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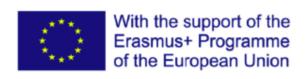
Tax Reforms between Success and Failure; From the Past through the Present towards the Future

Subtopic 1: Tax Reforms in relation to "No Taxation Without Representation".

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INDEX:

1.	INTR	ODUCTION: MILESTONES OF TAX LAW IN SPAIN	5
2.	THE	ROLE OF CONSENT IN THE PRE-MODERN	SPANISH
	POLI	TICAL SYSTEMS	8
3.	THE	AGE OF REVOLUTIONS: TAXATION WITH	LIMITED
	REPR	RESENTATION	
	a.	Introduction	13
	b.	Post-revolution constitutional setting	14
	c.	Tax reform of 1845	18
	d.	Conflicts	20
	e.	Closing thoughts	21
4.	SOCI	O ECONOMIC TRANSFORMATION: THE KEYNESIAN	PERIOD.
	a.	Introduction	23
	b.	Socio-political context	25
	c.	Tax reform of 1977	27
	d.	Political participation and representation in the context o	f the 1977
		Tax reform. The parliament	31
5.	GLOI	BALIZATION.	
			33
	b.	Tax policy	36
		Challenges of globalization	
		Pillar II Directive: tax competition and legislative process	
		Legitimacy of international rules	43

6.	THE ROLE OF THE JUDICIARY IN TAX LEGISLATION: TAXATION		
	WITHOUT REPRESENTATION.		
	a. Constitutional Court51		
	b. Court of Justice of the European Union55		
	c. Arbitration Clause: BEPS Multilateral Instrument56		
	d. Legitimacy of the judiciary57		
7.	CONCLUSIONS58		
8.	REFERENCES60		

1. INTRODUCTION: MILESTONES OF TAX LAW IN SPAIN.

The aim of this report is to study the tax reforms which have taken place in Spain's past, through its present, and towards the future, with the prompt of "No Taxation without Representation" in mind. In this sense, the key element which must remain in focus throughout the paper is the principle of legality, related to the legitimacy of our tax system, when dealing with the implementation of reforms within the legal sphere of taxation.

Tax systems are in constant evolution as social, economic and political realities vary, however, the way in which the system is reformed must be controlled and legally established. The problem arises when trying to find the most suitable regime, and overall direction to take in doing so, in order to protect the legally established principles, governing power control and maintaining legitimacy intact. *No Taxation without Representation* alludes to this very idea, a political theory which sustains the belief that the payment of taxes to a government authority by its citizens, must entail their participation and agreement in the policies implemented. It is a simple prompt which has led to significant uprisals and difference of opinions through history.

As alluded to above, the ideas of legitimacy within the Spanish tax system, alongside the principle of legality, are crucial when dealing with the matter. Constitutionally established since 1812, year in which the *Constitución de Cádiz* was born, *The original power to establish taxes corresponds exclusively to the State, through law¹*. Moreover, in its article 31, the legal text provides a list of principles that should guide the entire tax system: generality, equality, progressivity, economic capacity and legal reserve. In our tax system, the legal reserve principle serves two purposes. On the one hand, it ensures that the principle of self-imposition is followed, which means that taxpayers do not pay more taxes than their rightful representatives have authorized. This concept perfectly aligns with the principle of *nullum tributum sine lege* (*No taxation without representation*), object of the paper, which as mentioned above, states that public authorities cannot impose taxes on citizens unless they are regulated by higher-ranking legal norms established by legitimate political

¹ Spanish Constitution, Article 133.1, 1978.

representatives. In this sense, the principle also ensures that only a legal provision will be able to regulate tax matters.

One sign of the renewal of the tax system into the one we know and enjoy today, was the Fiscal Reform of 1845, which alongside the constitutional ideas brought up at the time, meant a step forward into the right direction, considered as the first statal tax system. The tax reform marked the end of the complex tax system of the Old Regime through a strong simplification that for the first time gave importance to direct taxes and reduced indirect taxes. The reform was mostly based on economic liberalism, considering the principles of legality, sufficiency, and generality, with a single unified fiscal system across the country, and the goal of removing impediments to economic progress.

To affirm or deny a direct connection between changing political power balance and patterns of taxation we must assess several factors. We must start from the prompt that the link between political power and taxation is complex and multifaceted. There are many other factors that influence tax policy, such as economic conditions, public opinion, and international pressures. All of them have a toll on the negotiation and upbringing of changes in taxation matters.

However, even with many factors taking part in these matters, it would be negational to assume that political power doesn't have a say in them. What I mean is that the political power is in control of the governance of the country, and therefore of the tax system and tendencies which are applied in it. For example, looking back to the post-dictatorship scenario in Spain, a new political power was built in which the tendencies and rules applied during Franco's time were abolished, and substituted by a new regime. In the past, taxation was highly centralized and regressive, meaning lower earners paid a higher proportion of their income in taxes. After the transition to democracy, there was a shift towards a more progressive tax system, with higher earners paying a higher proportion

Moreover, another aspect that evidences the relation between political power and changes in taxation is regionalism. In this sense, the rise of regionalist parties in recent decades has also impacted taxation by pushing for greater fiscal autonomy for their regions, leading to differences in tax rates and policies between the different Autonomous Communities which make up Spain. This reflects the shifting power balance between the central government and regional authorities. As we know, several taxes in Spain are ceded to these Autonomous Communities, like VAT or PIT.

