires introducing the forces which differentiate the evolution and their current status, their impact on sub national taxation and the constitutional and legal framework of the country.

In such a context, it is obvious that the sub national, provincial and local powers must be included in the joint architecture of the country's federal finances. Additionally, the application of some particular taxes could deserve a separate mention.

The importance of sub national tax powers is such a strong idea that it could not be examined in isolation. In particular, it is a relevant and fundamental axis in the context of the whole federal scheme and organization.

Furthermore, we attempt to display the main aspects of the mentioned federal fiscal scheme and comment briefly on other legal and practical aspects related to the tax revenues legislated and collected by the provincial and local governments in Argentina.

The present chapter has been organized as follows: Part 2: the country, its geographical location and boundaries, surface, population and GDP, global and per capita, by jurisdiction, and the size of GDP of each one, as well as some indications on equity measures; Part 3, historical facts, going back to the colonial days, former development and evolution of the country's democratic recovery. Part 4, depicts the evolution of financial arrangements and the place occupied by sub national revenues. Part 5 is devoted to the

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² See Maslove, Allan M. (1993), p. xi.

particular field of taxation on natural resources. Part 6 examines the present federal-fiscal scheme, its asymmetries, the “provincial tax matrix” and the general role of sub national tax powers. Part 7 and 8 presents the revenues and taxes of local governments and the tax sharing in such level. Part 9 presents some projects of reform to sub national tax powers, linked to federal financial arrangements. Finally, Part 10 is the conclusion.

2. The country.

Argentina, the southernmost country of South America, the eight largest country, just after India and with more than 2.8 million square kilometers extends from tropical to meridional latitudes, having Chile, Bolivia, Paraguay, Brazil and Uruguay as bordering countries

The Andean region extends along the western border like a dorsal spine, while in the rest of the territory, apart from the Pre-Andean ranges and a mountainous region in Córdoba, one finds the well known prairies of the Pampa. The main rivers are the Paraná (4.500 Km.), and the Uruguay, both of which form the Rio de la Plata, estuary that is short in extension but very wide indeed. At present, Argentina is subdivided in 23 provinces and the Autonomous City of Buenos Aires, which are very different in size, population and income.

In spite of having a medium sized population of about 40.0 million people, the country is highly urbanized. The population is vastly concentrated in the area of Buenos Aires and the Pampas Region, with a few important cities like Córdoba, Rosario, Mendoza and Tucumán elsewhere. In general, the density of population is low and vast parts of the territory are sparsely populated. Table 1 presents some demographic information for the 24(23+1) provinces of Argentina.

Table 1 Demographic and economic dimensions of Argentinean provinces, ordered by decreasing population size (inhabitants, 2010; GDP, 2005).

Jurisdiction	Total Population	Population Percentage per Jurisdiction	Population Density per Jurisdiction (inhabitants/km ²)	GDP per Jurisdiction*	GDP per capita per Jurisdiction (23+1)
Buenos Aires	15,62,5.084	38.95	50.8	96,939.6	6.615
Córdoba	3,308,876	8.25	20	22,183.6	6.817
Santa Fe	3,194,537	7.96	24	22,084.0	6.950
Ciudad Autónoma de Buenos Aires	2,890,151	72	14,450.80	71,034.2	23.536
Mendoza	1,738.929	4.33	1.17	11,136.8	6.648
Tucumán	1,448.188	3.61	6.43	5,7062	4.013
Entre Ríos	1,235,994	3,08	15.7	6,3959	5.255
Salta	1,214,441	3.03	7.8	4,1078	3.537
Misiones	1,101,593	2.75	3.7	4,018,6	3.903
Chaco	1,055,259	2.63	1.06	3,326.1	3.245
Corrientes	992,595	2.47	1.13	3,452.8	3.520
Santiago del Estero	874,006	2.18	6.4	2,577.8	3.070
San Juan	681,055	1.7	7.6	2,807.0	4.212
Jujuy	673,307	1,68	1.27	2,423.6	3.714
Río Negro	638,645	1.59	3.1	4,223.1	7.189
Neuquén	551,266	1.37	5.9	5,122.8	9.824
Formosa	530,162	1.32	7.4	1,505.3	2.909
Chubut	509,108	1.27	2.3	3,931.0	8.825
San Luis	432,310	1.08	5.6	2,837.8	6.934
Catamarca	367,828	0.92	3.6	1,092.0	5.179
La Rioja	333,642	0.83	3.7	1,452.2	4.530
La Pampa	318,951	0.8	2.2	2,355.4	7.323
Santa Cruz	273,964	0.68	1.1	2,601.0	12.163
Tierra de Fuego, Antártida e Islas del Atlántico Sur	127,205	0.31	0.1	1,673.6	14.517
Total	40,117,096	100		285,788.20	7.405

In spite of recent difficulties, the Human Development Index (HDI) of Argentina is one of the best in Latin America. The Gini Coefficient, once the best in the area, it is not so

good as it was in the past, although it has recently improved thanks to a decade of economic growth as a world producer of commodities.³ .

3. Historical Facts.

The origin of Argentina lies in the ancient Hispanic Viceroyalty of the Rio de la Plata, which capital was Buenos Aires. In 1810, the country broke its relationship with Spain declaring its formal Independence in 1816. The old territories of the Viceroyalty gave origin to different countries like present Bolivia, Paraguay, Uruguay and Argentina.

The huge deposits of silver at the “Cerro Rico” in Potosí, in the interior mainland of this colonial unit, generated an area of “silver economy” embracing the Alto Perú and the present North West provinces of Argentina although its effects expanded up to the then emerging region of the Rio de la Plata.

After the development of the leather industry and the jerked beef industry, close to the Declaration of Independence, the area of the Viceroyalty was divided in two areas, the one more linked to taxation on silver and mining and the other to commerce near the Atlantic Ocean⁴.

After different institutional essays which included the failed Constitutions of 1819 and 1826, the Federal Pact of 1831 created the Argentine Confederation, led by Juan M. de Rosas, governor of Buenos Aires, until his demise following the battle of Caseros in 1852, a main episode of internal war. As a result, the 1853 Argentine Constitution was approved with the support of the provincial governments, except that of Buenos Aires Province that remained separated of the Argentine Confederation until 1859.

During the following ten years, 13 small provinces, on one hand, and the powerful “State of Buenos Aires”, on the other, were in opposing camps. After two battles when both parts confronted, as well as following several modifications to the original National Constitution, Buenos Aires agreed to join the rest of the provinces and since 1862 the complete country has accepted a federal structure, with the national government and the SNG’s regulated by it.

³ See *The Economist Online*, (2011).

⁴ See Cortés Conde, [Roberto \(1998\)](#).

After the impressive growth record in the second part of the 21st. Century, accelerating from 1880 onwards and embracing the first decades of the 20th Century, the country reached the tenth position in world’s per capita income based on an economy dependent on wool, meat and grain exports. During the rest of the 20th Century the performance of the country was unstable and weak in economic and political terms, including some periods of military ruling.

