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Navarre's Fiscal System
Foral System or Common System?

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ABSTRACT:

Spain is one of the most decentralized countries of Europe concerning its fiscal structure and capacity. Not only a high percentage of taxes are ceded to territorial administrations but it also counts with two major tax systems ruling within the country; the *foral system* and the *common system*. The coexistence of both systems leads to discussion especially from those who don't accept the foral system. This paper carries out an analytical approach by applying the common system in Navarre's financing system and compares it with its actual one. Its objective is to observe whether there's an advantageous difference of the foral methodology over the common regime. Finally, it has been concluded that the solution obtained does not make Navarre's system as advantageous as it is thought.

KEY WORDS: Fiscal System, Foral or Cupo System, Common Regime, Decentralization, Spanish Autonomous Communities, Regional Financing

JEL: H10, H70, H77

ABSTRACT:

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1. INTRODUCTION:

The objective of this research is to contrast in an analytical approach the different tax systems ruling in Spain, focusing in the common regime and the foral system in Navarre.

Spain is one of the most decentralized countries of Europe concerning its fiscal structure and capacity (*Sérvulo González, 2015*). Not only a high percentage of taxes are ceded to territorial administrations but it also counts with two major tax systems ruling within the country; the “*cupo*” system and the *common system*.

This division of the system has led to controversy all around the State. Those who are against it insist that Navarre and the Basque Country (where the *cupo* system is normalized) are in a privileged position over the rest of communities. A recent article in the Noticias de Navarra cites Albert Rivera saying “we will finish with the privilege that implies the actual arbitrary and lack of solidarity computation of the *Basque cupo*.” The aim is to replace the foral system which is “opaque and politicized” by one which would be elaborated by the Independent Authority of Fiscal Responsibility (*Irisarri, 2019*). On the other hand, those who defend the foral system defend the efficacy of it, specially, in the management of tributes. Moreover, another article of the same newspaper cited that Standard & Poor’s highlighted the “good fiscal management of Navarre’s Government” adding that “the high degree of fiscal autonomy of Navarre and its good management makes it more resistant than Spain in a stressed scenario” giving a punctuation of A+ (*DN, 2019*).

All this discussion, leads to confusion and the will to know the real facts. I thought that if I was able to “impose” the common regime’s system in Navarre and compare it with its actual system, I would be able to see whether there’s a big *unfair* gap between both systems in Navarre.

On the other hand, the fact of having previously studied about tax systems woke up my curiosity to get deeper into the Spanish fiscal system. I decided to make a comparison between the common regime’s system and Navarre’s Economic Agreement, mainly because I have been raised in this community and I was exercising my work experience in Navarre’s tax agency offices. Thus, I had professionals and information concerning the foral community very handy.

This work would not only help me understand more about how the system works but would also give me an empirical prove of both of them.

To accomplish the aim, the thesis has been structured in four main blocks and the analytical passage has been realized with data from the year 2016.

Continuing this preface, an **introduction** about Spain's political organization as well as its fiscal systems' description is offered in order to settle the reader.

Part two submits **Navarre's Economic Agreement**. It defines the Agreement and how it is ruled. This section communicates all the steps to follow to compute the *aportación* and *adjustments* required in this system. Moreover, a numerical demonstration is provided of Navarre for the year 2016.

The subsequent episode deals with the **common system**. To start off, how the system endeavours is clarified. Once the procedure is understood, the application of the system in Navarre is made. First, the *fiscal income* is computed. In order to come up with the numbers, the fiscal income received by Navarre in 2016 has been taken as a templet. So, on top of it, the rules of the common system have been applied. The calculation of each tribute is analysed individually. Then, the *three Funds* are computed. For this, several hypotheses have been taken into consideration as a consequence of a lack of information. To compute the numerical amounts of the funds, I have relied on the annual final liquidation reports supplied by the State's finance ministry.

To summarize the analysis, section 4 summarizes Navarre's outcome and makes a **comparative** of both methods. This part also indicates and reasons the *limitations* the research has had to deal along with. To sum up, a final *conclusion* is approached.

Additionally, an **annex** is attached to give further information about the computation of several data represented through the paper.

2. BACKGROUND:

Spain is a peninsula located at the southwest of Europe bordering with the Atlantic and Mediterranean seas, the Bay of Bizkay, France, Andorra, Morocco and Portugal. Part of Spain are also the two archipelagos; the Canarian Islands and Balearic Islands. It is organized in 17 autonomy communities, 2 by-law autonomy cities, Ceuta and Melilla, and 8125 local entities. Spain's high degree of decentralization in territorial autonomy and administration matters could be comparable to one of a Federal State. (*Administración Gobierno de España*).

The Autonomous Communities benefit from political autonomy, the power to approve laws in matters that the Statutes recognize, and from financial autonomy (*Administración*

Gobierno de España). Regarding this last one, Spain is a special country because it counts with two different financial systems. The *Common System* and *Foral (or Cupo) System* (*Portal Institucional del Ministerio de Hacienda, financiación autonómica*).

The **Foral System** rules over Navarre and the Basque Country and the **Common System** over the other 15 autonomous communities (AC).

Within the Common System two special cases can be found, Canarias, who possess a special economic and fiscal regime because of its geographical location and therefore, it is regulated taking into account the *European Union outskirt regions (ultraperiféricas) law*. Ceuta and Melilla, which are the two by-law autonomous cities, also take advantage of this system. The three locations use a different indirect fiscal regime compared to the rest of the peninsula. Instead of applying the VAT, they have a tax over production, services and imports (*Portal Institucional del Ministerio de Hacienda, financiación autonómica*).

As mentioned above, Navarre and the Basque Country are treated differently. This peculiar relationship between the State and the two Foral Communities is due to historical reasons. (*Portal Institucional del Ministerio de Hacienda, financiación autonómica*). The *First Additional Provision of the Spanish Constitution* establishes the respect for this relationship:

“La Constitución ampara y respeta los derechos históricos de los territorios forales. La actualización general de dicho régimen foral se llevará a cabo, en su caso, en el marco de la Constitución y de los Estatutos de Autonomía” (*Boletín Oficial del Estado, 1978*)

The laws that regulate these Economic Agreements are known as **El Convenio Económico** (*Ley 28/1990, de 26 de diciembre*) for Navarre and *Concierto Económico* (*Ley 12/2002, de 23 de mayo*) for the Basque Country.

In 1841 *La Ley de Modificaciones de Fueros* was written and promulgated after the Carlist War (with the *Ley Paccionada* of August 16th, 1841) in order to integrate Navarre within the State's structure. This movement gathered two consequences (*Hacienda de Navarra, Convenio Económico*):

1. The extinction of its Customs with the rest of the country. It meant that Navarre would stop being a Reign to become *another* province for Spain. The Customs with France would then pass to be administrated by the Central Government.
2. The voluntary donation Navarre made to the Crown would become obligatory. In Spanish it is called *aportación* (*contribution*).

3. LIQUIDATION NAVARRE 2016:

Now that Spain's different tax regimes are determined, the following step will be to analyse Navarre's actual system and how its budget is obtained in a theoretical and analytical way. To reach the numerical approach, the year 2016 has been taken into consideration. First, within the actual system, the **Economic Agreement**, is computed and then, within the **Common System**.

Navarra's Economic Agreement:

In this section, *what the Economic Agreement consists of* and how Navarre's financing is calculated are explained. Regarding the procedure of financing, it is first shown the year base and after the year 2016. Along the explanation, the *aportacion (contribution)*, the *compensations*, the *foral police* the *adjustments* and *other elements* have been focused of analysis.

The Economic Agreement:

The current Economic Agreement between the State and the Foral Community of Navarre was shaped in 1990 through the *Ley 28/1990, de 26 de diciembre de 1990*. Since then, two modifications have been made; *Ley 19/1998, de 15 de junio* and *Ley 48/2007, de 19 de diciembre (Hacienda de Navarra, Convenio Económico)*.

Article 1 of the current law (*Ley 28/1990*) *cites*: "The Foral regime of Navarre has the power of maintaining, establishing and regulating its own tax regime." The attributed competences to Navarre are displayed in the *Ley Orgánica de Reintegración y Amejoramiento del Régimen Foral de Navarra (Ley 28/1990)*.

Article 3 sites that the State will be the only one in charge of the "regulation, management, liquidation, collection, inspection and supervision" of import rights and obligations included in the special taxes and the VAT.

The same law establishes the relationship between both parties. Some of the points specified in it are, the *harmonization criteria (Title I)*, the *general norms for tributes*, the *connexion points* and the *contribution (Ley 28/1990, Title II)*.

Table 1 summarizes the **competences Navarra** has in its tribute regime, classified by the economic chapters I to III from the General Income Budget, and the articles which regulate them.

Table (1)

Income Budget Navarra	Law 28/1990, 26 December	Norm	Levy (Connection points)
Chapter 1 (Direct Taxes)			
Personal Income Tax	Art. 9	Foral	Residence
Corporate Tax	Section 3	Foral	Fiscal residence
Income Tax for Non-residents	Art. 28	Acordance with State	Specified section 4
Tax on Inheritance and Donations	Art. 31		cases cited in art. 31
Property Tax	Art. 17	Foral	Residence
Tax on Bank Deposits	Art. 31. quáter	State + limitations	foral location of site
Charges on prize and lottery	DFL 4/2008 disp.additional 37	State	Foral tax residence
Big surface Tax	Own tax	Foral	Foral
Payment of Electricity Energy Production	Art. 31 bis	State	foral location of site
Chapter 2 (Indirect Taxes)			
VAT	Art. 32	Acordance with State	cases cited in art. 33
Alcohol and similar drinks	Art. 35	Acordance with State	Foral
Beer	Art. 35	Acordance with State	Foral
Tabacco	Art. 35	Acordance with State	Foral
Hydrocarbons	Art. 35	Acordance with State	Foral
Electricity	Art. 35	Acordance with State	Foral
Intermediate products	Art. 35	Acordance with State	Foral
Transport (matriculation)	Art. 35	Acordance with State	Foral
Insurance Premium	Art. 37	Acordance with State	cases cited in art. 38
Legally Documented Acts	Art. 38 C)	Foral	cases cited in art. 38
Game Activities	Art. 40	State/Foral	volume
Fluorate Gases	Art. 36	Acordance with State	foral location of site
Property Transfers	Art. 38 B)	Foral	
Minor Sale of Hydrocarbons	Abolished		
Chapter 3 (Fees & Public Prices)	Art. 41	Foral	Foral
Fees and others			
Recharges, Sanctions, Delays			

Source: Own Made, Data: Ley 28/1990

The **connection points (CP)** recall the criteria of whether the tax is levied in Navarre or in another community. Each tribute specifies its connection point. Nevertheless, the most important CP is the *fiscal residence* of the economic agent which is regulated in *article 8, Ley 28/1990*.

