

27439 - Regional and Local Taxes

Syllabus Information

Academic year: 2023/24

Subject: 27439 - Regional and Local Taxes

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 417 - Degree in Economics

ECTS: 3.0

Year: 4

Semester: First semester

Subject type: Optional

Module:

1. General information

We are currently witnessing a phenomenon of political decentralization spreading throughout the world. This progress is taking place at the regional level, but also, in many countries, at the local level. The territorial organization of a State at several levels with autonomous decision-making powers poses numerous challenges to public economics: how to distribute the functions to be performed by the public sector among the various levels of government? how to distribute a country's tax resources between the central level and the sub-central levels? what role should transfer between jurisdictions play in a decentralized State?

The branch of public economics that tries to answer these questions is called *Fiscal Federalism Economics*.

Thus, in this subject we will develop a course on fiscal federalism, in its double aspect, theoretical and applied. The first part of the program will be concerned with presenting the fundamental results of the theory on the distribution of functions and revenues among levels of government. The second part will delve into the economic problems associated with the decentralization promoted by the Spanish Constitution of 1978, with emphasis on the levels of government currently existing in our country: central, autonomous and local.

These approaches and goals are aligned with the following Sustainable Development Goals (SDGs) of the United Nations Agenda 2030 (<https://www.un.org/sustainabledevelopment/es/>), so that the acquisition of the learning results of the subject provides training and competence to contribute to some extent to their achievement: 3 (Health and well-being), 4 (Quality education), 8 (Economic growth), 10 (Reducing inequalities) and 11 (Sustainable cities and communities).

2. Learning results

Upon completion of the subject, the student will be able to:

1. Define and explain with rigor and clarity the basic concepts of the economic theory of fiscal federalism on the distribution of functions and revenues among levels of government.
2. Evaluate the territorial organization of public finance in a decentralized country, rigorously applying basic theoretical concepts.
3. Clearly describe the Spanish model of fiscal federalism and identify its basic elements, both at the regional and local levels.
4. Rigorously evaluate the Spanish model of fiscal federalism in the light of the basic concepts of the theory, and compare it with the models of other decentralized countries.

3. Syllabus

PART ONE. THE ECONOMIC THEORY OF FISCAL FEDERALISM

UNIT 1. The economic case for decentralization: the distribution of public sector functions among levels of government

UNIT 2. The distribution of resources and revenues among levels of government (I): taxation

UNIT 3. The distribution of resources and revenues among levels of government (II): transfers

PART TWO. DECENTRALIZATION IN SPAIN: REGIONAL AND LOCAL FINANCE

UNIT 4. General aspects of decentralization in Spain

UNIT 5. The financing of the autonomous communities: common regime communities and foral regime communities

UNIT 6. The financing of local entities

4. Academic activities

The subject is developed around the following activities:

1. Presentation of the topics, bibliographical orientation and approach and, if necessary, resolution of exercises by the teacher.
2. Personal work of the student, individually and in groups, for the study of the subject, the resolution of exercises and the preparation for the exam.

3. Resolution, presentation and discussion in class of the exercises previously proposed by the teacher.
4. Personalized, individual and group tutoring.
5. Exam

It is foreseen that the teaching methodology will be face-to-face. However, if circumstances require it, the classes may be taught online.

The distribution of time among the various activities is as follows:

Master classes for presentation, orientation and conclusion of the topics: 10 hours.

Presentation and discussion of exercises: 16 hours.

Preparation of exercises and independent study by the student: 45 hours.

Assessment tests: 4 hours (outside class hours)

5. Assessment system

The evaluation of the subject will be carried out through two alternative systems:

1. The first evaluation system will consist of two parts, each one of which will represent 50% of the final grade of the subject.

1^a. *Groups whose size will be indicated at the beginning of the term will produce, present and discuss in class a series of exercises corresponding to the whole syllabus of the subject.*

The teacher will provide students with bibliographical references and exercises to prepare each work session. Students should study the suggested bibliography and, based on it, answer in writing to the questions formulated by the teacher. In the corresponding session, students discuss, with the teacher's assistance, the materials consulted and the issues raised in the exercises. At the end of the session, the teacher summarizes the most relevant conclusions and presents the next session.

The grade for the exercises will be made up by the evaluation of the written text and the individual and group interventions of the group members in the presentation and discussion classes of the exercises. Assessment criteria are as follows:

Ability to respond reasonably to the questions posed by the teacher and discuss them in a reasoned manner.

Ability to present and discuss the content of the bibliography studied, beyond the specific questions posed for their written resolution.

Ability to correctly link the problems addressed in each session with those examined in other sessions.

Maximum rigor in the use of economic language and concepts of the economics of fiscal federalism, both in the written text and in discussion with other students.

Unjustified absence from a class will result in a grade of zero for the exercises that are being solved in that session.

The copying, by a group, of any exercise solved by another group, in this year or in previous years, will lead to the immediate exclusion of the group from this evaluation system.

Students can only participate in this evaluation system if all the exercises are submitted and done within the indicated deadlines.

This part of the subject will be passed with a minimum grade of 5. The grade obtained will be maintained, if applicable, for all the calls of the year.

2^a. *The completion of an individual written exam, aimed at evaluating the acquisition of knowledge and competences of the subject, where the student must solve a series of theoretical-practical exercises corresponding to the whole syllabus.*

Assessment criteria are as follows:

- Ability to answer in a reasoned and argued way to the exercises given by the teacher.
- Ability to accurately apply and relate the concepts developed in the subject.
- Maximum rigor in the use of economic language and concepts of the economics of fiscal federalism.

Obtaining a grade lower than 4 in this exam will result in a failure in the subject, without the possibility of averaging with the grade obtained in the group exercises.

2. The second evaluation system will consist of an individual written exam, in which the student will be asked to solve a series of theoretical-practical exercises corresponding to the entire syllabus of the subject. The evaluation criteria, in all the calls are those indicated in section 1.2 above.