Since 1983, democracy has established roots with changing economic records, the impact of external debt in the “Lost Decade” of the 80’s, the use of a currency board in the 90’s, a major default and crisis opening the New Century in 2001, and a strong recovery in the following decade which ends in 2011.

4. Evolution of Financial Arrangements and Sub national Taxation in Argentina.

4.1 General Framework.

In modern Argentina, like in other federations, to analyze the building of financial arrangements among the different levels of government implies speaking about the “fiscal constitution”. As such, the enactment of different norms is at play with such norms coming from various levels of political authority, which is inherent in the nature of federalism.

T.2. Sources of Fiscal Constitution, Argentina

Statutes/Norms	Type of Legal Instrument	Mechanism of Sanction
1	National Constitution	Special National Convention
2	Provincial Constitutions	Special Provincial Conventions
3	National/Provincial Laws	National Congress/Provincial Legislatures
4	Local Charts/Local Norms	Municipal Assemblies or Councils
5	Agreements Nation-Provinces	Laws in National and Provincial Level

Seen from the beginning of the second decade of the 21st. C. the fiscal federative evolution of the country appears as lengthy and difficult. Argentina's constitutional financing framework comes from the 1853 Constitution; it was later modified in 1860 and in 1866. The 1853 text granted all the Customs resources to the National Government; the 1860 text temporarily limited the National Government's capacity to perceive duties on exports and the 1866 one reestablished this capacity. The 1860 modification of the National Constitution is interpreted as a desire to mimic the United States of America's position of eliminating taxes on exports. The final solution left both taxes, on incoming and outgoing products, in central hands as other countries like Switzerland (1848) or Canada (1867) did.

In this "tax separation" scenario, direct taxes, such as those on property, were left in the provinces' hands. In a backward country not fully integrated to the world, taxes difficult to be collected were left at the sub national level; meanwhile those that were important were assigned to the National Government. In return, as it was the case of the "Swiss Compensations" or the "Canadian Subsidies", the National Government had to assist the provinces "when their budgets were not enough to cover their ordinary expenditure" (National Constitution). A system we have called "concentration in the pinnacle" (concentration en la cúspide). Since in that system the central government would have the duty of assistance, we have also called it "concentration and subsidization" (concentración y subsidios) from the National Government⁵.

Four decades later and after various disputes about indirect taxes in the 19th C as well as the transitory deed of the new income tax in the 20th C⁶, during the 1930's Crisis the adoption of a tax collection system for major taxes would be assigned as a responsibility of the National Government, that, afterwards, it would co-participate or share them with the provinces according to established proportions Provinces would continue legislating and

⁵ See Asensio, M.A. (2008). For the formative process of Argentine federalism, see Asensio, M.A. (2010a).

⁶ As it will be reiterated later, this situation happened due to the 1890 Economic Crisis which brought as a consequence a large reduction in revenues from taxes on foreign trade which financed the national government. Faced with that, and given the shortage of external taxes, the setting of "internal taxes" to the consumption in the national lead was defended and became true to compensate that loss. Consequently, not only the provinces but also the general government would accessed to the internal indirect taxation (the external one would be exclusively in the hands of the national government).

receiving a minor group of direct taxes on property, and some other less important indirect levies than the ones previously mentioned.

As a consequence of what has been previously mentioned, the system had gone through different stages. In the first one, the ideal of a division of tax sources between levels of government established in the 1853 Constitution⁷ was maintained; in the second stage, starting in 1890, a co-occupation of some tax sources was implemented while during the thirties the co-occupation of numerous taxation fields resulted in the co-participation system.

T 3 Stages in the Allocation of Taxation Powers in Argentina⁸

Taxes	(I)Separation	(II)Concurrence	(III)Participation
External	Nation	Nation	Nation
Direct	Provincial	Provinces	Common
Internal		Nation/Provinces	Common

Source: Author based on Nuñez Miñana (1994).

As regards expenditure assignment, the original Constitution allowed for a strong central government although it was explicit in bestowing to the provinces the responsibility in primary education, justice administration and establishment of the municipal regime. The provinces also retained those competencies (own powers) that had not been delegated to the National Government.

4.2 From revenue separation to revenue sharing

Financially speaking, it is clear that the Constitution had envisaged a system of revenue separation that was abandoned with the intervention of the National Government in the

⁷ Such ideal of separation is clearly expressed by Wheare: “Each general and regional government must have under its own independent control enough financial resources to carry out its exclusive functions...” though he admitted the difficulties so that such resources and the functions expand or contract together, adjusting in harmony one to the other”. In this line, and being ahead of such cases as the Argentinean one, it would be suggested the unconditioned transfers as a solution for the vertical imbalance in the federation (Wheare, K., 1964, pages. 93, 94 y 97).

⁸ In the same trend, see Núñez Miñana, Horacio (1994), whom we follow regarding this viewpoint.

field of indirect taxation in the 1890', and then, when in 1934 the revenue sharing or co-participation system materialized and legitimized by the Supreme Court.

In 1994, with the last Constitutional Reform, the co-participation reaches a new status since it is explicitly recognized in Article 73° (previously it was backed by the Supreme Court). Revenue sharing implies two different kinds of distribution of the “shareable mass”⁹. The first one is called *primary distribution*, consisting in separate two shares, one for the National Government and another for the Provincial ones¹⁰. The *secondary distribution* is the sharing among provinces, based on a formula established by the Law, but not without strong debates and criticism. Here the provincial bag is divided among all the provinces¹¹.

Therefore, and considering the governmental spheres involved, this mixed system combines the Nation's and the sub national's own source taxes, unifying important taxes in the central government hands, with an automatic proration of the collected taxes to the different parties: nation and provinces.

In this design, the provinces legislate and collect both, an indirect tax on gross receipts and a stamp tax, and, in unison, they do the same with regard to real estate and automobiles, adopting similar but not strictly identical tax bases among them.¹² Appendix I shows the structure of tax collection of the two main levels of government; Appendix II shows the present distribution in terms of the revenue sharing scheme and Appendix III presents the provincial rates of the Gross Incomes Tax.

⁹ It does not include foreign trade taxation (exclusively assigned to National Government). Given its rigidity, the emergence of financial problems generated “pre-coparticipation detractions” creating a *formal* primary distribution, in one hand and a *real one*, on the other, with the differences benefitting the National Government.

¹⁰ A form of evading the maintenance of the original coefficients between Nation and Provinces is the creation of non shareable taxes by the National Government, the enactment of particular tributes with individual sharings and the mentioned “pre-coparticipation schemes”, called by the author “punctures in the bag”.

¹¹ It is easy to see that the rationality and objectivity in determining the coefficients is the key for success in such a scheme.

¹² With regard to the gross income tax (gross receipts tax) some provinces tax liberal professions and others not (Entre Ríos *vis a vis* Santa Fe).

As a final point, on one hand local governments also receive participation from the “common pool” of revenue sharing, and, on the other hand, they have their own real estate and indirect taxes that are similar to the provincial ones.