An important component of this system is the **aportación** or **cupo** (*Título II, Ley 28/1990*). *Article 52 Ley 28/1990* defines the **aportación** as an annual contribution of the Foral Community to the State's general burden financing.

For a five-year period, both levels of governments agree the amount to be transferred in the year base. For the remaining years, an actualization indicator is applied (*art. 59, Ley 28/1990*). The procedure is agreed by the Coordination Commission (*art. 67, Ley 28/1990*). The actual five-year period is 2015-2019, and was agreed the 27th of December, 2017 (*Acta N°1/2017*).

The financing of the years 2016-2019 are the result of an actualization concerning the first year of period (2015). So, in order to come up with the 2016 year's financing, first of all, it is necessary to obtain the year base (2015) financing results.

Procedure for the year base (2015):

Table (2)

Contribution Base Year For 2015-2019	2015 Thousands €
State's Expenses Budget	282.917.609,00 €
- Assumed Burden*	70.658.715,50 €
Not Assumed Burden	212.258.893,50 €
* Imputation Index	1,6%
= Full Contribution	3.396.142,30 €
- compensations	2.886.071,90 €
Non-Agreed tributes	59.135,40 €
Non fiscal income	402.658,75 €
Deficit	2.264.023,07 €
Work and Capital Retentions (direct taxes)	160.254,68 €
= Final Contribution	510.070,40 €

* 3.421.273,14€ of the regional police expenses are included

Resource: Own made, Data: Acta N°1/2017

The contribution is determined by applying an *imputation index*. Firstly, to the total of the State's *responsibilities not assumed by the community*. Secondly, to various *compensations*.

The **imputation index** (*art. 57 Ley 28/1990*) is the percentage in which Navarre contributes to the sustainability of the State's general burden. In other words, it is the rate that represents Navarre's participation in the State's income to cover expenses which the Government offers to all the communities. The index is agreed between both governments. The population (1.36%) and the relative income (1.69%) of Navarre are taken into account for its computation. For this period, and since 1990, the ratio has been 1.6% (*Dominguez M., 2018*). We have to take into account that when this number was computed, autonomous communities which do not levy the VAT (Canarias, Ceuta and Melilla) were included (*Gabari Daniel, 2019*).

The **State burden not assumed by the Foral Community** are considered to be those competences that Navarre does not exert (*art. 54, Ley 28/1990*). It is determined by the difference between the total of the General Expense Budget of the State and the integrate amount of the credits assumed by the Foral Community. In other words, they belong to expenses made exclusively by the State in all the Spanish region.

The Central Government has exclusive competences on matters concerning:

- Interterritorial compensation funds.

- Transfers made to public organizations to cover the achievements of the competences not assumed by the Foral Community.
- Interests and amortization instalments of all the State's debts.

To the amount resulted from the integrate contribution, *four* deductions should be made. These deductions are **compensations** on the benefit of Navarre (*art. 56, Ley 28/1990*):

1. For taxes not agreed on between both administrations
2. For other income not agreed on between both administrations
3. For capital and work retentions of direct taxes to be taxed in other jurisdictions.
4. For the nonfinancial deficit of the Estate's General Funds

The three first compensations are financial adjustments corresponding to administrative reasons. Why part of the deficit should be deducted is harder to understand. The deficit is deducted from the contribution because, the *aportacion* includes the Interests and amortization instalments of all the State's debts. Otherwise, Navarre would be paying double to the State for goods and services financed by debt. As a summary, the compensations are established by funds that Navarre does not collect and others financed by the General Estate's Funding's (over which, the Foral Community does not participate). The deductions are calculated at the beginning of the five-year period. For the remaining years the handout is realized with the *actualization index* (Cabasés, 2018).

In order to come up with the real need of Navarre in these materials the imputation index (1.6%) is applied to them. Table 3 regards the amounts deducted in the year base (2015) of this period. The amounts are given in thousands of euros.

Table (3)

59.135,40 €	Non-agreed tax i*ITNC	Non-agreed other funds i*OINC	402.658,75 €
2.264.023,07 €	Deficit i*DP	Work and capital retentions IDC	160.254,68 €

Source: Own made Data: navarra.es

Source: Own made, Data: Acta N°1/2017

The **final contribution** is the amount carried out after the abstractions are made (*art. 58, Ley 28/1990*). This amount will be part of the basis for the following years. In 2015 it resulted in 510.070.400€ (*Acta N°1/2017*).

Another factor to bear in mind is the **local police service**, called *policía foral*, which Navarre counts with. This service is offered partially by Navarre's Government and consequently, it is a competence of the Foral Community. This is, the Central Government does not take care over this subject. The amount estimated for it (in 2015) for the current period was 3.421.273.14€, and it is included in the assumed burden row (*Acta N°1/2017*). If Navarre's foral police was treated as the Mossos d'Esquadra (police in Catalunya), its expense would be taken off from the *aportación* and added as an extra expense of the community in the global sufficiency fund (*Ley 22/2009, art. 21*).

The (*28/1990, disposición adicional sexta*) establishes a procedure to calculate the amount concerning the Foral police each year. First, an estimated module is agreed (by both administrations) for the five-year period 2015-2019 which currently amounts to 50.873.950€ each year (*Acta N°1/2017*). In order to know the amount expensed every year, the module is actualized (actualization index) and adjusted to the number of active police officers that year. Table 4 explains the steps to reach the amount of foral police expense in 2016.

Table (4)

Final Foral Police Worth 2016, Thousands €	
Agreed Module for police (base year)	50.873,95 €
* Actualization index 2015-2016	0,9748662
= Module to be applied in 2016	49.595,29 €
* Number of effective foral police 31-12-2016	1,066
= Police expense worth in 2016	52.868,58 €

Source: Own made; Data: *Acta N°1/2017*

Procedure for the consecutive years (2016-2019):

Table (5)

Contribution 2016, Thousands €	
Final contribution 2015	564.810,37 €
* Actualization Index	0,9748662
= 2016 Contribution (before police)	550.614,93 €
- Police estimation 2016	52.868,58 €
= Final Contribution 2016	497.746,35 €

Source: Own mad; Data: Acta N°1/2017

The computation of the amount to contribute to the State in 2016-2019, follows an actualization formula (table 5).

The **realization rate (actualization index)** results from the ratio between the final settlement obtained by the State (agreed tributes excluded the total ceded ones to the AC) in the actual year, 2016, and the collected settlement on the base year, 2015 (within the same concepts as in the actual year) (*art. 60, Ley 28/1990*). This index is used to calculate the real amount of the contribution every year. Thus, it is applied to the Foral police computation and the integrate contribution of the year analysed and it is computed every year. In 2016 the actualization index was 0.9748662 thousand of euros (*Acta N°1/2017*).

The contribution is not the only financial flow between the central and local tax agencies. Chapter III of the actual Economic Agreement talks about **adjustments** in the collection of tributes.

When the connection points do not work, in order to adjust the fiscal collection, especially in indirect taxes (*art. 65, Ley 28/1990*), but also in direct taxes (*art. 64, Ley 28/1990*), some correction mechanisms are applied.

The formula for indirect taxes is the following one and it is applied to the VAT and Special Taxes (Beer, Hydrocarbons and Alcohol and its derivatives and Intermediate Products) (*art. 65, Ley 28/1990*). The mathematical representation of the VAT adjustment is the following onw:

$$Adjustment = c*RRad + (c-d)*H$$

- **c:** Navarre's relative consumption
- **RRad:** Collection via imports
- **d:** Navarre's fiscal capacity
- **H:** Collection within the whole State in interior operations

Variables *c* and *d* change their connotations to *a* and *b* respectively when referring to special taxes.

Tabla 6 images variables *c* and *d* in each tax for which an adjustment is made in this period.

Table (6)

Indexes 2015-2019, Navarra				
	VAT	Alcohol & derivatives	Beer	Hydrocarbons
Consumption, c	1.76%	1.7%	1.7%	2,56%
Management, d	0,66%	6.03%	0.05%	2.10%
Difference, c-d	1.10%	-4,33%	1.65%	0.46%

Source: Own made; Data: Acta n°1/2017

The Coordination Commission established a variation range where these percentages could move. The reasoning was to avoid a high amount of adjustments if an increasing variation of these taxes were to take place in the actualization period of the Economic Agreement. The management percentage (d) that can be observed in the table, reflects the theoretical amount but it can vary in a bracket of +/-10% for the VAT, alcohol and beer and within a +/-7% in hydrocarbons. The brackets are applied to the values of 2005-2009 but have not changed (*Ley 28/1990, disposición transitoria cuarta*):

If the percentages end up being above the range, Navarre would have to pay the State. If in the contrary, it is under the range, Navarre would be able to charge for it.

Table 7 shows the adjustments made in 2015/2016 with the values of table 6. The data in the tables are given in thousands of euros.