For these reasons, I consider there to be a direct connection between changing political power balance and patterns of taxation, which doesn't mean that it is the only factor taken into account and which affects them, but rather that varying political power viewpoints will prioritize a certain tax regime or another, and that the way in which the matter is ruled will vary, leading to certain patterns of taxation or others.

2. THE ROLE OF CONSENT IN THE PRE-MODERN SPANISH POLITICAL SYSTEMS.

The Spanish structure of state financing during this period of time wasn't a formally established system like the ones installed in later events of our history. In this sense, what can be denominated as "medieval taxes" were the main tax objects of the time. These include Alcabalas, Diezmos, Gabelas, Pontazgos, and many others, which were collected by the monarchy and served as state financing. During this time, these practices were common across European territories and each of them had their own "Old Regime" which shared some of the common characteristics I will now dive into.

There was a clear hierarchy present in the society of the time, with the monarchy, clergy and nobility at the top of it. It is important to keep in mind that the social reality of this time was completely opposite from the one we are currently accustomed to. The main economic activities were land related, including agriculture, sale of goods carried out by merchants, mining, and many other labors.

As stated above, there were certain medieval taxes common to this time, these include; *Gabela*, which was a tax payed each time a good was either bought or sold, *Pontazgos*, which were related to the movement of people and were payed each time a certain bridge was crossed, or *Regalias*, a tax perceived by the King related to the cession or exploitation of certain goods like water, mines, or other public goods, alongside the authorization of him to perform a certain industry or service by citizens.

The main idea behind taxation in this time was the collection of money as a consequence of the total power the King over his territory, and obviously, the need of income for public spending. However, the decentralization of the State, the lack of legal certainty at the time, and its economic context didn't allow for a formally established system of taxation to be present. In this manner, taxation was loosely regulated and representation within this time was limited, however, as I will discuss now, there is one key element regarding the issue of representation which was crucial when trying to ensure it, Las Cortes.

Focusing on the institutionalization of taxation matters, as I just mentioned, it is vital to take into evaluation the role of the Cortes² of the time. During the XII Century, the kingdoms of Castile and Leon, which were already joined to form the Crown of Castile celebrated, what is considered by the *Unesco* as the first official parliamentary testimony document in Europe's history, the Cortes de León 1188. During the Reconquista, the Leonese crown needed income, so it created new taxes that caused prices to rise. At the same time, the wars with Portugal and Castile required more income. The citizen class demanded, in return to these elevated taxes, the power to contribute on the regulation of the crown's spending. In the year 1188, when Alfonso IX of León had recently come to the throne, the Curia Regia of the Kingdom was convened, to which, for the first time, the elected representatives of the main cities were added with voice and vote. This measure has been considered the first example of modern parliamentarism in the history of Western Europe.

In this manner, the role of the citizen class taking part in the Cortes and being able to have a say, even if it was on a limited manner, on the decisions which affected them, was a big step forward into the right direction, especially taking into account the century in which this took place. In a way, we can affirm that this is the first moment in Spanish history in which the principle of *No taxation without representation* can be seen in our territory.

Moving on to a later period of time, around the XVI century, the impact of the authority of the King took a toll on the right of citizens to be directly represented in governmental decisions. Moreover, the kings and their successors during this time aimed to build strong states, for which they found it essential to govern with a firm hand, in the name, of course, of the common good they considered appropriate. For this reason, they tried to achieve a Public Treasury with more resources, with better organization and with a principle of self-control. The wars within each nation and confrontation between other nations arose due to territorial desires and conflicts of economic or dynastic interests, requiring an army of considerable financial resources.

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² The Cortes is a body which has as its main purpose representing the Spanish people, exercising the essential aspects of national sovereignty: they possess legislative power, approve public budgets, control the actions of the Government and perform the rest of the functions attributed to them by the Constitution.

The only way the Public Treasury could obtain them was through the collection of taxes, which were not always equitable. To meet these collective expenses, direct taxes were not enough, which were reduced almost exclusively to those levied on landowners, and on the other hand, indirect taxes were multiplied and extended throughout the country.

As can be imagined, the priorities of the King at the time weren't ensuring equality and fairness within his territory, but rather the establishment and growth of a powerful kingdom and army, leading to revolts and overall discontent at the hands of citizens.

One of the pioneer conflicts of taxation at the time was the Revolt of the Comuneros, or War of the Communities of Castile, which took place in 1520, considered by many as an anti-fiscal movement. It arose as a consequence of the political instability present in the territory. The emergence of Carlos I as King of Castile in the beginning of the XVI century, hardly speaking Castilian and bringing with him a significant number of Flemish nobles and clergy as his court, caused concern among the Castilian elites, who felt displaced and feared losing their power and position. In this context, citizens stopped paying taxes as a response to allegations that their money was being spent in the Netherlands rather than in their own country, resulting in an anti-fiscal movement of the Spanish society towards the King. After a period of war within the territory, Carlos ended up regaining popularity and increasing the number of Castilian members in his government, ensuring representation of citizens and beating the allegations of abandonment which Spain had suffered by his king.