T 4 Resources of the Different Levels

Order	Levels of the System	Composition of fiscal resources
1	National government	Own resources + common or participated resources
2	Provincial governments	Own resources + participation in the national resources
3	Municipal governments	Own resources + participation in the national and provincial resources

For all three levels, financing comes from a “mix” of shared and own source funds coming from some national or provincial pool, since the provinces must also transfer part of their tax collection to their municipalities. Nonetheless, during the 90s, a new co participation or revenue sharing law was not passed even though the 1994’s new Constitution demanded it; on the contrary, the old previous legislation was modified by a process of consecutive amendments orchestrated through the so called Fiscal Pacts between the National Government and the Provincial ones¹³.

Such intergovernmental fiscal agreements were expressions of coordination between different levels of government. They represent a “vertical coordination”. However, there also exist mechanisms of agreement used by governments at the same level of constitutional authority. We refer to the “horizontal coordination” in force among the provincial governments.

¹³ This was extended up to the year 2002. We have mentioned before this period was called “The Era of the Pacts” (Asensio, M. A., 2006).

The main horizontal agreement currently in force in Argentina is the one related to the gross income (receipts) tax, which is called the “Multilateral Agreement”, legally sanctioned in the last quarter of the past century, more than three decades ago¹⁴. This Agreement organizes the “sharing of tax bases”, not of tax revenues¹⁵.

Apart from revenues, the present assignment of expenditures shows a distribution of powers that, in some cases, represent a common pattern for federations and, in the others, a mixed one. Many functions are performed by more than one level as shown in T5. The revenue side reserves, the VAT revenues, and the Income Tax to the center.

T.5. Current Picture of Federal Financial Arrangements in Argentina

Expenditures	Assignment	Taxation-Revenues	Tax Power
National Defense	N	Imports and Exports	N
Foreign Affairs	N	Income Tax	N
Foreign Trade	N	Value added Tax (VAT)	N
Macroeconomics	N	Private Assets	N
Social Security	N,P,M	Gasoline	N
Identity of Persons	N	Wage Taxes	N
Transportation	N,P	Gross Income Tax	P
Interprovincial Highways	N	Urban-Rural Property Tax	P
Provincial Highways	P	Vehicles Tax	P
Communal & Local Roads	L	Stamp Tax	P
Higher Education	N	Royalties	P
Secondary Education	P	Local Sales Rate	L
Primary Education	P	Local Property Rate	L
Evaluation of Education	N,P	Others	N,P,L
Health Services	P	Co participation Transfers N-P	

¹⁴ The mentioned agreement was in force since the year 1977 and regulates inter jurisdictional transactions.

¹⁵ See Bulit Goñi, Enrique (1994).

Security	P	Co participation Transfers P-L	
Drugs and Narcotics	N,P	Other Vertical Transfers	
Water and Sewerage	P, L		
Recreation and Parks	N,P,L		
Fire Protection	P, L		
Environment	N,P,L		
Urban Services	L		

Source: Author N: National P: Provincial L: local

5. The place for natural resources.

Prior to 1994 the National Government retained essential faculties in terms of powers and revenues in relation to natural resources. Article 124, second paragraph, of the 1994 Constitution, states: “Corresponds to the provinces the original domain of natural resources existing in their territories”. This is a fundamental reform that changes the former criteria which formerly gave these resources to the centre.

For the country, such situation implies to adopt a particular but not unique way¹⁶. As H. Piffano has pointed out from a theoretical point of view, a system of decentralized taxation and centralization of natural resource revenues is preferable, Argentina opted for the contrary: centralization for taxation and decentralization for the natural resource revenues¹⁷.

Given that such constitutional reform gave back to provinces the taxation on natural resources, it is possible to imagine a new fiscal map of the country where the tax revenue’s profile allows us to group them according to the weight royalties that have within their respective budgets.

T 6 Argentina: Profiles of Provinces’ Own-Source Revenues

Group	Main Taxes	Provinces by Region
1	Traditional Tax Matrix	Central + Pampas + North East

¹⁶ This is the case of Canada, among other countries with important natural resources.

¹⁷ It is well known the normative assignment for natural resources revenue: give them to the center. Piffano, H. (2004), p. 291.

2	Strong Revenue from Royalties	Patagonia + Central West + North West
3	Traditional +Some Royalties	Mesopotamia + La Pampa

Presumably, the sub national (provincial) revenues from resources is affected by discoveries made in mining and hydrocarbons sector as well as by the pace and rhythm of the variation in international prices for oil, gas and mineral products.

Since the 1994 amendment, the provinces have introduced their own legislation actively promoting investments for exploration and exploitation of mineral resources, capturing royalties from them.

The situation mentioned above has changed profoundly the public finances of some provinces. This can be measured by the revenue autonomy index which has increased clearly *vis a vis* the rest of the provinces. As a consequence the weight of royalties has augmented strongly in the financing of public spending. They now cover about 30% of expenditures of the particular group of oil producing provinces¹⁸.

Such fact shows the recent importance of these revenues for the jurisdictions with deposits of minerals or hydrocarbons. This has happened at a time of increased environmental claims which confront the developmental goals of provincial governments with high level of social conflict generated by concerns over depletion and contamination, coming in particular from the “mega mining”¹⁹.

6. The Beginning of the XXI C. and the Federal Fiscal Scheme.

6.1 Vertical imbalance in time of crises.

During more than a century and a half, the evolution of the system shows most revenue channeled to the national level leaving a small margin to the provinces and municipalities; consequently, the system is centralized when talking of revenues. This is the result of the basic legislation that imposes limits on the tax powers of the provinces and municipalities. Provincial and local governments cannot establish taxes that are similar to those distributed

¹⁸ See Mansilla and Burgos Zeballos (2010) and Piffano, H. (op.cit. p. 287).

¹⁹ Very intense at the moment of writing this Chapter, considering the deposits of gold, copper and other minerals like lithium, in provinces like La Rioja, Catamarca y San Juan, among others.

by the co-participation regime. This is a condition to access the “common cake” of the tax participation.²⁰

On the other hand, given the expenditure assignment (T5), there exists an important decentralization of expenses resulting from the transfer of public services from the Nation to the Provinces that took place from the late 1970s through the early 80s and particularly through the 1990s. Those transfers embraced mainly secondary education and health, and enlarged clearly the scope of the expenditures of the provinces.

T.7- National and Sub national Revenues and Spending in the Argentine Federal Finances²¹ (%)

Levels of Government	Tax Revenue	Public Spending
National	74.6	51.2
Sub national Aggregate	25.4	48.8
Provincial	15.0	40.6
Municipalities	10.4	8.2
Total	100.0	100.0

Source: Peralta, A. (2011).

As it can be seen, national tax revenue represents three fourth of the total, with 15% by the provinces and a little more than 10% by the municipalities.

Expenditure is higher decentralized with 40.6% and 8.3% by municipalities.

²⁰ For a more profound development of the tributary role of the municipalities in that pattern, see Asensio, M. A. (2004), page 349.