Table (7)

CONCEPTS	2015 (b.y.)	2016
VAT	811.648,00	835.522,00
Alcohol and Intermediate Products	-38.273.102,03	-37.611.727,18
Beer	4.471.818,13	5.402.305,17
Hydrocarbons	-26.217.880,99	58.197.887,93
Tabacco	13.489.680,05	11.128.544,56
Total	744.464,00	800.536,00

Source: Own made, Data: Acta N°1/2017

The negative sign means that Navarre has collected more than the State in that specific tax and as a consequence, the foral community should give back the required amount to the State's administration.

On the other side, if it shows a positive number, the State will be the one to hand out the required amount to Navarre.

The fiscal capacity of Navarre in 2016, adjustments included, ended in 3.249.731.786,00 € (*Gobierno Navarra, Hacienda de Navarra, 2016*). If the contribution made to the State

(497.746.350,00€) is deducted, the final budget Navarre concluded in 2016 would be obtained: **2.751.985.436,00€**.

Common Regime System:

The consecutive pages will offer a detailed description on *how the common system works*. And subsequently, an analytical approach is going to be carried out whilst the concepts included in the financing of the common regime are broken down and interpreted. The mathematical resolution will be executed by applying the theoretical concepts on Navarre's 2016 general financing. Through this, it is aimed to achieve Navarre's budget in 2016 in every element of the common system.

Common System:

The Common System Financing rules over the other 15 communities and the two autonomous statute cities, Ceuta and Melilla (*Administración Gobierno de España, 2019*). The fundamental principles that regulate the relationship between the State and the autonomous communities gather in the *Ley Orgánica 8/1980, de 22 de septiembre, de Financiación de las Comunidades Autónomas (LOFCA)*.

The actual financial system (with 2007 as the base year) is ruled by the *Ley 22/2009, de 18 de diciembre*. As in its previous model (1986-2001), it still relies on three elements:

- Need of public expenditure: Fundamental and non-fundamental needs.
- Agreed taxes or ceded taxes: Tributes that the State transfers to the autonomous communities. In some cases, the AC gain normative competences, other times they have the power to collect them and other times they both rights are transferred.
- Transfers: Refer to the source of income not related to the fiscal capacity which the Government makes. They have different origins.

The three elements are mentioned and explained in more detail throughout the text.

The law (22/2009) differentiates between a *static sufficiency* and a *dynamic sufficiency*. The first one refers to how the base year's global needs are financed (*Ley 22/2009, Title I, section 1*) and the second one on how it will be computed the succeeding years (*Ley 22/2009, Title I, section 2*).

The base year (2007), or the static sufficiency, is the result of adding to the financial needs, of each Community, the amount that corresponds to the partition of the additional resources (*Ley 22/2009, art. 2*). The financial needs of this year are specified in article 3 of

the same law. In 2009 and 2010 *additional resources* were introduced in the system. At first, these were forecasted following the methodology in *articles 5, Ley 22/2009* (for 2009) and *article 6, Ley 22/2009* (2010). The estimations would be corrected with the first settlement; the one which would enable the final distribution (*Ley 22/2009, art. 10*).

Table 8 summarizes the different elements participating in the financing of the common system in the base year (2007):

Table (8):

Need of Expenditure	Financing
Actual Funding + Additional Resources	Fiscal Capacity (FC)
	Guaranty Fund Transfer (GFT)
	Global Sufficiency Fund Transfer (GSF)
	Convergence Fund Competitive + Cooperation Funds

Source: Own made; Data: Cabasés, 2018

The **need of expenditure** covers the fundamental services (education, health and social services) and non-fundamental services (others). It is composed by the *actual funding* and the *additional resources* which are funded by the different earnings the government counts with: *tax revenues* and *government transfers*. The idea of this new model (*Ley 22/2009*) is to equalize the financing of fundamental services within the State depending on the unity need of each territory. This would give the chance to every AC to enjoy the same level of living. Additionally, some of the AC may benefit from a *Convergence Fund* (competitive and/or cooperation fund).

Table 9 explains in more detail table 8.

Table 9

Need of Expenditure	Financing
Fundamental Services (FS)	75% FC
	$GFT = GF - 75\% * FC$
Non Fundamental Services (NFS)	25% FC
	$GSF = FS + NFS - FC - GT$
	Convergence Fund

Source: Own made; Data: Cabasés, 2018

The fundamental services are financed by the Guaranty Transfer Fund (made up by the 75% of the collected tributes and a transfer of the guaranty fund). The non-fundamental services on the other hand, are supported by the remaining 25% of the fiscal capacity and a transfer from the sufficiency global fund.

The global financial needs mentioned in article 2 therefore, are covered by the gross of the resources of the system, the ***Fiscal Capacity*** (*Ley 22/2009, article 8*), the ***Public Fundamental Service Guaranty Fund Transfer*** (*Ley 22/2009, article 9*) and the ***Global Sufficiency Fund*** (*Ley 22/2009, article 10*).

The next sections will include the analytical study which will first clarify the fiscal capacity and then, the three Funds.

Within the **fiscal capacity**, the *direct* and *indirect* taxes and the *fees and public prices* will be analysed. The three Funds consist on the Guaranty Fund, the Global Sufficiency Fund and the Convergence Fund which englobes the Cooperative and the Competitive Funds.

Fiscal Capacity:

As mentioned previously, Spain is a very decentralized country where the Government provides flexibility to the communities in the decision making of some matters. One of them concerns **tributes**. When the system is governed by different levels of jurisdictions, it is easier to adjust to the needs of society. This happens, because a local administration will always know better the will and want of its people than a central authority far from them. Table 10 shows the degree in which the Central Government transfers the elements from the tax regime, classified by the economic chapters I to III of the General Income Budget, to the lower administrative levels.

Table (10)

Income Budget Navarra	Autonomous Communities			
	Yield	Norm	Levy	Conexión Point
Chapter 1 (Direct Taxes)				
Personal Income Tax	50%	yes	no	Usual Residence
Corporate Tax	0%	no	no	-
Income Tax for Non-residents	50%	no	no	Usual Residence
Tax on Inheritance and Donations	100%	limitations art. 48	yes	Specified art. 32
Property Tax	100%	limitations art. 47	yes	Usual Residence
Tax on Bank Deposits	0%	no	yes	Location of central headq.
Charges on prize and lottery	0%	no	no	Usual Residence
Big surface Tax	100%	yes	yes	Own Tax
Payment of Electricity Energy Production	0%	no	no	Location of central headq.
Chapter 2 (Indirect Taxes)				
VAT	50%	no	no	Region's consumption
Alcohol and similar drinks	58%	no	no	Region's consumption
Beer	58%	no	no	Region's consumption
Tabacco	58%	no	no	Sale Index territory
Hydrocarbons	58%	limitations art. 52	no	Region's consumption
Electricity	100%	no	no	Net Consumption index
Intermediate products	58%	no	no	Region's consumption
Transport (registration)	100%	limitations art. 51	yes	Fiscal Residence
Insurance Premium	0%	no	no	Region's consumption
Legally Documented Acts	100%	limitations art. 49	yes	Specified art. 33
Game Activities	100%	limitations art. 34	yes	Volume Produced
Fluorate Gases	100%	yes	no	Region's consumption
Property Transfers	100%	limitations art. 49	yes	Specified art. 33
Minor Sale of Hydrocarbons	0%			ABOLISHED
Chapter 3 (Fees & Public Prices)	100%	yes	no	Region's consumption
Fees and others				
Recharges, Sanctions, Delays				

Source: Own made; Data: Ley 22/2009

As general principle, the ceded taxes (and all taxes in general) are ruled by the State (*Ley 22/2009, article 27*). Nevertheless, *section 2 of the same article*, dictates that the AC may have *normative competences* but always acting in accordance with what the general rules (State's) mention. The regulative limitations are mentioned in *Ley 22/2009, article 45* and *Ley 22/2009, articles 46-52* specify those limitations by taxes.

Another type of division made in taxes could be if its *liquidation is ceded* to the AC or made by the State. The AC may have the right to collect some taxes but other times the only one with this power is the central tax agency (AEAT). The taxes which are not levied by the State are, Property and Documented Judicial Acts Transmissions, Donations and Succession, Taxes over Games, Taxes over some Specific Means of Transport and Fees and Public Prices (*Ley 22/2009, art. 18.4*).

The next points are going to translate the rules of table 10 into numbers in order to prove empirically what would Navarre collect and what would the State collect in matters of tributes. It will follow the same order as table 10. Each tribute will be individually

evaluated. The concept of *ITE* is also interpreted in this rubric to better understand the computations made.

a) Direct Taxes:

Chapter I of the general income budget is related to direct taxes. Taxes which levy economic agents' income and property.

1. Personal Income Tax:

The personal income tax taxes the rents or income obtained by an individual. The equation in *Ley 22/2009, article 12* provides the quantity each AC participates with in the collection of the tax within the State.

- $ACTIRi(x) = RPCPGE(x) * IaTIRi(x/ua) * 0,98$

*State's Forecast = Budget Prevision of Personal Income Tax * Actualization Index*

It is a prevision made at the beginning of each fiscal year by the Central Authority. From this amount, the State delivers 12 payments to each community. The final liquidation will be the difference between the delivered quantity and the *autonomic tariff* regulated in *Ley 22/2009, article 26.2.a.* (ceded personal income tax debt).

50% of the personal income tax is the ceded tax debt to the AC. This is, over the 50% of each personal rent, each community can decide the tariffs to impose, deductions to be made... always bounded by the State. Over the other 50%, the CG will decide the norms to be applied. Once the Central Administration collects this tax, 50% of it will be transferred to each territory in conformity of their normative set over the 50% of the ceded part and the other 50% will be used to raise the Fund.

Navarra is granted with the whole of this tax administration and collection. In order to apply the CS in Navarre, the amount in the foral community has been reduced in a 50% (the formula adopted by the AC is more complicated). With this division, it has been assumed that the measures (discounts, tariffs...) Navarra would apply in a CS regime, would be the same ones it applies now.

Due to a lack of data and time, it has been assumed that the autonomous tariff will be the 50% of what Navarre collected that year.