Another conflict of taxation was the Salt Tax Revolt which took place between the years 1631-1634 in the Spanish province of Vizcaya. Phillip IV's taxation policies led to discontent within Spanish citizens. The specific provision which gave rise to the conflict included an increase in the price of salt by 44%, which was later confiscated by the monarchy, and could only be sold by the royal treasury. Citizens felt abused by the monarch and started a movement against the unequal treatment received. Not only did a drastic increase of price take place, but also the prohibition of selling and profiting from the work they had done collecting it. Alongside many

other abusive tax regulations to finance war costs against the north of Europe, the rage of citizens continued to grow, and it wasn't until the year 1634, with the execution of the main ringleaders of the revolt, that the conflict ended. Moreover, Phillip IV suspended the original order of salt pricing as a form of concession to the citizens to stop the revolt from continuing.

Looking at both conflicts, we can identify two main issues which led to them. The first, regarding the Comuneros, is the lack of representation citizens felt because of the coronation of Charles I as their king. In this sense, Spaniards were fighting for *No Taxation without Representation* hundreds of years before the movement arose. The King's absence from the country, his loose link to Castile in general, and his composition of government majorly made up of foreigners, caused a feeling of insecurity and abandonment in the society, which revolted against him through antifiscal movements. On the other hand, regarding the second conflict, the Salt Tax Revolt, the main issue leading to it were abusive taxation practices imposed on citizens which threatened the economy of thousands of them, and left them feeling abused by unfair taxes they couldn't escape from. The root of this conflict can also be related to representation due to the arbitrariness showcased through these practices and the discontent of Spanish nationals of the time.

To sum up this taxation period of Spain, there are various key ideas which make it up. The first one is limited representation. Even though the establishment of the Cortes was a revolutionary moment for Spain, and it granted citizens the ability to form part of the decision-making process taking place in the nation, the actual scope of this capacity wasn't as big as they would've wished for as the privileged classes still held the power they could never attain.

Even if the situation was such, it is crucial to highlight that the lack of formal participation did not necessarily imply a complete lack of impact. Indirect types of influence, such as local opposition to unfair taxes or the ability of powerful groups to negotiate specific terms existed, like the Cortes of 1188 or the Revolts of Comuneros or Salt Tax, which allowed for changes in patterns of taxation considered arbitrary and unfair. However, the sad reality is that those situations were punctual and didn't apply to each and every unfair tax provision present at the time.

Regarding the second vital idea, it is important to note the purpose of taxation in this context, lying fundamentally on the financing of public expenditure in relation to war and army costs. The idea of power during this period was of very elevated relevance, and it led to increases in taxation which had little to do with the citizens, but rather with the common good sought by monarchs in the hopes of building a powerful and rich State. Apart from showcasing the lack of importance given to the notion of fairness within taxation, these practices enshrined the total power of the monarchy and the nobles, which were all benefitted from a system designed to fulfill their purposes rather than the common good they claimed to fight for.

When taking into account both ideas, it becomes clear that the participation of citizens in the tax related decision-making processes was not affecting patterns of taxation directly, but rather indirectly. In this sense, the participation level achieved at certain points of history at the hands of the citizen social group, like their inclusion in the Cortes de León, was achieved as a consequence of their discontent with the lack of power given to them, using it in order to achieve certain goals like the eradication of Salt Tax through revolts and anti-fiscal movements.

3. THE AGE OF REVOLUTIONS: TAXATION WITH LIMITED REPRESENTATION.

a. Introduction.

The Spanish Bourgeois Revolution took place within the 18th and 19th centuries. It was the first step our country took in the transformation and eradication of the Old Regime established until such point. It introduced liberal ideas and paved the way to a modernized regime, attempting to install principles of equality, representation and legality into our political functioning.

In this sense, an important factor which encouraged the revolution was the new political ideals brought by the "Ilustrados". Ideals such as freedom, equality, progress, tolerance, fraternity, constitutional government and separation of Church and State had their birth in this era. These innovations led to the questioning of practices including the excess of taxes, lack of freedom in the use of private property, a faulted, inconsequent and arbitrary legislation, among many other characteristics of the Old Regime which distinctly opposed these new social beliefs spread over Europe during this time.

Lastly, other events which contributed to the consolidation of this new social class and revolution were the Independence War, the Cortes de Cadiz and the 1812 Constitution, introducing liberalism into the Spanish society and adapting it to the social reality of the country at that point. All this was materialized in the fiscal reform of 1845, considered as the starting point of the transformation of the taxation regime in Spain.

b. Post-revolution constitutional setting.

Spain has undoubtedly one of the most chaotic post revolution constitutional settings of Europe. The 19th century was characterized by a huge number of constitutions and constantly changing political power regimes. The revolution wasn't lineal at all, but rather in constant movement between opposing political views, leading to an unbalanced society and complicated transitional period for the country.

In this sense, we can say that the post revolution constitutional setting of Spain was characterized by aiming to change from an absolute monarchy regime to a constitutional monarchy system³. This transition was marked by the promulgation of the Constitution of 1812, mentioned above, which established a system of government based on the principles of popular sovereignty, representative democracy, and the separation of powers. It granted active and passive voting rights to all Spanish men over the age of 25 who were not servants, beggars, or convicted criminals; rights which had been previously restricted only to the nobility and clergy in the Old Regime, among many other rights and obligations which had not been awarded to citizens before.