²¹ See Peralta, Liliana A. (2011).

The imbalance between own resources and expenditures is due to the transfers financed by the co-participation. Even though tax sharing is important in other countries like Brazil and some countries in Europe, it plays an outstanding role in Argentina.²²

This system faced two crises in the last decade. In 2001, the abandonment of the monetary regime of convertibility adopted in 1991, and the impact of the international recession that started in 2008.

The 2001 crisis matters since besides a strong growth in welfare assistance to fight the “new poverty”, two new taxes were initiated then: a tax on financial transactions known as “tax on the check”, and in the other, the “retentions to the exports”, that would be principally assigned to the already strong National Government. With the economic recovery starting in 2002, the principal beneficiary of these new revenues was the National Government, increasing, consequently, the vertical imbalance.

The fiscal institutions were transformed by the Federal Law of Fiscal Responsibility (2004), and by the Law of Educational Financing (2005). The first law established guidelines to control public spending, binding it to the GDP, and establishing the provincial maximum indebtedness, which in many cases was more demanding than the one established by the Provincial Constitutions. Likewise, a new Supervisory Body was created²³. In the second case, the law would put us in front of a particular version of “mandate” or warrant while imposing to achieve a minimum magnitude of additional expenditure on education by the provinces.²⁴

6.2 Recent evolution of an asymmetrical system.

Coming back to revenues, T8 presents the tax pressure emerging from the Nation and the Provinces, showing the emergent imbalanced fiscal relationship with a clear national predominance.

²² See Gómez Sabaini, J. C. and Giménez, Juan P. (2011) regarding the Latin American experience. Also see Ter-Minassian, T. (1997), Bird-Vaillancourt (1998) and Giambiagi-Alem (1999), among others.

²³ We refer to the *Consejo Federal de Responsabilidad Fiscal*. Considering that the *Comisión Federal de Impuestos* (CFI) (Taxes Federal Commission) already existed to control the regimen of rents, the federal fiscal system knew since then about a “dual” supervision or monitoring (see Asensio, M.A., 2009).

²⁴ The objective supported by the Law would be to reach a share of 6% GDP of the consolidated expenditure of all the governmental levels for education (Asensio, M.A., 2008).

T 8-Tax Revenue /GDP Relation

Resources	2001	2002	2005	2008	2009	2010	Change 2001/10
National	17.50	16.91	23.10	26.63	27.10	28.93	11.43
Provincial	3.64	3.39	4.12	4.40	4.63	4.76	1.12
Total	21.14	20.30	27.22	31.03	31.73	33.69	12.55

Source: National Ministry of Economics and Public Finance and Author.

Such imbalances indicate that more than 80% of the joint tax collection is generated by national taxes while from 2001 to 2010, the national tax pressure increased by 65% and the provincial one by 31%.

Tax revenue is affected by the economic conjuncture given the flexibility and elasticity of the taxes in relation with the economic cycle, the weight of the indirect and direct taxes in revenues, as well as by the variations in the tax individual structure, such as its base and rates, among other aspects.

It is important to remember that provinces and municipalities, besides collecting the gross receipts tax—as indicated previously an important indirect tax—, also collect a tax on real estate which depends on two fundamental variables: cadastral value of the property and the progressive tax rate applicable to it. This tax is divided in two subtypes: one on urban real estate and the other on rural real estate. These taxes have suffered a “political failure” since increasing them has never been popular, with the additional effect that its base implies a parallel raise of another national tax levied on property, the national tax on personal assets. Consequently, if the value of the provincial cadastral base is increased; taxpayers suffered two increases in their taxes, one provincial and one national. In the long term, the consequence has been a systematic worsening tendency of the tax collection, important issue in a tax that could be more neutral to the ups and downs of the cycle.

T.9- The Traditional Provincial Tax Matrix

Order	Taxes	Tax Base
1	Gross Income Tax	Sales of Goods and Services
2	Real Estate Tax	Taxable value of Real estate.
3	Stamp Tax	Tax Value of “legal transactions”
4	Tax on Motor Vehicles	Tax value of cars, trucks & other vehicles
5	Gambling	Income from gambling activities
6	Others	Miscellaneous tax revenues.

Source: Author, based on collected provincial legislation.

This picture must not overlook issues of fiscal competition. Of course, we can recognize two levels of tax competition, one between Nation and Provinces, and the other among sub national governments. That is to say, vertical and horizontal competition²⁵.

We return to *the exports tax levied* by the National Government. It is important to note that, whatever the base is, if we admit that in the end all the taxes affect the rent as a flow variable, this situation would be highly important in moments when the central government resorted to this tool. Thus, this “occupation of the tax room” would occur and the national tax on exports reducing agricultural income reduces the Provinces’ possibilities of raising the rates or valuations of their taxes on the rural properties. Clearly, this creates a kind of “fiscal shifting” or “fiscal crowding out”, favoring the National Government that as the holder of the foreign trade tax collection according to the Constitution retains the revenues this tax generates.²⁶

The system evolution would be tested starting the 2008’s last trimester, when the drop in the aggregated demand had a profound impact on the revenues. Taking into account its

²⁵ See the approach to fiscal competition in Breton, Albert (1993), p. 44.

²⁶ To understand the concept of “tax room”, see Bird, Richard M. (1986). A 2009 national law ruled that part of the soy retentions was to be participated to the Provinces, predetermining a specific destiny for the transferred funds.

static structure together with its dynamic evolution, it is noticed that, while the 2007-2008's change was based on the export retentions, in the 2008-2009's change it was based on the wage taxes for social security. The result is that once the wage taxation for social security has been cleaned up from the income (such contributions are a percentage of the salary), the 2009's national tax collection dropped 1.18% points as a share of the GDP, with the provincial incomes showing an increment of almost 0.25% points.

T 10- Evolution of the Fiscal Revenues in the Short Term (GDP %)

Revenues²⁷	2007	2008	2009	2010					
	(1)	(2)	(3)	(4)	(2):(1)	(3):(2)	(4):(3)	% 09/08	% 10/09
National Resources	25.13	26.63	27.10	28.93	1.50	0.47	+1.83	+ 3.60	+6.75
Provincial Resources	4.22	4.39	4.63	4.76	0.17	0.24	+0.13	+ 6.38	+2.80
National Resources - Retentions on Exports	22.61	23.14	24.30	25.77	0.53	1.16	+1.47	+ 6.91	+6.04
National Resources - Social Security	20.62	21.54	20.36	21.83	0.92	-1.18	+1.47	- 3.85	+7.22

Source: Author, based on Ministry of Economics and Public

The crisis of external origin resulted first in a slowdown and then in a drop in the collection of the principal taxes. In a system of unified collection of main taxes, the external crisis impacted all government levels, starting by the national one, going into the

²⁷ RN: National Resources; RP: Provincial Resources; RE: Export Retentions; SS: Social Security.

provincial ones and reaching the municipalities.²⁸ This was also evident in the provinces and their municipalities, because from early in the decade, on one hand,²⁹ the provinces have reduced their capacity of tax collection since they did not receive most of the share from the tax on the financial transactions, and, on the other hand, due to their initial absence from the national revenues collected across the export retentions. In the 2008-2009 biennium, the provinces responded to the situation raising their own taxes by increasing rates and taxation bases, thus reversing the negative tendency into a positive one. Nonetheless, during 2010, its growth would be inferior to the tax collection the national tax collection, considering the latter in general or netted from export taxes or taxes on wages designated for social security (pension plans) [T 10 above].