- Collection Navarre 2016: 1.178.887.994,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 50% for Navarre: 589.443.997,00€
- 50% for the State: 589.443.997,00€

2. Inheritance and Donation Tax:

This tribute taxes the increasing amount of property resulted from lucrative motivation addressed by individuals (*Ley 29/1987, article 1*).

This tax is completely granted, both, in collection and normative to the autonomous communities. In normative competences though, there are limitations which are explained in *Ley 22/2009, article 48*. The economic outcome is achieved as:

- $ID_t = ID_{2007} * (ITE_t / ITE_{2007})$, $t=2016$ in our case.

*Collected in 2016 = Collected in the year base (2007) * Evolution index*

As in the other communities, the amount will be a direct resource for Navarre.

We assume that the amount Navarre collected in 2016 will be the same as if the CS formula had been applied:

- Collection Navarre 2016: 46.317.127,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 46.317.127,00€
- 0% for the State: 0€

3. Corporate Tax:

The corporate tax is applied to corporate bodies' income. In the common region, this tax is fully ruled and collected by the State in *Ley 27/2014, article 1*.

The two formal systems control this tribute. Navarre rules this tax in the *Ley Foral 26/2016, de 28 de diciembre* and the Basque country also has its own law. In the CS the Central Government is the one who rules and collects this tax. Then, it distributes it to the communities. Therefore, the amount collected by Navarre should be handed to the State.

- Collection Navarre 2016: 216.198.194,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 0% for Navarre: 0€
- 100% for the State: 216.198.194,00€

4. Property Tax:

Like in Donations, the property tax is also fully granted to the communities concerning its collection. In the normative aspects, the limitations are introduced in *Ley 22/2009, article 47*.

The amount collected by Navarre will remain in its arches.

We assume that the amount Navarre collected in 2016 will be the same as if we had applied the CS formula:

- Collection Navarre 2016: 30.763.285,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 30.763.285,00€
- 0% for the State: 0€

5. Tax on Bank Deposits:

The norms are set by the State (*Ley 16/2012, art. 19.2*). Navarre sets its law in accordance to the State but collects the tax. In the CS the AEAT is in charge of collecting it and distributes it to the AC subject to the location of the central headquarter of the Bank (*Ley 16/2012, art. 19.14*). The tribute is not ceded and therefore, when the common system is applied to Navarre, the amount will be included in the Spanish Tax Agency budget and will be distributed to Navarre. It is assumed that the amount transferred to Navarre will be the amount collected.

- Collection Navarre 2016: 3.116.201,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 3.116.201,00€
- 0% for the State: 0€

6. Changes in Prize and Lottery:

It is ruled by the State and it is included as part of a gain in personal income (*Ley 35/2006, disposición adicional trigésima tercera*). In this case, the percentage applied is a fix rate and it is exercised automatically. In general, the Central Government collects it but as this tax is computed immediately and is part of the individual's rent, Navarre is in charge of collecting it. If the common regime is applied, the AEAT will collect and distribute the tax regarding the usual residence of the individual. It is assumed that the amount transferred to Navarre will be the amount collected.

- Collection Navarre 2016: 4.982.078,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 4.982.078,00€
- 0% for the State: 0€

7. Payment of Electricity Production:

This tax follows a similar criterion as the bank deposits tax. Whether is the AEAT or the Foral Tax Agency who collects it, it will depend on where the central facility is settled. The relationship of this tribute between both administration is ruled in *Ley 28/1990, art. 31 bis*. If Navarre is to be included in the CS, it will be assumed that the amount distributed to Navarre would be the amount collected.

- Collection Navarre 2016: 21.812.207,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 21.812.207,00€
- 0% for the State: 0€

8. Big Surfaces:

It is a tax ceded to the communities so the revenue will be a direct income for each region.

- Collection Navarre 2016: 3.084.762,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 3.084.762,00€

- 0% for the State: 0€

b) Indirect taxes:

Chapter II of the General Income Budget fields the indirect taxes. They tribute the use of wealth, the consumption of goods and services.

1. Value Added Tax (VAT):

Each community participates annually in the collection of the tax following the formula below (*Ley 22/2009, art. 13*):

- $AC_{IVA_i}(x) = 50\% * RP_{IVA}(x) * ICVP_i(x) * 0,98$

*Advanced delivered quantity = 50% of the forecasted collection in 2016 * provisional consumption index * actualization index*

The equation gives a provision which will be delivered in 12 payments. The final liquidation will be the difference between the contributed amount and the amount resulted from the expression in *Ley 22/2009, art. 8.e*.

The amount resulted in this last article is the VAT collected in the year base (2007). Computation of the ceded 50% value of the VAT in the base year (2007).

To simplify the calculation, the 50% over the VAT has been applied in 2016 as if the proper formula had been applied. Note that the amount that comes up in the adjustments made in the VAT has also been added (835.522.125,00€).

- Collection Navarre 2016: $380.121.273,00€ + 835.522.128,00 = 1.215.643.401,00€$
(*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 50% for Navarre: $190.060.636,50€ + 417.761.064,00€ = 607.821.700,50€$
- 50% for the State: $190.060.636,50€ + 417.761.064,00€ = 607.821.700,50€$

2. Special indirect taxes (SIT) are gathered in various groups (*Ley 38/1992, art. 2*)

2.1. SIT subject to manufacturing:

- Beer
- Intermediate products
- Alcohol and its derived drinks

- Hydrocarbons
- Tabacco:

These six taxes' computations are very similar to the one related to the VAT. The criteria used to distribute the non-ceded part is pointed out in table 10. Therefore, only the amounts will be expressed.

2.1.1. Beer: (*Ley 22/2009, articles 8f and 14*)

- Collection Navarre 2016: 204.718,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 58% for Navarre: 118.736,44€
- 42% for the State: 85.981,56€

2.1.2. Alcohol and its derived drinks & Intermediate products: (*Ley 22/2009, articles 8b and 15*)

- Collection Navarre 2016: 53.756.813,00€ + 113.102,00 = 53.869.915,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 58% for Navarre: 31.178.951,54€ + 65.599,16€ = €
- 42% for the State: 22.577.861,46€ + 47.502,84€ = 22.625.364,3€

2.1.3. Hydrocarbons (*Ley 22/2009, article 16*):

Delivered part: $AC_{IEH_i}(x) = [58\% * RP_{IEH_1}(x) + 100\% * R_{PIEH_2}(x)] * ICHP_i(x) * 0,98$

Final ceded value for the year: $IEH_1(x) = [IEH_1(x)*58\% + IEH_2(x)*100\%] * ICH_1(x)$

- Collection Navarre 2016: 239.724.863,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 58% for Navarre: 139.040.420,54€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)
- 42% for the State: 100.684.442,46€

2.1.4. Tabacco (*Ley 22/2009, articles 8j and 17*)

- Collection Navarre 2016: 138.823.403,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 58% for Navarre: 80.517.573,74€
- 42% for the State: 58.305.829,26€

Likewise the VAT, the adjustments made in the foral system have to be added to these amounts. As the amount of *adjustment of the SIT subject to manufacture* obtained in table 11 in Navarre's column (*Gobierno de Navarra, Hacienda de Navarra, 2016*) includes all the SIT subject to manufacture (and are not broken down individually), this amount will be added to the sum of all of them.

- Collection Navarre 2016: -34.986.527,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 58% for Navarre: -20.292.185,66€
- 42% for the State: -14.694.341,34€

The final quantity of SIT subject to manufacturing would be:

- Collection Navarre 2016: 432.622.899,00€ + (-34.986.527,00€) = 397.636.372.00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 58% for Navarre: 230.629.095,80€
- 42% for the State: 167.007.276,24€

Other indirect taxes are Electricity and Specific types of transport. These two tributes' complete collection is handed to the AC even though the CG is the one who rules it and collects it. The formulas applied are the same ones to the SIT subject to manufacturing.

2.2. SIT subject to electricity production: (*Ley 22/2009, art. 8k and 18*)

- Collection Navarre 2016: 21.421.890,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 21.421.890,00€
- 0% for the State: 0€

2.3. SIT subject to determine means of transport (vehicle registration):

- Collection Navarre 2016: 5.096.371,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 5.096.371,00€
- 0% for the State: 0€

3. Game activity taxes:

The taxes involved are divided into two groups; onsite games (Bingo so as to say) and online games. The first case is completely yield to the AC and its collection criteria depends on the volume produced (played) in the community. The online-game is ruled by the State norms and it is collected by it. In the AC the tax is ceded to them in the amount produced in the territory (*Ley 13/2011, art. 48*). We assume that Navarre's collection in 2016 is the amount produced there and so, Navarre will keep this amount.

- Collection Navarre 2016: 1.587.258,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 1.587.258,00€
- 0% for the State: 0€

4. TPAJD:

Ley 22/2009, art. 19.4.I, explains how the AC calculate the amount of this tax for each community:

- Year 2009: 85% of the collection in homogenous values
- Consecutive years: 2009 * Variations of the returns of personal tax, SIT and VAT (2009-2016)

As in the AC the tax is ceded to them in the amount produced in the territory (**article 33**), we assume that Navarre's collection in 2016 is the amount produced there and so, Navarre will keep this amount.

- Collection Navarre 2016: 11.985.096,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 11.985.096,00€
- 0% for the State: 0€

c) Fees and Public Prices (*Ley 8/1989*):

Fees and public prices are not the same. Fees are blinded tributes whereas public prices are voluntary but both are part of chapter III of the General Income Budget. Despite the difference, both of them are imposed in the quantity of society need and their consumption prices cannot be higher than the cost of the good or service offered. Each AC has complete decision making over them. Thus, if they decide to offer the service and make people pay for it, they will also earn the income obtained by it. Each AC collects this income and remains in the AC as a direct resource for them.