However, the Constitution of 1812 was short-lived. After the restoration of Fernando VII to the throne in 1814, he abolished the constitution and reinstated absolute monarchy. The Bourbon absolutist regime remained in power until the Revolution of 1833, which led to the establishment of a constitutional monarchy on a more permanent basis. The Constitution of 1837, which was promulgated after the Revolution of 1833, retained the principle of universal male suffrage for active voting rights. Moreover, it introduced a property qualification for passive voting rights, which meant that only men who owned a certain amount of property could be elected to office. The property qualification for passive voting rights was

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³ Constitutional monarchies, sometimes referred to as limited, parliamentary, or democratic monarchies, are types of monarchies in which the king or queen exercise their power in line with a constitution, alongside consulting with other people before making decisions. Absolute monarchies, where the king is the only one who makes decisions, are not like constitutional monarchies, which are constrained in their use of power by a body of established laws.

abolished in 1856, leading to further expansion of the franchise, making it easier for ordinary Spaniards to participate in the political process.

Serfdom was abolished in Spain in 1837. This was a significant step towards the creation of a more equitable society, as it freed millions of people from bondage and gave them greater control over their own lives. The abolition of serfdom and the expansion of the passive voting rights were two important consequences of the Bourgeoise revolution in Spain which helped to create a more democratic and fair society.

As hinted above, there were several constitutions from this period of time, more specifically seven of them, which were in constant change due to political factors and opposing progressive and conservative ideals. In this manner, this period was characterized by its instability and transitional character. Taxation matters were one of the areas of regulation found in the scope of these constitutions, and suffered substantial modifications as these constitutions were installed and later replaced by others with opposing ideals.

Since the first one to start this constitutional revolution was the 1812 rendition, also known as la Constitución de Cádiz, I will start by analyzing its provisions, which represented the initial revolutionary character of the 19th century bourgeoisie. The Constitution established, in first place, that the Cortes were the only body competent to create and confirm taxes. In this way, Spanish citizens recovered the right, which they had had from the 13th to 16th centuries, to approve taxes through their representatives in the Cortes, enforcing representation and eliminating the monarchy's arbitrariness in this matter. Furthermore, it declared that all citizens would contribute to the maintenance of public burdens, eliminating the privileged situation of the nobility who were exempt from certain payments during the Old Regime. With the same purpose of increasing and consolidating tax justice at that time, the fundamental norm included the principle according to which the support of public spending should be distributed among citizens in proportion to their wealth. In short, the Constitution of 1812 represented a shift towards liberal principles, including limitations on monarchical power and greater

representation for citizens in governance matters. However, the constitution's impact on taxation and public finance was limited due to its short duration and the subsequent restoration of the absolute monarchy in Spain.

Then, we went on to have six more of them; the constitutions of 1837, 1845, 1869, 1876, 1931, and finally the 1978 Spanish Constitution. In this sense, some of the most important elements introduced by them were the following. The 1800's constitutions established the principle that taxes should be established by law. This meant that only the legislative body had the authority to create or modify taxes, thus limiting executive power and ensuring a democratic process in taxation. Several of them, such as those of 1812 and 1876, required the consent of the Cortes or parliament for the creation or modification of taxes. This implied that society's representatives had to approve any tax measure, which helped avoid arbitrariness in tax imposition, and ensured the principle of *No taxation without representation*.

Others, such as that of 1869, introduced the principle that direct contribution, for example taxes on income or wealth, should be proportional to the economic capacity of the taxpayer. This principle laid the foundations for greater equity in the distribution of the tax burden. Moreover, several constitutional texts, including those of 1837 and 1876, established provisions for parliamentary supervision of public finances. This meant that parliament had to have access to information about the state's income and expenditure, as well as the authority to approve the budget and control the government's financial management.

Lastly, constitutions such as those of 1812 and 1869 established the principle of equality in taxation. This implied that all citizens were subject to the same tax laws and that there should be no tax privileges for certain groups or regions.

The post revolution structure of public revenue in Spain, as hinted above, posed major advances and modifications to the Old Regime system the country was accustomed to. In this manner, the rise of direct taxes in comparison to indirect taxes is a clear example. Prior to the revolution brought up in this time, indirect taxation, such as Gabelas or Alcabalas which I mentioned at the start of this paper, were the main source of income for the monarchy and designed to

finance the functioning of the country, as well as to sustain its feudal system. On the other hand, direct taxation like taxes on income or property weren't given the importance and weren't so heavily relied on for these purposes like indirect taxation was. In this sense, the constitutional provisions enacted and enforced during this period served as the formal eradication of an old and extinguished regime, which did not only affect Spain, but also other territories among Europe which called for change throughout this revolutionary period.

c. Tax reform of 1845.