7. Revenues and Taxes of the Third Level of Government.

Now, we turn to the local taxes, as the third level in the federal scheme. Argentinean municipalities are financed with their own taxation (*tributos*) with transfers from other government levels and with credit. The term “tributo” (tax) includes taxes themselves and other duties based on the benefit principle. This explanation is important, since most of Argentine municipalities levy “tasas” (rates), unlike the central and middle level of the federation that gain undisputed access to a broad range of taxes³⁰.

Apart from the already mentioned credit resources of local governments in Argentina are made up of three main types of sources: 1) their own taxation levied according to constitutional and legal powers, 2) transfers from other levels of government and shares of national and provincial taxes, and 3) fines, rates and duties of different types levied for

²⁸ As said previously, local governments received through their provinces part of the national taxes that are shared with provinces. Likewise, the provinces share with the municipalities part of their own taxes. Through the provinces, local governments received part of the national taxes that were participated to them. Likewise, Provinces participated part of their own taxes to their municipalities.

²⁹ Only the 30% of the check-tax is to be shared with the provinces. The rest would be pure national tax. The same would happen starting March 2009, when *the Fondo Federal Solidario* was created and was transferred in a conditioned form to the provinces the 30% of the export retentions with the objective to face infrastructure works in the provinces as well as their municipalities.

³⁰ Including those based on the “ability-to-pay” principle.

providing certain services to residents. Due to the little amount of the latter in this structure the sources mentioned in first place rule over the local financial scenario. Such duties, fines and user charges are quite numerous, with varied collection and supervision administrative costs and an output that is poor. However, along with the revenue formerly mentioned, they represent resources specific to such levels of government and are indicative of their own decision-making power.

Summarizing, the revenue structure above outlined can be regrouped in two main sources, one consisting of tributes and other duties collected as part of specific functions, on the one hand, and resources received as transfers or grants derived from the central or regional level, namely the nation and the provinces. In the first group, one by one, taxes prevail. In the second, a share in higher level taxes (known in Argentina -as it was mentioned- "*coparticipación*"), as a particular type of transfer.

Therefore, in describing local source revenue, we will start with taxes as the main element which consists of nearly two thirds of its own collection, following next with the rest of the duties, fines and user charges with lower output and making up the remaining portion³¹.

Municipalities' taxation capacity has been a major constitutional issue and there is no uniform stance among jurists and legal experts. For years and prior to an important leading case in which one of the main country municipalities was a party, the Supreme Court judgment that regarded municipalities as "territorially-based, financially autonomous entities" prevailed, with which those entities lacked autonomy within the federal order, being administrated under laws issued by provinces (Organic Laws) in the framework of their own constitutions as well as the National Constitution.

With the approval of 1994 Constitutional Reform, municipal autonomy is recognized, but the definition of the aspects of such autonomy must be laid down in the respective Provincial Constitutions. Therefore, in spite of the undeniable development of local governments' "status", is still in the hands of provinces to determine the scope of such autonomy.

³¹ It is necessary to take in account the importance of resource administration. Sometimes inefficiency in fiscal administration has been signaled as a problem to address. See Asensio, M.A. (forthcoming).

Meanwhile, even before the Constitutional Reform, some provinces had already approved provincial constitutions that set down the autonomy of their local governments. However, even at present several provinces among the most important ones regard municipalities as financially autonomous entities and in fact they have not regulated their autonomy within their respective jurisdictions³². Therefore, as indicated in a previous research, there is still a certain confusion concerning the legal status of municipalities that impinges on the consideration of their powers and competence.

At any rate, there is a key factor for local governments to exert a full taxing power, i.e. raising, modifying and cutting out taxes, which is the one established by “*leyes convenio*” (*agreement-acts*) and Intergovernmental Tax Agreements arranged between Nation and Provinces which in the moment of coordinating tax relations among the three levels of government would narrow the municipal taxing power. Within that framework, it is the own Tax Sharing Law (*Ley de Coparticipación*) of 1988 and the already mentioned Federal Agreement of 1993 which have narrowed that power³³.

These pieces of legislation force provinces to set limits to local taxing powers, not allowing this level of government to raise taxes that are analogous to the national ones and are distributed through the sharing mechanism. Concatenation and interlacing among three levels is completed when the same tax sharing law provides that provinces must arrange along with their local governments a tax sharing regime to be applied within their jurisdiction and, if they are not implemented, they do not receive the share in the national taxes laid down in this law³⁴.

The debate referred to about self-financing or autonomy of municipalities influenced their possibility of exerting full taxing powers at that level of government. Prior to the current constitutional legislation outlining the organization of the federation, regarded by the Supreme Court decisions as self-financed entities, municipalities were not given the

³² This is the case, among others, of the provinces of Santa Fe and Buenos Aires, first and second in demographic dimension inside the Argentine Republic. Córdoba, the third in population volume, on the contrary, has established the municipal autonomy.

³³ See point 2 in this paper. Also, we'll come back to this issue in point 5, afterwards.

³⁴ The tax-sharing regime is defined by the provinces and applied to the local governments in their jurisdictions.

power to levy taxes, but instead they were empowered to raise rates in compensation of services, a notion that was bolstered by the Tax Agreement of 1993.

In any case, according to the recent constitutional interpretations by the courts, local governments were not banned from raising taxes but they had to comply with the important requirement of maintaining taxes steady with those levied by the Nation and the Provinces as well as their compliance for the most part with the key “analogy principle” laid down as we mentioned before in the Tax Sharing Law of 1988.

Yet, in practice, even though at present there is a majority of provinces that have regulated local government autonomy, these governments use in a restricted way the taxing powers implied by such autonomy as a consequence of the restraints that have regulated the unsteady inter-jurisdictional tax balance, the trends towards overflowing due to the attempts to “take up fiscal space” and the fitting into the said analogy principle³⁵.

Accordingly, the most important taxes continue to be the municipal property taxes³⁶, known also as real estate taxes that finance typical services like street lighting and cleaning, on the one hand, and rates based on inspection, safety and sanitation, on the other hand. Both taxes have reached nearly two thirds of their own revenue, reaching in some cases more than 70 % of the same total³⁷.

The tax bases applied in these two taxes turn them into “covered up or disguised taxes”, since in the first case the rate is levied on the cadastral value of property, with which its base is equivalent to that of the provincial real estate tax, whereas in the second case, the base relies on the gross income of taxpayers or of the respective economic activity, with which its taxable base again is the same as in the case of the provincial gross income tax, which is a sales tax with a cascade effect.