- Collection Navarre 2016: 29.008.009,00€ (*Gobierno de Navarra, Hacienda de Navarra, 2016*)

In the CS this would end up like:

- 100% for Navarre: 29.008.009,00€
- 0% for the State: 0€

Table 11 summarizes all the computations made within the fiscal capacity if we apply the common system to Navarre.

Table: (11)

Income Budget Navarra, 2016	Foral	Common System		
	Amounts 2016	Competence	For Navarre	Moves to the State
Chapter 1 (Direct Taxes)				
Personal Income Tax	1.178.887.994,00	50%	589.443.997,00	589.443.997,00
Corporate Tax	216.198.194,00	0%	0,00	216.198.194,00
Income Tax for Non-residents	6.394.815,00	50%	3.197.407,50	3.197.407,50
Tax on Inheritance and Donations	46.317.127,00	100%	46.317.127,00	0,00
Property Tax	30.763.285,00	100%	30.763.285,00	0,00
Tax on Bank Deposits	3.116.201,00	100%	3.116.201,00	0,00
Charges on prize and lottery	4.982.078,00	100%	4.982.078,00	0,00
Charges on Corporate Assests	25.478,00	0%	0,00	25.478,00
Big surface Tax	3.084.762,00	100%	3.084.762,00	0,00
Payment of Electricity Energy Production	21.812.207,00	100%	21.812.207,00	0,00
Total chapter 1	1.511.582.141,00		702.717.064,50	808.865.076,50
Chapter 2 (Indirect Taxes)				
VAT	380.121.273,00	50%	190.060.636,50	190.060.636,50
Adjustments VAT	835.522.128,00	50%	417.761.064,00	417.761.064,00
Total VAT	1.215.643.401,00		607.821.700,50	607.821.700,50
Alcohol and similar drinks	53.756.813,00	58%	31.178.951,54	22.577.861,46
Beer	204.718,00	58%	118.736,44	85.981,56
Tabacco	138.823.403,00	58%	80.517.573,74	58.305.829,26
Hydrocarbons	239.724.863,00	58%	139.040.420,54	100.684.442,46
Intermediate products	113.102,00	58%	65.599,16	47.502,84
Adjustments Special Taxes	-34.986.527,00	58%	-20.292.185,66	-14.694.341,34
Electricity	21.421.890,00	100%	21.421.890,00	0,00
Specif means of transport	5.096.371,00	100%	5.096.371,00	0,00
Total Special Taxes	424.154.633,00		257.147.356,76	167.007.276,24
Insurance Premium	20.257.983,00	0%	0,00	20.257.983,00
Legally Documented Acts	11.985.096,00	100%	11.985.096,00	0,00
Game Activities	1.587.258,00	100%	1.587.258,00	0,00
Fluorate Gases	927.874,00	100%	927.874,00	0,00
Property Transfers	40.122.855,00	100%	40.122.855,00	0,00
Minor Sale of Hydrocarbons	-5.537.464,00	100%	-5.537.464,00	0,00
Total Chapter 2	1.709.141.636,00		914.054.676,26	795.086.959,74
Chapter 3 (Fees & Public Prices)				
Fees and others	10.051.479,00	100%	10.051.479,00	0,00
Recharges, Sanctions, Delays	18.956.530,00	100%	18.956.530,00	0,00
Total Chapter 3	29.008.009,00		29.008.009,00	0,00
TOTAL	3.249.731.786,00		1.645.779.749,76	1.603.952.036,24

Source: Own Elaboration, Data: Gobierno de Navarra (Hacienda de Navarra, 2016), Ley 22/2009

ITE (Ingresos Tributario del Estado): Ley 22/2009, art 20.2

The ITE, mentioned several times, reflects the State's income derived by its fiscal capacity. Therefore, it is composed by the collection of the State, excluded the personal income tax, the VAT and the special indirect taxes subject to manufacturing.

The evolution index (IE) or variation of the ITE is defined in Ley 2/2004, art. 121 as the development of the tributes which constitute the State's income between the year analysed (2016) and the year base (2007).

$$IE_{t/2007} = ITE_t / ITE_{2007}$$

The Finance Ministry calculates this index. For the year 2016, these were the results:

- ITE_{2007} : 75.827.959,16
- ITE_{2016} : 76.631.157,56
- $IE_{2016/2007}$: 1,0106

Funds:

The coming segment deals with the different funds englobing the common system. How the *Guaranty Fund Transfer*, the *Global Sufficiency Fund* and the *Convergence Fund (cooperative and competitive funds)* are attained will be resolved here. The section concerning the guaranty fund will include what are, and how the adjusted population and the contribution of the State are accomplished.

1. Guaranty Fund Transfer: (*Ley 22/2009 article 9 and 19*)

This Fund expenses the fundamental expenditures. It is financed by the 75% of each communities' fiscal capacity plus an additional **contribution from the State**. Its aim is to ensure that every community counts with an equivalent financing for the public fundamental services. It is actualized every year.

75% of the resources subject to liquidity + 75% of those not subject to liquidity + the State's Contribution (from the additional resources)

Not all taxes are taken into account to complete the fund:

From the ones subject to liquidity they can be found:

- Personal income tax
- VAT
- Special taxes

Within the non-subject to liquidity:

- Legally documented acts
- Tax inheritance and donations
- Tax over games
- SIT subject to specific means of transport

Navarra would contribute with the following amount:

- $75\% * 1.467.583.916,34\text{€} = 1.100.687,94\text{€}$

- Total fiscal capacity (without Navarre): 72.958.039,36€ (*Ministry of Finance, 2016*)
- Total fiscal capacity (with Navarre): 74.058.727,30€

State's contribution to the fund: (*Ley 22/2009, article 19.6.*)

To get the 100% of the Fund, the State contributes with an additional income. In the year base (2007) the State's contribution was calculated by a provisional contribution and the additional resources which are explained in *Ley 22/2009, art. 5 y 6*. For the next periods that value is actualized with the IE:

*Año base (2007) * ITE(2016)/ITE(2007)*

- The Ministry of Finance also calculates this amount. In 2016 it amounted to: 8.140.383,00€ ($8.055.000,00€ * 1,0106$) (*Ministry of Finance, 2016*)

To know how much more the State should contribute if Navarre was to be included, the real contribution (8.140.383,00€) has been adjusted. The adjustment has been done with the adjusted population of Navarre. The computation steps are gathered in table 1A (Annex).

- Final State Contribution to the Fund (with Navarre): 8.258.744.169€

The final global fund this year summed:

- Fund in 2016 (without Navarre) amounted to: 81.098.422,36€ (*Ministry of Finance, 2016*)
- If Navarra was included, the amount would increase up to: 82.317.471,46€

The contribution of Navarre to the fund equals to 1.179.742,58€. It has been resulted by multiplying the relative adjusted population of Navarre to the final global guaranty fund.

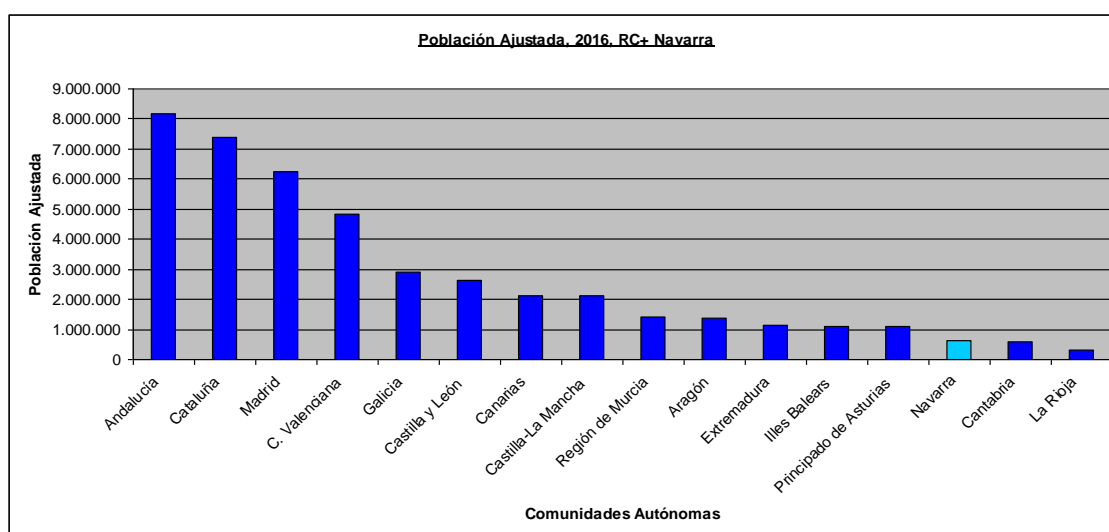
The guaranty fund is distributed (transferred) among the participant regions based on their needs. To adjust the needs of each region, a population based formula, is calculated with what it is known as the **adjusted population** (*población ajustada*). This would achieve the objective of the Fund. Note that it has also been used to compute the Foral Community's participation within the Fund.

The computation of this index is explained in *Ley 22/2009, art 9.b*. The factors taken into account are *seven*, each with its own weight:

- Population: The data is taken out from the Padron of each community which is published in the INE (Instituto Nacional de Estadística). The variable has a weight of 30% in the calculation.
- Surface: Measured in km² its data is also offered by the INE. The weight of this variable is 1.8%.
- Dispersion: The proportion of singular entities, population centres of each community. Also announced by the INE. Weights 0.6%
- Insularity: The distance (in km) to the coast of the island cities. The data is passed by the Ministry of Development or competent department. Like the dispersion, it also weights 0.6%.
- Protected population: It is divided in seven groups regarding the age and weight 38%.
 - Each age has its own importance: 1.031 for those between 0-4 years old, 0.433 for those between 5-14 years old; 0.457 for those between 15-44 years old; 0.904 for those between 45-54 years old; 1.292 for those between 55-64 years old; 2.175 for those between 65-74 years old and 2.759 for those over 75 years old.
- Population over 65 years old: this information is also elaborated by the INE in the *padrón* of each community and has a value of 8.5% in the computation
- Population between 0-16 years old: The value is also extracted from the *padrón* of each community in the INE and has a value of 20.5%.