All these outdated provisions mentioned above changed with the fiscal reform of 1845, building a new era of taxation in Spain. Taxation shifted towards a more equitable, modern and democratic tax system, as seen through the provisions of the 19th century constitutions. There were several factors leading to the necessity of a new tax regime, the first one being an economic crisis. During the 18th century, Spain suffered a significant financial loss which motivated the rise of a new, more beneficial, system to rule these matters. Moreover, a recurrent train of thought during this time were those brought by the "illustrates", which promoted rationality, efficacy and equality before the law, principles which critiqued the Old Regime tax system, considering it unequal and unfavorable towards poorer social classes. All in all, the overall social reality was changing and called for an updated regime which fulfilled and met the new societal structure and functioning arising in Spain. This shift was driven by the Bourgeoise revolution's emphasis on equality and meritocracy, and further amplified by modernization efforts in tax administration and economic growth.

The new taxation practices of this era, as mentioned above, emphasized the principles of equality and fairness in taxation, leading to a shift towards direct taxes, such as income taxes and property taxes. Direct taxes were seen as more equitable because they were based on the ability to pay, thereby reducing the relative weight of indirect taxes on goods and transactions. Moreover, with the rise of this new social revolution, there was an increasing focus on taxing citizen's wealth, including immovable property such as land and real estate. Another interesting aspect was that it also promoted free trade and the removal of barriers to commerce, which affected the relative weight of taxes on imports and exports. While tariffs and customs duties remained important sources of revenue, their relative weight may have decreased as trade barriers were lowered.

In this manner, it is undoubted that the new system built was heavily influenced by the revolution, however, it's important to note that these changes were gradual and influenced by a variety of factors beyond just the revolutionary events themselves. Economic conditions, political developments, and societal changes all played a role in shaping the evolution of taxation during this period.

Focusing on the Tax Administration of the time, some of the causing factors of this new tax regime came directly from it. In this manner, the context of the economic crisis referred to above can act as an example. The nation came to a point in which its financial capacity was heavily damaged, calling for a solution which improved this critical position Spain found itself in. Under these circumstances, the Administration pushed for a modernized and more beneficial revenue collection regime in hopes to come out of such a vulnerable financial context. However, it is important to consider the Constitutional provisions which governed the law of the time. Depending on the powers granted in taxation matters, the Administration was able to obtain public financing from one source or another, favoring the idea of *No taxation without representation*, as their arbitrary will was no longer enough when imposing taxes on citizens.

Lastly, the growing economic power citizens held is also a crucial factor which led to the installment of this reform. Society was evolving, and the new possibilities and ideas which were brought up during this time pushed for a modernized society which varied from the Old Regime ways. Commerce was evolving, society was growing, and overall societal functioning called for taxation modifications.

d. Conflicts.

This historical period was filled with conflict, which shouldn't come as a surprise as it was a transitional period which led to substantial modifications between the regime which governed society until that point, and the new modern ideals which paved the way for the current system we live in. In this sense, opposing political and economic viewpoints arose between those which stood by the revolution and those which preferred the old functioning of the country. Politics have always been, and will always be, a source of division and conflict within societies, and this period wasn't an exception.

Focusing on the 19th century, the general conflict was resistance to the liberal provisions which were fought for at the time. As already overviewed throughout the paper, the tendency of the revolution was to modernize the tax system through the principles of equality, fairness and legality, which threatened the arbitrariness enjoyed by the monarchy and nobility upon this point. Under this context, resistance by these two social groups was frequent during the revolution.

On the same lane, Carlist Wars were another recurrent theme during the period. The Carlist Wars were a series of civil conflicts that took place in Spain throughout the 19th century. They were due, on the one hand, to a dispute for the throne, and, on the other, to a confrontation between opposing political principles. The Carlists, who fought under the motto of "*Dios, Patria y Rey*" (God, Homeland and King), embodied a clear opposition to liberalism, defending the traditional monarchy and the rights of the Church and their privileges. On the other hand, the liberals demanded profound political reforms through a constitutional and parliamentary government. In this sense, new taxation provisions sought for by the liberal side of the conflict were being opposed by the Carlists, who defended the Old Regime and stood by the privileges it granted them.

e. Closing thoughts.

As seen above, the process wasn't easy, and even though many significant elements of the revolution like the 19th century constitutions failed to comply with the modernized system they intended to install, looking back, these measures still led to the eradication of the Old Regime and modernization of tax matters in Spain at a later point in history.

Without a doubt, in the 19th century Spain, the degree of participation and nonparticipation in tax related decision-making processes was directly linked to the patterns of taxation. In the pre-revolution context, tax related decision-making was centralized and exclusive to the monarchy and nobility, and therefore, the taxation pattern tended to prioritize the interests of those in power. This often led to heavy taxation on the lower classes, particularly peasants and urban workers, who had little to no say in the decision-making process. This period of time was characterized by indirect taxation and exploited lower class societies into a regime which was constructed around the total submission and devotion towards higher class members. These taxes were often regressive, disproportionately burdening the poor and contributing to social unrest and resistance, which is the main aspect liberalism aimed to eradicate. With greater participation from various social classes and regions in the decision-making process, liberals aimed to reform the tax system, address grievances and promote social justice. This led to the introduction of progressive taxation, measures to combat tax evasion and corruption, and attempts of decentralization.

The rise of direct taxation is a perfect example of this, aiming to ensure that taxation was based on proportionality, equality and legality. While there was a general trend towards a more equitable and modern tax system, there were also instances of resistance and uneven implementation. This suggests that participation in the tax decision-making process was essential for achieving a fair and effective tax system, but it was not always sufficient to overcome entrenched interests and power imbalances, which made themselves present through the opposing power's resistance.