³⁵ It resembles some cases of decentralization where “tax visibility” is an avoided way for local governments, like in Spain (see Salinas Jiménez, J. and Fernández Llera, R., 2009).

³⁶ Rates are taxes collected in exchange for “divisible” services delivered to residents, being the cost of the service provision a factor to weigh up in order to measure the magnitude of the “benefit” that each user receives from them.

³⁷ We refer to own source revenues (not including tax-sharing and transfers from other levels of government).

Table 11 – The “Local Tax Matrix” and the Structure of Taxes

Types of Taxes	Taxable Base
1. Gross Income Tax ¹	-Income on Sales of Goods and Services
2. Real Estate Tax ²	-Cadastral Value of Real Estate Property
3. Motor Vehicle Tax ³	-Value Assessed on Motor Vehicles
4. Street Lighting and Cleaning Charges	-The same Applied in Tax 2
5. Inspection, Safety and Sanitation Fees	-The same Applied in Tax 1
6. Betterment Tax	-Increase in the Value of Property due to Public
7. Rate on Public Health	Works
8. Traffic Violations	-m ³ Covered or Property Size
9. Electricity Charges	-Graded according to Violations
	-Electric Power Consume

Source: Author based on Provincial Legislation.

Notes: (1) Province of Chubut; (2) Provinces of Chaco, Chubut, Formosa, Salta, Santa Cruz and Tierra del Fuego; (3) Provinces of Córdoba, Chaco, Chubut, Formosa, Jujuy, Neuquén, Salta, Santa Cruz and Tierra del Fuego.

This brought about the violation in practice of the principle of correspondence between the rate value and the production costs of local governmental services. The issue had to be solved by the Tax Agreement of 1993, which provided that provinces should induce local governments acting within their territory so that rates on services do not outrun the costs of provision of such services. Results up to now are less than modest³⁸.

In some instances, besides, it has been observed the use of redistribution principles in the safety and sanitation fee regulation, applying differential rates to certain sumptuary activities. The same has happened when applying higher rates in the local real estate tax according to the socioeconomic standard of urban areas. It implies a particular differentiation approach considering the range of such governments, in view of the provisions of the fiscal federalism theory.

³⁸ Likewise, it is relevant to point out that ascribing unrestrictedly to the principle, without additional grants from the provincial government, could cause significant financial imbalances for Argentine local governments. The existence of indirect costs adds complexity to the issue.

The so-called “betterment tax” is a tax that attempts to detect the “urban added values” that come with the improvement of certain town areas as a consequence of the governmental activity by means of public works. Even if it is a resource of potential exploitation, its significance within the structure of specific taxes is not relevant inside the Argentine environment³⁹.

Anyway, today there is a trend towards increasing the search for such revenue sources. In technical terms, local governments are identifying mechanisms for “capturing increased values” linked to various governmental actions, enacting them in their regulations⁴⁰.

8. Local Governments and Tax Sharing⁴¹.

Previously, we spoke about a mix of shared and own revenue sources for all levels of government. As it has been pointed out before, there is a national tax sharing system that transfers resources from the national tax collection to the provinces and through these to the municipalities. But furthermore, this system is based on laws that force provinces to reproduce inside their territory a system that shares with local governments within their scope. Coming back to Maslove, we speak about a main mechanism of coordination, but sometimes these provisions “imply constraints”. In such a sense “coordination also means coercion”⁴².

In a certain sense, we are speaking of the “tax sharing logic”⁴³. For such reason, all of the provinces have currently in force tax sharing systems to meet the afore-mentioned federal law, in view of the fact that if they do not act accordingly, they face the possibility of losing the right to be granted the shared taxes distributed along the lines of that law.

In keeping with federal tax sharing, systems of sharing with local governments are the main instrument of the nation-provinces-municipalities fiscal relations and work as

³⁹ See for that purpose LUKSZAN, A. (1990) and Secretariat of Regional Planning (1999).

⁴⁰ See Virgolini, Edmundo, *et al* (2010).

⁴¹ For this point and the former one we follow with some enrichments, updating and modifications some of the concepts included in Asensio, M. A. (2006).

⁴² Maslove, Allan M. (1993), p., xi.

⁴³ In the same direction, see Asensio, M. A. (2011).

transfers without conditions. It does not prevent the existence of less significant transfers originated in the Provinces or the Nation. It includes the recently created shared revenues on exports taxation⁴⁴.

These systems in force in the provinces often enjoy a constitutional status. These Constitutions provide that the shared funds are made up of both national and provincial revenue resources, as it can be seen in specific laws passed within the framework of such constitutional regulations. These laws establish the distribution of the said national or provincial revenues and also other specific and particular resources such as the royalties collected by provinces for the exploitation of natural resources within their boundaries such as oil, gas or hydroelectricity, as well as resources from privatizations⁴⁵.

Similarly to the national tax sharing with provinces, provincial sharing with local governments reflects the idea of “tax union”. Under this approach, the diversity of taxes collected by a level are bundled together and distributed among the participants on a pro rata basis. The tax sharing in a stricter sense is of the type “tax-per-tax” and it is applied in another group of provinces⁴⁶.

9. From Projects of Reform to Waves of Conservatism.

Since the 1950’s, and during the second half of the 20th Century, the taxes collected by the provinces included the mentioned gross income (receipts) tax (or GIT), the tax on property –real estate-, the stamp tax and motor vehicles tax, plus other taxes, including an inheritance tax.

As we know, the latter is a variety of tax revenue applied in some countries, including the states in the United States⁴⁷. In Argentina, it was not very productive in terms of revenue but contributed to a certain extent to the financing for the second level of government.

In the 70’s the National VAT was introduced, following the experience of some European Countries. When coming in effect in 1974, it was intended to eliminate the GIT

⁴⁴ For the treatment of “export retentions” see the first part of this Paper.

⁴⁵ See in this respect Ministerio de Economía de la Nación (1999).

⁴⁶ In other words, within the tax-sharing system we distinguish two approaches: “tax union” and “strict or specific tax-sharing” (global sharing and individual sharing).

⁴⁷ For an explanation of this see Musgrave-Musgrave (1992).

at the provincial level as a measure of harmonization. The idea failed; thus the taxpayers were faced with a system that included both taxes.

During the 80's decade, there was a modification within the structure of rates for the gross income tax. The sectorial rate was fixed in 1% for primary sector, 1.5% for manufacturing and 2.5% for commerce and services. As it can be seen, in its conception, there was an increasing or graduated scale from agriculture to tertiary activities.

Additionally, at that time the "taxation on dead" was eliminated. So, the inheritance tax was no longer subject to legislation and thus not applied at the provincial level, considering a low yielding from it in the total of tax revenues. The assumption was that other taxes, like the stamp tax, could replace the loss of income, with better results than the old tax.

Roughly speaking, it was the system in force until the first years of the 1990's. Since then, we can speak again about the mentioned *era of the pacts*⁴⁸. That period was characterized by dual governmental agreements between Nation and Provinces legislating about major changes in the fiscal-federal framework and the federal relationship between the two parts of the Federation. The New Constitution of 1994, in its fiscal side, consisted in a Big (the main) Pact too.