Graph 1 shows the adjusted population computed by the Ministry of Finance for the CS communities in 2016. Another column has been added with the hypothetical value of Navarre's adjusted population if it were to be computed.

Graph (1)



Source: Own made, Data: Ministry of Finance (2016), (na)stat and INE

The adjusted population of Navarre is 1.454%. If we leave this amount, when we sum the adjusted populations of all the communities the sum results in 101.454% and not in 100%. As a consequence, the adjusted populations have been readjusted in order to reach a sum of 100%. The final adjusted population value comes up to be 1.433%. (Computation in Annex, table 2A)

The guaranty transfer's goal is to provide the sufficiency and balance of this part of the model. It can have an either positive or negative balance. If we recall table 9, it can be remembered the guaranty transfer mathematical expression; $GT = PGF 75\% * ATR$.

At the beginning of every exercise, the Government will send a provisional transfer of this Fund to the autonomous community with the same computation as above. Note it will just be a forecast. The definitive liquidation will be determined by the difference between the prevision of the transfer and the payments realized. The quantity resulted will be transferred in the form of payments or income through non-budgeted operations by the State. This has not been calculated in this work.

The guaranty transfer to Navarre in the year 2016 would equal to: 79.054.640,75€ (Annex, table 3A)

2. Global Sufficiency Fund:

Ruled in *Ley 22/2009, art 10 and 20*, the Global Sufficiency Fund is the result of the difference (positive or negative) between the global financial needs in the year base (2007) and the sum of the 25% fiscal capacity plus (or minus) the guaranty transfer (*Ley 22/2009*,

art 10). This was first calculated for the year base (2007). The following years have been actualized by applying the variation of the ITE in 2007 and the year to be analysed (2016 in our case) (*Ley 22/2009, art. 20*).

Besides having to calculate the fiscal capacity of the current exercise and the variation of the ITE, the determination of this Fund for Navarre would require the computation of the financing needs of the year base (2007). In order to achieve a consistent value of this last data, several hypotheses would have to be considered. and even still, it would not give a reliable value. For this reason, it has been considered Navarre not to participate in the contribution of this fund.

Nonetheless, it is considered a possible revision of the Fund when new services (in relation to the year base, 2007) are taken by the autonomous community as additional expenses. If Navarre becomes a Common Regime community, it would have to consider the following services as additional expenses (expenses other communities do not have):

- Local police:
- Prevision system of state employees (Montepío)
- Economic development
- Economic Agreement (discounted local police)
- Transfers to local town halls
- Social rights department
- Health assistance
- Others

The sum of this revision (*914.116.873€*) is included in the sufficiency fund. Its effects will be observed in the subsequent exercise (*Ley 22/2009, art. 21*). Tables 4A and 5A in the annex give a detailed explanation of the how these amounts have been achieved.

- Final Sufficiency Fund (without Navarre): *1.038.284.670€ (Ministry of Finance, 2016)*
- Final Sufficiency Fund (with Navarre): *1.952.401.540€ (own computed)*

3. Convergence Fund:

The objective of this Fund is to favour equality and approximate the funding of the common regime by inhabitant. This enables an economic territorial equilibrium among the

communities (*Ley 22/2009, art. 22*). There exist two convergence funds; Competitive fund (*Ley 22/2009, art. 23*) and Cooperation Fund (*Ley 22/2009, art. 24*)

3.1. Competitive Fund (*Ley 22/2009, art. 23*):

It is distributed annually among those communities (within the CS) whose fiscal capacity is beneath the average in accordance with the adjusted population.

It is composed by additional resources of the State. It was first computed for the year 2009 and from then onwards, it has been annually actualized with the ITE variation. The article explains in more detail its conditions.

In this paper it has been considered not give any value to this fund. It has been assumed that this fund will compensate the sufficiency fund. As it has been assumed that Navarre does not participate in the sufficiency fund, it will neither participate in the competitive fund.

- Competitive Fund: 0€

3.2. Cooperation Fund (*Ley 22/2009, art. 24*):

Its purpose is to balance and harmonize the regional development through the stimulation of wealth and achieve the convergence of territorial income. It is set up by two sub funds:

One of them, composed by two thirds of the Fund, is distributed attending the relative population in relation to the total and it is weighted by the distance of GDP per capita of each community to the average of all of them. The condition to fulfil in order to receive this fund is to have the last three years' average GDP per capita of the region is below to the 90% of the average of the region (Computations table 5A in the annex).

- Condition to fill (without Navarre): 20.497,06€ (*Ministry of Finance, 2016*)
- Condition to fill (with Navarre): 20.575,45€ (*Own computation*)
- Navarre: 28.771,06€ (*Own computation*)

Navarre does not accomplish the condition ($28.771,06€ > 20.575,45€$) and therefore, would not receive any value. Note that if Navarre is included, no new community falls under the condition.

The second sub fund equals to the remaining one third of the Fund and it is given to those communities whose population density is inferior to 50% of the average of the AC (Table 6A in the annex).

- Condition to fill (without Navarre): *44.6 density (Ministry of Finance, 2016)*
- Condition to fill (with Navarre): *44.31 density (Own computation)*
- Navarre: *61.65 density (Own computation)*

Navarre does not accomplish the condition ($61.65 > 44.31$) and therefore, would not receive any value. Note that if Navarre is included, no new community falls under the condition.

This are the main requirements but further ones are specified in the article.

As Navarre does not fulfil the requirements mentioned, it would not receive this grant if it was included in the CS.

- Cooperation Fund: *0€*

Summarizing, Navarre would not benefit from the convergence fund:

- Convergence Fund: *0€*

The later bullet points sum up the amounts obtained for Navarre within the common regime:

- Fiscal capacity for Navarre: *1.645.779.749,76€*
- Guaranty transfer: *79.054.640,75€*
- Sufficiency transfer: *914.116.873,00€*
- Convergence fund: *0€*
 - Competitive fund: *0€*
 - Cooperative fund: *0€*

Finally, if the numbers are summed, Navarre's final budget within the common system would be equal *2.638.951.263,51€*.

4. COMPARATIVE:

Until now, both systems have been figured separately. To complete the research, a comparison between both of them is going to be performed. The objective is to see whether Navarre gains more income within the foral system (compared to what it would achieve in the common regime) and therefore, if it stands up in a more advantageous position than the rest of the communities.

All the computations made along this paper are put together in table 12.

Table 12:

Navarre's Income 2016			
Foral System (€)		Common System (€)	
Concepts	Amount (€)	Concepts	Amount (€)
Fiscal Capacity	3.249.731.786,00	Fiscal Capacity	1.645.779.749,76
Contribution	497.746.350,00	Guaranty Transfer	79.054.640,75
		Sufficiency Transfer	914.116.873,00
		Cooperation Fund	0,00
		Competitive Fund	0,00
TOTAL	2.751.985.436,00	TOTAL	2.638.951.263,51

Source: Own made

This table compares the income Navarre would gain in each system. On the left side, the current system the foral community of Navarre uses is computed and on the right side, the common system is applied in the hypothetical case that Navarre used it.

Recalling the *foral system*, the final income Navarre counts with, the fiscal capacity is minused by the *aportación* (contribution) it makes to the State for the burden that it does not cover. Thus, in 2016, Navarre's income summed up **2.751.985.463,00€**.

A community in the common regime gets its income through its fiscal capacity but also through transfers the Central Government sends. Thus, Navarre with its fiscal capacity would collect 1.645.779.749,00€. As the community also contributes in the *General Guaranty Fund*, they also get a portion of it (by an adjusted population). So, the quantity obtained by this fund ends up summing 79.054.640,00€ more to the budget. Even though it has been assumed that Navarre would not contribute to the *Global Sufficiency Fund*, 914.116.873,00€ should be added because Navarre has additional expenses other communities do not and thus, they have to be covered. Lastly, there is no supplement coming from the *Convergence Fund*. On the one hand, because it has been assumed that it does not participate in the competitive fund and on the other hand, because it does not accomplish the conditions to benefit from the cooperation fund. As a conclusion, from all these interventions, if the common system was applied in Navarre, this one would end up with a budget of **2.638.951.264,51€**.

The difference between both system is not very large (*113.034.172,51€*) and thus, it implies that the foral regime of Navarre is not that beneficial as it was thought at the beginning.

The following final paragraphs illustrate the restrictions this study has had, either because of lack of information, time, or because the computations required higher level of requirements that could not be fulfilled successfully:

- It has not been taken into account Navarre's *fiscal pressure* in respect to the standard basis of the State's collection. This has not been considered not in the personal income tax, not in the VAT calculation either.
- The assumption of given a 0,00€ value to the *global sufficiency fund* does not provide us with its real value. First, Navarre's participation in the fund in 2007 should have been calculated in order to gain the final amount collected that year. Once the year base had been computed, the IE2016/2007 should have been applied to achieve the real final amount of the fund in the year 2016.
- The second hypothesis was to consider that the *competitive fund* and the GSF compensated each other and thus, as the GSF equalled 0,00€, the competitive fund would also equal 0,00€. In this case, the real participation of Navarre in the fund should have been calculated.
- Lastly, the adjustment made to the *adjusted population* should be revised. An average has been calculated in order to have 100% in the sum of all the adjusted populations. If an analysis in terms of per capita was done, then, it would have been able to test whether or not the unitary financing results differ from the average of the rest of the common system's communities. It would have been able to see the real weight Navarre has within the peninsula.
- Even if after the computation the result floats within the range of the rest of the communities, the final amount is pushed up by various reasons. First, because the compensations made to Navarre by the local participation in the autonomous tributes have to be added. Second, the contribution to the State which in this case is deducted. And third, because there are services Navarre provides and which are not taken as a burden in other communities. Related to these last services, there can be found the provision system for the public administration workers within the foral community (which in the common regime are directed through the Social Security Regime), the metropolitan public transport or the local dependency financing system...