The reforms introduced during this period laid the groundwork for a more equitable and modern tax system, but they also faced significant challenges from other interests. What this showcases is that the ability to address these challenges by ensuring broad participation in tax policy decisions will be deemed crucial for achieving a more just and sustainable tax system.

4. SOCIO ECONOMIC TRANSFORMATION OF THE XX CENTURY: THE KEYNESIAN PERIOD.

a. Introduction.

During the XX Century, and to understand Spain's "representative" structure of public revenue at this time, we must divide it into three eras in order to get the full picture. These are the pre-Franco era, which lasted until 1939, the Francoist era, lasting from 1939-1976, and the post-Franco era, from 1976 onwards.

Pre-Franco times were still reminiscing on the liberalism ideas brought about in the past century, but as explained in previous instances, there were complications to the installment of such ideals and revolutions. In this sense, taxation was still mostly relying on indirect regressive taxes which damaged lower class citizens, rather than direct taxation. Moreover, it is crucial to consider the Civil War which took place in Spain at this time, directly affecting the country's financial system. This overall political and economical instability didn't allow for a modern and representative legal tax context to take over.

Francoist Spain was completely different to this regime. The main characteristic was the autarky through which the country functioned. The overall results of the autarky tax system can be summarized, first, in the increase of tax fraud due to higher tax rates, the indolence of the political regime and the ineffectiveness of the administrative assistance to repress it. On the other hand, there is the worsening of fiscal injustice due to the increase of tax pressure on specific consumption taxes and to the expansion and development of the underground economy. Another process was the tax insufficiency that generated budget deficits. Finally, this led to the installment of a tax system which heavily followed the archaic models of the 19th century, counteracting the fiscal advances that were taking place in the other democratic countries of Europe.

Post-Franco Spain, the era I will mostly talk about in this section, is the start of the current regime we live by. It gave rise to the constitutional democracy of today through which representation is ensured to citizens by universal suffrage. This political and economical context is the one which gave rise to some of the most important taxes of our time and set the groundwork for the modernized tax system which was fought for centuries past. In this sense, direct taxes were reformed to make the system more progressive and equitable, stablishing higher rates for top earners and efforts to combat tax evasion. The country's own fiscal reform of 1977 and its integration into the EU led to an evolution into the modernized tax systems arising in other countries. As an example, indirect taxes, more specifically value-added tax, become a key source of revenue. VAT replaced older sales taxes and tariffs, harmonizing Spain's tax system with those of other EU member states. The rise of direct taxation is also relevant, showcasing the progressivity of the new tax system, through the installment of the most relevant direct tax of our system, Personal Income Tax, which I will analyze later on. Lastly, interested social groups played a more prominent role during the transition to democracy, with various of them advocating for their interests in the new political landscape. These included labor unions, consumer organizations, and business associations which exerted influence on tax policies, contributing to the reform efforts aimed at making the tax system fairer and more efficient.

b. Socio-political context.

As overviewed above, the first half of the century, and until the end of Franco's dictatorship in 1976, was characterized by significant political and social conflict. The Civil War of the 30's and the consequential dictatorship were key elements of Spain's XX century history and, as a result, led to an authoritarian and conservative ideology regarding the functioning of state, tax system, its fairness and overall political and economic issues. Franco's regime emphasized maintaining order and preserving traditional values, which didn't favor the evolution and modernization of the tax system. This led the system to be characterized by centralization and control, with taxes primarily used to fund state infrastructure and military expenditures. Regarding the fairness of taxation, there was a prevailing belief in the importance of maintaining social hierarchy and stability. Taxes were often regressive, disproportionately burdening lower-income individuals, while the wealthy and powerful enjoyed various forms of tax exemptions and privileges.

In this sense, and even though there was a clear changing social value movement going on, there was little to do when trying to install some of these new beliefs and ways of thinking, which were taken into consideration later on in Spain's history through the big tax reform post-Franco.

The election system changed after the dictatorship ended, and it meant a big step forward around political representation, affecting not only the tax system through which the country functioned, but also the entire legal system in its entirety. The specific tax reform was that of 1977, which took place at the same time the country was transitioning into a constitutional democracy. In this manner, most of the reforms taken place in these matters all took place within the same period, the end of the 1970's.

The most important element of this time was the promulgation of the Spanish Constitution in 1978. This legal text set out the bases of the new values, rights and powers of the State, ensuring a new system in which the rights which had been sought by Spaniards for years were finally awarded, and built a modernized system which

left behind arbitrariness and authoritarian political regimes in order to successfully establish the democracy we live by in present times.

The new method of political representation included several modifications. The Spanish Constitution established an improved parliamentary system, where legislative power falls on the Cortes Generales, comprising the Congress of Deputies and the Senate. These institutions represent the Spanish people through elections, and exercise legislative functions. It established that members of the Congress of Deputies were to be elected by universal, equal, free, direct and secret suffrage. To avoid any kind of arbitrariness, the Constitution recognized and guaranteed the right to create political parties and political pluralism, allowing the participation of a variety of groups and ideological currents in the political process. Lastly, and in addition to establishing the framework for political representation, the Constitution also guaranteed other rights and freedoms fundamental for the exercise of democracy, such as freedom of expression, the right of association and the right to petition.