T. 12. Argentina: Main National-Provincial Agreements, 1988-1994

Order	Main Features of New Rules
1988	Regulation of the Structure of GRT, Tax Sharing and "Similarity" Prohibited.
1991	Sharing of Tax Revenues from Gasoline, VAT and others.
1992	Deduction of 15% of "Common Pool" Resources for Social Security
1993	Encroaching on Sub national Tax Powers (GRT, Property, etc.)
1994	Nation in the field of indirect taxes and natural resources to Provinces.

In such scenario dominated by efficiency goals, distorting taxes must be abandoned or reduced clearly, which affected the imperfect tax structures of the provinces, placing

⁴⁸ See Asensio, M.A. (2006).

risks in terms of sufficiency of tax collections for them. It explains the final option for conservatism of Provinces in face of major changes in such structure.

Considering the Pact of 1993, the major constitutional revision of 1994, and after the later major crisis of 2001, it is possible to mention some additional changes within the sub national taxes. First, the possibility for provinces to use taxation on natural resources; second, the constraints imposed on provincial taxation by federal legislation; and third, the recent reappearance of old taxes, like the inheritance tax, particularly in the big Province of Buenos Aires.

The appearance of royalties in the provincial fiscal structure comes from the new constitutional framework and in some jurisdictions increased notably the tax revenues, considering the additional economic activity created by the development of mineral resources in several Western provinces. Thus, royalties are at present particularly significant for the oil and gas producers from Patagonia and other provinces, plus the gold producers like San Juan or Catamarca.

In the other way, it was an explicit objective to abandon progressively the gross incomes (receipts) tax on the one hand, and to impose certain fiscal behavior in relation to property taxes in provinces, on the other. With respect to the former, the elimination of the tax on manufacturing activities was encouraged. In the case of the latter, the main goal was to reach minimum levels for the rates charged on the taxable value of real estate. Both goals were clear in the Pact of 1993⁴⁹.

A majority of provinces followed the path prescribed in this Agreement during the second part of the 1990's. However, the Crisis in 2001 motivated a change in the attitude, given the fiscal needs of some important provinces. The picture was changing again and the elimination of the main provincial indirect tax became quickly a highly questionable idea.

Considering also the presence of fiscal competition among provinces⁵⁰, the re-emergence of taxation on manufacturing in the GIT (GRT) was a consequence, particularly in the provinces where the economic structure gives weight to the secondary sector. In spite of efficiency goals, clearly relevant given the *cascading effects* of such taxation, the impact

⁴⁹ By this time the *desideratum* consisted in reaching a substitution of GIT for a form of Retail Sales Tax (RST). A mission of Provinces visited Canada and USA to get information on the experience in RST in such countries. Finally, the idea did not progress. The same with respect to some suggestions on a Subnational VAT, in face of the Brazilian experience with ICMS.

⁵⁰ Apart from differences on rates there exists territorial legislation on "industrial promotion".

of such measure on revenue's productivity is clear in face of the emerging fiscal constraints.

Also, in the beginning of the new century, in addition to that, such a picture enlarged significantly and some initiatives mentioned the possibility of considering the inheritance tax as a way of increasing the sub national tax powers, restricted within the mentioned federal agreements of the "era of the pacts"⁵¹. The reception of the idea was very weak at the time but recently, given the financial crisis of the province, Buenos Aires, as the biggest partner in the federation, passed legislation to reinstall the old inheritance tax⁵².

10. Concluding remarks.

As it was mentioned initially, it is not possible to consider the sub national tax powers in Argentina without taking into account the whole system of federal finance. Some major historical changes have not been originated in the sub national level, but in the central one. The design of sub national taxes must follow the "iron rule" of the "analogy principle" stated in federal legislation.

In general terms, the sub national governments are a minority partner in the access to the "fiscal pie". It is not the same with respect to the expenditure side, where such governments deliver important services with high manpower requirements, like security, primary and secondary education and health institutions.

The aims embedded in National-Provincial Agreements in the 1990's followed the idea based on the elimination or reduction of the sub national distorting taxes, like the gross incomes (receipts) tax and stamp tax, at the time of getting more fiscal effort with provincial and local property taxes, urban and rural.

The logic of such reforms rested on the possibility of obtaining efficiency gains with the reduction of some well known effects like *cascading*. The Big Crisis of 2001 and the

⁵¹ In particular, it was mentioned by the Federal Secretary of Public Revenues, as it was delivered for the press of the time.

⁵² It was enacted by Provincial Law N° 14.044 -enforced since year 2010- and tax-free transfers and donations of goods for an amount of more than \$ 3.000.000.-. Recently the base was lowered to \$ 200.000, raising issues of "regressivity". In other scenario, like the Province of Santa Fe, the possibility of re-evaluate the feasibility of the old inheritance tax, was mentioned in the political circles.

need for revenue fostered opposite ideas. While the National Government introduced its own distorting taxes, like the tax on the check and the exports, the provinces operated to maintain and extend the GIT (GRT) and to get a “revival” of the formerly abandoned “taxation on dead”, like the inheritance tax.

Other measures, in the traditional style of “patchwork”, were introduced. In such a way, the rich and big brother –the National Government- created a special transfer from part of the huge resources obtained from retentions on exports for the Provinces, stating the obligation for them of giving a share to local governments in their jurisdictions.

Meanwhile, the discussion about the implementation of a new and comprehensive revenue sharing scheme, the central mechanism of financing for all levels of government, continue without legal treatment, postponed and delayed, waiting for an improved scenario and changed political conditions.

APPENDIX I

Argentina: Jurisdictional Structure of Tax Collections

(% of GDP)⁵³

Taxes	2001	2002	2003	2004	2005	2006	2007	2008	2009
Income Tax	3.99	3.04	4.30	5.26	5.49	5.31	5.44	5.30	4.97
Property Taxes	1.43	1.77	2.03	2.13	2.15	2.14	2.22	2.26	2.19
Value Added Tax	5.71	4.88	5.57	6.92	6.93	7.20	7.71	7.77	7.63
Excises (cigarettes, etc.)	2.09	2.17	2.08	2.07	1.99	1.78	1.62	1.59	1.70
Services Taxes	0.28	0.09	0.06	0.05	0.03	0.07	0.08	0.07	0.10
Import taxes	0.59	0.42	0.61	0.73	0.73	0.79	0.86	0.87	0.67
Export taxes	0.02	1.61	2.45	2.29	2.32	2.25	2.52	3.49	2.80
Simplified taxation	0.13	0.09	0.08	0.15	0.16	0.21	0.14	0.15	0.28
Social Security	3.23	2.83	2.83	3.04	3.27	3.78	4.51	5.09	6.74
National Taxes	17.50	16.91	19.98	22.67	23.10	23.57	25.13	26.63	27.10
Real Estate Tax	0.61	0.53	0.58	0.59	0.53	0.44	0.37	0.38	0.37
Stamp Tax	0.28	0.23	0.27	0.29	0.32	0.34	0.36	0.34	0.34
Vehicles Tax	0.29	0.21	0.23	0.23	0.24	0.24	0.24	0.24	0.28
Gross Incomes Tax	2.08	1.97	2.35	2.58	2.75	2.82	2.97	3.18	3.45
Other	0.37	0.46	0.37	0.35	0.28	0.32	0.28	0.26	0.19
Provincial Taxes	3.64	3.39	3.81	4.04	4.12	4.17	4.22	4.40	4.63
Total Nation-Provinces	20.94	20.30	23.79	26.70	27.22	27.74	29.35	31.03	31.73

⁵³ National Ministry of Economics and Public Finance. National Direction of Research and Fiscal Analysis (DNIAF), Buenos Aires.