5. CONCLUSIONS:

As a final conclusion it should be said that the results obtained in this paper, are an approximation of what it would have been for Navarre if the common system was to be applied. More insight and further considerations must be made if a reliable outcome wants to be achieved.

Nevertheless, it should be notable the characteristics of the *economic agreement system*. The foral community counts with higher financial power and the capacity to deliver its resources within its autonomic and local administrations. This represents a wide variety of advantages in the territorial policy designs. If Navarre is able to manage this system without diminishing the quality of the financing of rest of the communities, then, it could persist without generating tensions in the moment of revising the financing model.

Moreover, it should be highlighted that the adjusted population of Navarre is higher than the number of its inhabitants implying a higher degree of per capita financing need. The foral model does not take into account this equity factor, but the contribution made to the State, that as contrary to the adjusted population, considers the wealth of Navarre for its computation.

Thus, a leading conclusion is that, with the information enabled and the considered limitations, the solution obtained doesn't make Navarre's system as advantageous as it is tough to be.

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7. ANNEX:

Table 1A:

1.9.3.- Cálculo del Fondo de Garantía de Servicios Públicos Fundamentales del año 2016			
1.9.3.4.- Fondo de Garantía de Servicios Públicos Fundamentales del año 2016			
Miles de euros			
Comunidad Autónoma	Recursos tributarios no sujetos a liquidación en términos normativos 2016	Recursos tributarios sujetos a liquidación en términos normativos 2016	75% de los Recursos tributarios 2016
	(1)=(6) Cuadro 1.9.3.2	(2)=(4) Cuadro 1.9.3.3	(3)=75%[(1)+(2)]
Cataluña	3.012.312,77	17.021.473,69	15.025.339,85
Galicia	775.172,79	4.692.800,88	4.100.980,25
Andalucía	2.513.588,92	12.002.052,85	10.886.731,33
Principado de Asturias	370.986,52	1.999.383,96	1.777.777,86
Cantabria	293.787,99	1.129.138,29	1.067.194,71
La Rioja	116.742,65	617.860,64	550.952,47
Región de Murcia	436.146,95	2.242.334,52	2.008.861,10
C. Valenciana	2.053.487,27	8.496.448,67	7.912.451,95
Aragón	581.418,32	2.689.491,82	2.453.182,61
Castilla-La Mancha	612.084,90	3.177.950,23	2.842.526,35
Canarias	555.340,55	1.361.403,78	1.437.558,24
Extremadura	264.625,70	1.508.295,88	1.329.691,18
Illes Balears	491.654,45	2.614.852,43	2.329.880,16
Madrid	2.829.097,77	17.406.854,84	15.176.964,46
Castilla y León	814.840,35	4.595.755,43	4.057.946,83
Total	15.721.287,90	81.556.097,91	72.958.039,36
NAVARRA			1.100.687,94
TOTAL (C/Nav.)			74.058.727,30
Aportación provisional del Estado del Art. 9.a) en el año base (A)			5.655.000,00
Recursos adicionales previstos en el art. 6 (B)			2.400.000,00
Importe de la aportación definitiva del Estado en el año base (C)=(A)+(B)			8.055.000,00
Variación ITE 2007/2016 (D)			1,0106
Importe de la aportación definitiva del Estado 2016 (E) =(C)*(D)			8.140.383,00
(G) Final Contribution of State 2016 (with Navarre) = (E)*1,433 (Navarre's relative adjusted population)			8.258.744,169
Estimación del incremento de aportación por la inclusión de Navarra			
FONDO DE GARANTÍA DE SERVICIOS PÚBLICOS FUNDAMENTALES (F)=Total(3)+(D)			82.317.471,46
* Incluir el 75% de los recursos tributarios correspondientes a Navarra en 2016			
** Incluir el cálculo del incremento correspondiente a Navarra en proporción a la población ajustada			

Source: Finance Ministry, 2016

Table 2A:

Liquidación de la Transferencia del Fondo de Garantía de Servicios Públicos Fundamentales del año 2016
Cálculo de la población ajustada en el año 2016

Comunidad Autónoma	Población total				Superficie				Dispersión				Insularidad			
	Ponderación 30 %		Ponderación 1,8 %		Ponderación 0,6 %		Ponderación 0,6 %		Ponderación 0,6 %		Ponderación 0,6 %		Ponderación 0,6 %			
	Nº de habitantes	Peso relativo	Peso rel. Ponderado	Km2	Peso relativo	Peso rel. Ponderado	Entidades singulares	Peso relativo	Peso rel. Ponderado	Km	Peso relativo	Peso rel. Ponderado	Peso relativo	Peso rel. Ponderado		
(1)	(2)=(1)/Total(1)	(3) = (2)*30	(4)	(5)=(4)/Total(4)	(6)=(5)*1,8	(7)	(8)=(7)/Total(7)	(9)=(8)*0,6	(10)	(11)=(10)/Total(10)	(12)=(11)*0,6					
Andalucía	8388107	18,979	5,694	87596	17,564	0,316	2803	4,641	0,028	0	0	0,000				
Cataluña	7522596	17,021	5,106	32113	6,439	0,116	3898	6,454	0,039	0	0	0,000				
Madrid	6466996	14,632	4,390	8028	1,610	0,029	784	1,298	0,008	0	0	0,000				
C. Valenciana	4959968	11,222	3,367	23257	4,663	0,084	1155	1,912	0,011	0	0	0,000				
Galicia	2718525	6,151	1,845	29574	5,930	0,107	30244	50,075	0,300	0	0	0,000				
Castilla y León	2447519	5,538	1,661	94229	18,894	0,340	6175	10,224	0,061	0	0	0,000				
Canarias	2101924	4,756	1,427	7446	1,493	0,027	1108	1,835	0,011	1230	79,907	0,479				
Castilla-La Mancha	2041631	4,619	1,366	79462	15,933	0,287	1712	2,835	0,017	0	0	0,000				
Región de Murcia	1464847	3,314	0,994	11314	2,269	0,041	929	1,538	0,009	0	0	0,000				
Aragón	1308563	2,961	0,888	47720	9,568	0,172	1561	2,585	0,016	0	0	0,000				
Extremadura	1087778	2,461	0,738	41634	8,348	0,150	622	1,030	0,006	0	0	0,000				
Illes Balears	1107220	2,505	0,752	4992	1,001	0,018	317	0,525	0,003	309	20,093	0,121				
Principado de Asturias	1042608	2,359	0,708	10602	2,126	0,038	6944	11,497	0,069	0	0	0,000				
Navarra	640647	1,450	0,435	10.391,08	2,08	0,04	956,00	1,583	0,009	0	0	0,000				
Cantabria	582206	1,317	0,395	5328	1,068	0,019	931	1,541	0,009	0	0	0,000				
La Rioja	315794	0,715	0,214	5045	1,012	0,018	258	0,427	0,003	0	0	0,000				
TOTAL	44196929	100	30	498731	100	2	60397	100	1	1540	100	1	100	1		

Nº de habitantes	Población protegida			Población mayor de 65 años			Población entre 0 y 16 años			Unidades de necesidad o población ajustada		
	Ponderación 38 %		Ponderación 8,5 %		Ponderación 20,5 %		Ponderación 20,5 %		Ponderación 20,5 %		Ponderación 20,5 %	
	Nº de habitantes	Peso relativo	Peso rel. Ponderado	Nº de habitantes	Peso relativo	Peso rel. Ponderado	Nº de habitantes	Peso relativo	Peso rel. Ponderado	Nº de habitantes	Peso relativo	Peso rel. Ponderado
(13)	(14)=(13)/Total(13)	(15) = (14)*38	(16)	(17)=(16)/Total(17)	(18)=(17)*8,5	(19)	(20)=(19)/Total(19)	(21)=(20)*20,5	(22)=(21)*20,5	(23)=(23)*Total(1)	Total(1)	
8035316	17,977	6,831	1369259	16,826	1,430	1536488	20,518	4,206	18,505	8178692	8178692	
7543945	16,877	6,413	1379277	16,949	1,441	1325286	17,697	3,628	16,743	7399814	7399814	
6440254	14,408	5,475	1102806	13,552	1,152	1137338	15,188	3,113	14,167	6261320	6261320	
4891368	10,943	4,158	918061	11,282	0,959	848385	11,329	2,322	10,902	4818278	4818278	
3108868	6,955	2,643	661310	8,127	0,691	366849	4,899	1,004	6,590	2912766	2912766	
2803426	6,272	2,383	598328	7,353	0,625	335586	4,481	0,919	5,990	2647254	2647254	
1916751	4,288	1,629	316808	3,893	0,331	339053	4,528	0,928	4,833	2135873	2135873	
2062735	4,615	1,754	378271	4,648	0,395	355145	4,742	0,972	4,811	2126110	2126110	
1375141	3,076	1,169	221141	2,718	0,231	291669	3,895	0,798	3,243	1433242	1433242	
1434031	3,208	1,219	278361	3,421	0,291	207758	2,774	0,569	3,155	1394224	1394224	
1152653	2,579	0,980	216918	2,666	0,227	173234	2,313	0,474	2,576	1138300	1138300	
1043539	2,335	0,887	168457	2,070	0,176	193609	2,585	0,530	2,486	1098908	1098908	
1231505	2,755	1,047	254575	3,128	0,266	129569	1,730	0,355	2,482	1097188	1097188	
687.670	1,538	0,585	90.050	1,107	0,094	107.034	1,429	0,293	1,454	642.417	642.417	
631684	1,413	0,537	120355	1,479	0,126	88877	1,187	0,243	1,330	587685	587685	
340106	0,761	0,289	63603	0,782	0,066	52723	0,704	0,144	0,735	324859	324859	
44698992	100	38	8137580	100	9	7488603	100	21	100	44196929	44196929	

Source: Finance Ministry, 2016, own madde; Data: INE, (na)stat

Table 3A:

1.9.4.- Cálculo de la liquidación de la Transferencia del Fondo de Garantía del año 2016					
Miles de euros					
Comunidad Autónoma	Peso relativo de la población ajustada	Peso relativo de la población ajustada (Inc. Navarra)	Participación en el Fondo de Garantía 2016	75% de los Recursos tributarios 2016	Transferencia del Fondo de Garantía
	(1)= (22) del Cuadro 1.9.1	(1') = (1)/total (1')*100	(2)=(1)*(F) Cuadro 1.9.3.4	(3)=(3) Cuadro 1.9.3.4	(4)=(2)-(3)
Cataluña	16,990	16,746	13.785.260,37	15.025.339,85	-1.240.079,47
Galicia	6,688	6,592	5.426.700,48	4.100.980,25	1.325.720,23
Andalucía	18,780	18,511	15.237.471,67	10.886.731,33	4.350.740,34
Principado de Asturias	2,519	2,483	2.044.109,93	1.777.777,86	266.332,08
Cantabria	1,349	1,330	1.094.866,86	1.067.194,71	27.672,15
La Rioja	0,746	0,735	605.256,01	550.952,47	54.303,54
Región de Murcia	3,291	3,244	2.670.181,02	2.008.861,10	661.319,91
C. Valenciana	11,063	10,904	8.976.029,93	7.912.451,95	1.063.577,98
Aragón	3,202	3,156	2.598.111,32	2.453.182,61	144.928,71
Castilla-La Mancha	4,883	4,813	3.962.129,34	2.842.526,35	1.119.602,99
Canarias	4,897	4,827	3.973.301,50	1.437.558,24	2.535.743,25
Extremadura	2,614	2,577	2.121.262,93	1.329.691,18	791.571,75
Illes Balears	2,521	2,485	2.045.801,43	2.329.880,16	-284.078,73
Madrid	14,376	14,170	11.664.161,98	15.176.964,46	-3.512.802,48
Castilla y León	6,080	5,993	4.933.084,12	4.057.946,83	875.137,29
NAVARRA	1,454	1,433	1.179.742,58	1.100.687,94	79.054,64
Total	101,454	100,000	82.317.471,46	74.058.727,30	11.665.168,84

Source: Finance Ministry, 2016

Table 4A:

Gastos Adicionales de Navarra	
Pensiones ordinarias de funcionarios	85.841.639
Pensiones excepcionales	100.224
Indemnizaciones por jubilaciones anticipadas	51.648
Asistencia sanitaria. Uso especial	100.000
Transferencias a entes locales de Montepío General para su financiación	6.450.885
Transferencias a ayuntamientos de Pamplona, Tafalla y Tudela	8.348.139
Gestión de Montepío de funcionarios municipales	1.865.000
Fondo de haciendas locales	216.582.673
Gestion Hacienda	5.419.861
Gestion Hacienda	5.176.650
Gestión de los tributos	2.248.823
Inspección de tributos	1.742.823
Soporte y explotación del registro de la riqueza territorial de Navarra	1.725.978
Gestión de recaudación	2.479.215
Atención al contribuyente	3.560.546
Gestión IRPF y Patrimonio	1.880.080
Dpto de Derechos Sociales	24.960.000
Policia Foral	52.868.580
Desarrollo Económico	11.206.030
Convenio Económico (Foral police discounted)	481.508.079
Total	914.116.873

Source: navarra.es, presupuestos generales por partida

Table 5A:

1.10.- Cálculo de la liquidación del Fondo de Suficiencia Global del año 2016				
Miles de euros				
Comunidad Autónoma/ Ciudad	Valor en el año base del Fondo de Suficiencia Global a 1 de enero de 2015	Revisión art. 21 Valoración en el año base 2007 de los trasposos previstos en art. 21.1 Ley 22/2009	Valor en el año base del Fondo de Suficiencia Global a 1 de enero de 2016	Fondo de Suficiencia Global 2016
	(1)	(2)	(4)=(1)+(2)+(3)	(5)=(4)*ITE 2007/2016
Cataluña	711.292,62	0,00	711.292,62	718.832,32
Galicia	540.682,09	0,00	540.682,09	546.413,32
Andalucía	466.601,84	797,34	467.399,18	472.353,61
Principado de Asturias	169.312,93	0,00	169.312,93	171.107,65
Cantabria	440.310,38	0,00	440.310,38	444.977,67
La Rioja	190.856,67	0,00	190.856,67	192.879,75
Región de Murcia	-176.529,18	0,00	-176.529,18	-178.400,39
C. Valenciana	-1.281.050,70	0,00	-1.281.050,70	-1.294.629,84
Aragón	251.054,86	0,00	251.054,86	253.716,04
Castilla-La Mancha	75.618,17	0,00	75.618,17	76.419,72
Canarias	70.872,87	0,00	70.872,87	71.624,13
Extremadura	401.233,93	0,00	401.233,93	405.487,00
Illes Balears	-623.092,59	0,00	-623.092,59	-629.697,37
Madrid	-661.486,97	0,00	-661.486,97	-668.498,74
Castilla y León	393.894,61	0,00	393.894,61	398.069,89
Navarra	0,00	914.116,87	914.116,87	914.116,87
Total CC.AA.	969.571,51	914.914,21	1.884.485,72	1.894.771,63
Melilla	25.357,37	0,00	25.357,37	25.626,16
Ceuta	31.668,07	0,00	31.668,07	32.003,75
Total Ciudades	57.025,44	0,00	57.025,44	57.629,91
Total general	1.026.596,95	914.914,21	1.941.511,16	1.952.401,54

Source: Finance Ministry, 2016

Table 6A:

2.1.2.1.- PIB per Cápita inferior al 90% de la media								
Comunidad Autónoma	PIB 2014 (miles de euros)	PIB 2015 (miles de euros)	PIB 2016 (miles de euros)	Población 2014	Población 2015	Población 2016	PIB per cápita medio últimos tres años (euros)	Comunidades Autónomas Beneficiarias
	(1)	(2)	(3)	(4)	(5)	(6)	(7)=[(1)+(2)+(3)]/[(4)+(5)+(6)]	
Cataluña	196.675.753	205.534.774	213.765.571	7.399.600	7.396.100	7.416.000	27.732,06	
Galicia	53.981.082	56.325.682	58.448.618	2.739.300	2.725.100	2.713.200	20.636,30	
Andalucía	139.084.259	145.051.209	149.515.045	8.390.900	8.398.300	8.404.400	17.212,73	<90% media
Principado de Asturias	20.562.649	21.219.060	21.628.087	1.054.100	1.044.000	1.037.100	20.225,12	<90% media
Cantabria	11.935.663	12.196.091	12.542.821	586.200	583.500	581.400	20.943,74	
La Rioja	7.647.112	7.856.431	7.915.107	314.100	312.800	312.600	24.926,72	
Región de Murcia	26.611.576	28.211.500	29.171.155	1.462.900	1.464.000	1.468.400	19.110,01	<90% media
C. Valenciana	97.309.713	100.774.784	104.631.636	4.947.300	4.931.300	4.928.100	20.444,54	<90% media
Aragón	32.801.401	33.442.118	34.368.134	1.328.300	1.321.700	1.316.900	25.362,79	
Castilla-La Mancha	35.765.872	37.434.886	38.505.149	2.067.600	2.054.000	2.042.800	18.121,13	<90% media
Canarias	39.831.986	40.922.914	42.459.601	2.118.400	2.127.800	2.142.100	19.287,53	<90% media
Extremadura	16.706.890	17.467.886	17.902.226	1.093.800	1.087.600	1.081.200	15.961,81	<90% media
Illes Balears	26.300.686	27.338.027	28.650.954	1.120.500	1.129.700	1.143.200	24.249,92	
Madrid	195.190.733	203.602.317	211.528.151	6.376.700	6.401.200	6.446.100	31.747,88	
Castilla y León	51.886.654	53.650.436	55.533.033	2.485.300	2.464.400	2.443.900	21.785,07	
Navarra	17.836.047	18.403.487	19.055.932	640.790	640.476	640.647	28.771,06	No la cumple
Total	970.128.076	1.009.431.602	1.045.621.220	44.125.790	44.081.976	44.118.047		
Media							22.774,51	
Media (c/Nav)							22.861,61	
Condición							20.497,06	
Condición (c/Nav)							20.575,45	

Source: Finance Ministry, 2016

Table 7A:

2.1.2.2.+A4:E30- Densidad de población inferior al 50% de la media				
Comunidad Autónoma	Población 2016	Superficie 2016	Densidad 2016	Comunidades Autónomas Beneficiarias
	(1)	(2)	(3)=(1)/(2)	
Cataluña	7.522.596,00	32.113,20	234,25	
Galicia	2.718.525,00	29.574,49	91,92	
Andalucía	8.388.107,00	87.596,06	95,76	
Principado de Asturias	1.042.608,00	10.602,46	98,34	
Cantabria	582.206,00	5.327,79	109,28	
La Rioja	315.794,00	5.045,20	62,59	
Región de Murcia	1.464.847,00	11.313,88	129,47	
C. Valenciana	4.959.968,00	23.256,50	213,27	
Aragón	1.308.563,00	47.720,29	27,42	<50% media
Castilla-La Mancha	2.041.631,00	79.462,03	25,69	<50% media
Canarias	2.101.924,00	7.445,52	282,31	
Extremadura	1.087.778,00	41.634,39	26,13	<50% media
Illes Balears	1.107.220,00	4.991,69	221,81	
Madrid	6.466.996,00	8.027,72	805,58	
Castilla y León	2.447.519,00	94.228,98	25,97	<50% media
Navarra	640.647,00	10.391,08	61,65	No cumple
Total	43.556.282,00	488.340,20		
Total	44.196.929,00	498.731,28		
Media			89,19	
Media			88,62	
Condición			44,60	
Condición			44,31	
Rojo: Con Navarra				

Source: Finance Ministry, 2016