As can be seen, the new way of functioning of the State was much more modernized and directed at a new era for the country.

c. Tax Reform of 1977:

Spain's 1977 tax reform, carried out during the political transition to democracy discussed earlier, meant the breakdown of the tax system inherited from the Franco regime and the long-delayed modernization and harmonization with the tax systems of Europe. The reform laid the foundations and principles that have evolved into the Spanish tax system to the present day and resulted in the alteration of the distribution of the tax burden, an expansion of the collection capacity and the number of taxpayers in Spain in order to be able to finance the public spending of a welfare state.

As a result of this, two new very important taxes arose which I will now discuss. These are Personal Income Tax and the restoration of Corporate Income Tax.

i. Personal Income Tax.

Personal Income Tax is without a doubt the most relevant tax object of the Spanish Tax System. It resulted came to be due to the *Pactos de Moncloa* of 1977, which in the tax and legal sphere sought to modernize an outdated and inefficient system calling for change. Its introduction came at the hands of the Minister of Hacienda of the time, which considered that the last tax which dealt with citizen's income "was neither a tax, nor was it general, nor was it on income". In this sense, he ought to install a real Personal Income Tax which fulfilled its intended objectives and fit into the new social context of the constitutional democracy. The way of doing so was by simplifying and extending taxes to all the population; in this sense, they achieved social awareness of the installment of the tax through a public campaign with some of Spain's most well known faces around the idea that "Hacienda somos todos".

Personal Income Tax, when first introduced in our country, had a very different structure to the one Spanish citizens pay each year today. The first notable difference was that income wasn't assessed individually, but rather by families. In this sense, the tax object wasn't the gross amount of income perceived by each individual, but rather by all the family as a whole. The tax object was, originally, the gross amount of

income higher than 300.000 Pesetas, 1803,04 Euros of today. Regarding tax rates, the first installment of PIT consisted in 28 tax brackets, each with a different rate applicable, grossing up to 65,5% in its larger scale, and starting at 15% in its lowest. In *figure 1* you will be able find the original tax brackets and their evolution throughout time, reducing them and making it simpler with time.

Tramos y tipos impositivos del IRPF en distintos períodos Año 2004 Año 1978 Año 1991 Año 2018 Tramos (pesetas) Tipo (%) Tipo (%) Tipo (%) Tramos (euros) Tipo (%) Tramos (pesetas) Tramos (euros) De 0 a 200.000 15,00 De 400.000 a 1.000.000 **20,0** De 0 a 4.000 15 De 0 a 12.450 19 De 200,000 a 400,000 De 1.000.000 a 1.570.000 22.0 De 4,000 a 13,800 De 12,450 a 20,200 16.02 24 24 De 400.000 a 600.000 De 1.570.000 a 2.140.000 24,0 De 13.800 a 25.800 28 De 20.200 a 35.200 30 17,04 De 600.000 a 800.000 18,06 De 2.140.000 a 2.710.000 26,0 De 25.800 a 45.000 De 35.200 a 60.000 De 2.710.000 a 3.280.000 28,0 Más de 45.000 45 Más de 60.000 De 800.000 a 1000.000 19,08 De 1.000.000 a 1.400.000 20,61 De 3.280.000 a 3.850.000 **30,0** De 1.400.000 a 1.800.000 22,65 De 3.850.000 a 4.420.000 32,0 De 1.800.000 a 2.200.000 24.69 De 4.420.000 a 4.990.000 34.0 De 2.200.000 a 2.600.000 28,73 De 4.990.000 a 5.560.000 36,0 De 2.600.000 a 3.000.000 28,78 De 5.560.000 a 6.130.000 De 3.000.000 a 3.400.000 30,82 De 6.130.000 a 6.700.000 40,0 De 3.400.000 a 3.800.000 32,86 De 6.700.000 a 7.270.000 42.0 De 3.800.000 a 4.200.000 34,9 De 7.270.000 a 7.840.000 De 4.200.000 a 4.600.000 36,94 De 7.840.000 a 8.410.000 De 4.600.000 a 5.000.000 38,98 De 8.410.000 a 8.980.000 48,0 De 5.000.000 a 5.400.000 41,02 De 8.980.000 a 9.550.000 De 5.400.000 a 5.800.000 43,06 Más de 9.550.000 De 5.800.000 a 6200.000 45.1 De 6.200.000 a 6600.000 47,14 De 6.600.000 a 7000.000 49,18 De 7.000.000 a 7400.000 51,22 De 7.400.000 a 7800.000 53,27 De 7.800.000 a 8200.000 55,31 De 8.200.000 a 8600.000 57.35 De 8,600,000 a 9000,000 59,39 De 9.000.000 a 9400.000 61,43 De 9.400.000 a 9800.000 63,47 Fuentes: Ministerio de Hacienda, OCDE y elaboración propia Más de 9.800.000 A.M. / CINCO DÍAS

Figure 1

Another interesting element to take into account was that, in this time, there was a publication of the so-called "lists" of the tax. In them you could find all the relevant information of every taxpayer, including their gross income, the amount of tax to be payed and personal information like their name, which were published and could be consulted by any Spanish citizen willing to see the information. This practice was abolished two years after the existence of the tax as it led to complications regarding the safety of the taxpayers included in them, as it revealed their powerful economic situation and put their lives in danger. A real case on the matter was the kidnapping of a powerful businessman, Luis Suñer, by ETA, a very well-known

Spanish Criminal Group, making the legislator eradicate the publication of these lists and marking them as confidential information.