Appendix II. Argentina: Co participation Transfers (Nation and Provinces), 2010 (Pesos).				
Order	Description	Gross Distribution	Total Co participation	Federal Participation (Law 23548)
1	Total Destination	243,477,457,093.07	163,338,547,056.21	150,899,414,938.12
1.01	National Government	142,706,114,576.69	81,538,521,303.30	81,530,821,303.30
1.01.02	ANSES	42,622,718,342.31	24,500,782,058.37	24,500,782,058.37
1.01.03	National Treasury	95,626,911,427.98	55,647,157,594.96	55,647,157,594.96
1.01.04	Transfer for services Ministry of Interior	7,700,000.00	7,700,000.00	
1.01.05	Grants	2,971,384,631.06	1,382,881,649.97	1,382,881,649.97
1.01.06	Housing Founds	1,311,418,741.94	0.00	
1.01.08	Electric Found (FEDEL)	145,712,595.95	0.00	
1.01.09	Popular Libraries Grants	20,268,837.45		
1.02	C.A.B.A.	1,936,060,335.61	1,936,034,309.96	1,376,072,192.69
1.02.01	G.C.B.A.	1,936,060,335.61	1,936,034,309.96	1,376,072,192.69
1.03	Provincial Governments	98,788,299,549.84	79,863,991,442.95	67,992,521,442.13
1.03.01	Buenos Aires (Aditt.)	2,211,652,789.03	2,136,008,967.47	1,712,504,486.11
1.03.02	Buenos Aires	17,701,624,448.61	15,232,552,892.13	11,881,763,604.41
1.03.03	Catamarca	2,651,669,320.71	2,174,525,400.04	1,944,313,501.87
1.03.04	Chaco	4,953,458,232.26	3,891,501,253.16	3,453,140,352.12
1.03.05	Chubut (Aditt.)	201,853,286.19	194,949,420.43	170,229,996.66
1.03.06	Chubut	1,444,825,464.45	1,086,382,185.32	896,063,601.45
1.03.07	Córdoba	8,801,501,574.50	6,987,386,786.74	6,061,746,587.56
1.03.08	Corrientes	3,796,614,587.63	2,926,935,682.12	2,511,875,085.68
1.03.09	Entre Ríos	4,838,282,903.45	3,859,204,161.04	3,413,764,593.19
1.03.10	Formosa	3,580,869,841.75	2,857,946,858.19	2,580,710,914.38
1.03.11	Jujuy	2,839,212,347.85	2,253,350,325.30	1,955,030,107.10
1.03.12	La Pampa	1,843,776,066.81	1,499,240,045.59	1,331,260,203.18
1.03.13	La Rioja	2,021,573,460.83	1,645,462,100.83	1,447,105,697.01
1.03.14	Mendoza	4,158,625,854.68	3,307,932,512.51	2,759,560,622.42
1.03.15	Misiones	3,398,410,350.33	2,611,083,259.98	2,118,945,798.78
1.03.16	Neuquén (Aditt.)	201,853,286.19	194,949,420.43	169,493,366.89
1.03.17	Neuquén	1,596,836,549.55	1,192,559,830.55	995,627,724.16
1.03.18	Río Negro	2,513,630,178.70	1,992,858,933.58	1,748,878,485.72
1.03.19	Salta	3,906,185,448.06	3,029,368,915.18	2,545,960,534.58
1.03.20	San Juan	3,288,721,653.86	2,666,572,082.43	2,386,299,345.04
1.03.21	San Luis	2,250,994,813.63	1,807,656,362.56	1,620,244,768.37
1.03.22	Santa Cruz (Aditt.)	201,853,286.19	194,949,420.43	183,774,885.37
1.03.23	Santa Cruz	1,389,758,254.34	1,070,682,185.32	967,361,456.64
1.03.24	Santa Fe	8,906,111,805.65	7,042,192,403.57	6,166,813,660.36
1.03.25	Santiago del Estero	4,105,867,644.87	3,248,088,101.29	2,834,809,109.60
1.03.26	Tierra del Fuego	1,246,151,404.03	1,004,017,153.09	911,474,715.03
1.03.27	Tucumán	4,736,384,695.67	3,755,634,783.67	3,223,768,238.45

1.04	Municipal Governments	46,982,630.93	0.00	
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APPENDIX III RATES FOR GROSS INCOMES TAX IN ARGENTINA ⁵⁴

Jurisdiction	GRL	AGR	MIN	GC	SC	MAN	CON	OTH
Buenos Aires		3	3	4.5	4.5	3	3.5	3.5
CABA		1	1	3	3	3	3	3
Catamarca		0	1	2.5	3	1.5	2.5	5
Córdoba	4	1	1	0.25/2.00	1.5/3.5	0/1.5	2.5	
Corrientes		1	1	2.25	2,5	1,5		
Chaco	3			2.5	3	1,5	2,5	
Chubut		1	1	3	3	1.5	3	
Entre Ríos	3.5	1	1	1.6	3,5	2.5	1.6	
Formosa		1.5	1.5	3	3	1.5		
Jujuy		1.2		2.5	2.5	1.8		
La Pampa		0.5	0.5	2.5	2.5	1.5		
La Rioja	2.5	1	0-1.63	2.5	2.5	1.5	2.5	
Mendoza		2	4	4	3.5	3	4	
Misiones		-	-	2.5	2.5	2.5	2.5	
Neuquén	3	3	3	3	3	-	-	
Río Negro				3	3	1.8	3	
San Luis		1		4.1	3.5	1.5	2.3	
Santa Cruz	3	1	2	3	3	1.75	3	
Santa Fe (*)	3.5	1.5 OJ	1.5 OJ	2.8	3.5	1.5 OJ	-	
San Juan	3	1		3	3		2	

⁵⁴ Columns Headings: GRL: General; AGR: Agriculture; MIN: Mining; GC: Large Commerce; SC: Small Commerce; MAN: Manufacturing; CON: Construction; OTH: Others.
 (*) OJ: Outside Jurisdictions.

Santiago del Estero		1.5	1.5	3	3	1.5	3	
Tucumán		1.4		2.5	2.5	1.8	2.5	
Tierra del Fuego	3	-	-	-	-	-	-	



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