The massification of Personal Income Tax in Spain was a consequence of the modernization of the country in legal and political matters throughout the XX century. In this sense, new ideals which I discussed in earlier parts of the paper, like the equality principle or progressive and inclusive tax policies sought to be installed in place of the old regime, led PIT to be massified and applied to each and every individual which complied with the conditions legally established in the law regulating the matter.

In this sense, we can't say that Persona Income Tax, since its formal introduction into the Spanish Tax System in 1977, has evolved from an upper-class tax to a mass tax, but rather that, since its installment in our country, it has been massified and extended to the Spanish citizens fulfilling the tax object, both to the upper and lower class.

ii. Corporate Income Tax.

Corporate Income Tax was already legally introduced into our legal system in 1967, during Franco's regime, however, after the events taken place prior to Franco's death, it was restored through Law 61/1978.

In the same manner as Personal Income Tax, CIT (Corporate Income Tax) is in charge of taxing income received by societies and legal entities. It has been subject to numerous modifications through time and has proven to be one of the main sources of revenue for Spain.

Some of the main characteristic elements of the 1978 legal text was the establishment of a fixed 30% tax rate on passive subjects, with an exception of 20% rates on newly created entities. Moreover, it extended its imposition to all legal entities, including those with non-profit purposes and civil societies. What is more, a wide range of exemptions was installed in comparison to the limited ones seen in the 1967 tax law.

In short, the new tax legislation proved the modernization and natural evolution of the context in which it was installed. These two specific taxes have showcased how taxation trends have been modified with time, and continue to do so, in the aim of adapting them to the current realities in which the country finds itself in. As I will discuss later on, Corporate Income Tax is a key figure which has been object of international law in relation to problems at a global scale which affect domestic systems worldwide.

d. Political participation and representation in the context of the 1977 Tax Reform. The parliament.

The Spanish Fiscal Reform of 1977, enacted during the transitional process into democracy, marked a point of reference in the relation between politics, tax legislation and representation in the country. During this process of change, the enactment of the reform was fundamental when constructing a new rule of law, ensuring social justice and equality, which together with the 1978 Spanish Constitution, built a new era for the country and its nationals.

The objectives of the reform were clear, modernizing the tax system, reducing inequality and increasing political participation. The role of European countries was very relevant when setting the country's goals, as we will see later, and transparency was crucial during the enactment of the reform. Regarding inequality, one of the key elements was the redistribution of wealth in order to reduce social differences. Unlike times past, progressivity was truly aimed for and intended to ensure that the tax burden wasn't unequally distributed.

Constitutionally established principles in Title III of the legal text are the bases of this, establishing a democratically elected government which represents citizen's interests, alongside the primacy of the rule of law within our territory. As I will dive into deeper in Point 6 of the report, the role of the judiciary is key in the success of this reform and its promises to ensure representation.

All this is materialized in the Cortes Generales, a body which had been present throughout Spanish's history, but which in the 1978 Constitution was given the power and scope it currently has. Law is the most important source of tax legislation, consequence of the principle of law reserve in the tax area, and it is the Parliament which holds competence to legislate. This legal body is in charge of the creation, modification and derogation of laws, the supervision and control of the government in order to fulfil their legal duties and comply the law, and lastly, of the representation of popular will through the elections carried out democratically by Spanish citizens. In a nutshell, it is the most important element of the State of the art as it is the connecting point between the governors and heads of state which represent Spain, and

the citizens which live in the country. In this sense, it is the voice of the society and is granted the power which had been fought for during centuries.

Currently, and thanks to this body, important decisions have been made and legal action has taken place in order to materialize them. Social rights have evolved tremendously during the last decades due to the ability of citizens to have a say in these kind of matters like gender equality or social security. Regarding economic matters, the parliament has approved laws which have made our economy grow and allow for Spanish citizens to be able to live under better circumstances. All in all, the evolution we as a society have achieved thanks to a system which allows its citizens to have a say on how their country is ruled is notorious, and even though there are inevitable setbacks, this particular period of time was a big step forward for Spain as a nation.

5. GLOBALIZATION.

a. Introduction.

In today's globalized environment, due to the political and economic evolution Spain has lived during this period, we must remark the relevance of International and Supranational Laws, alongside the role of tax treaties ratified by the country, acting as a vital element of worldwide tax regulations. A treaty is defined as "an international agreement concluded between States in written form and governed by international law" under Article 2 of the Vienna Convention on the Law of Treaties (1969). The system of incorporating international standards in Spanish internal law, as well as in the rest of the surrounding nations, is monistic. The monist system indicates that once international law standards have been approved, they are instantly incorporated into the domestic legal system without the need for any additional legislative act. This type of legal source is hierarchically superior to internal laws, established as such in article 96.1 of the Spanish Constitution. Examples of International Conventions could be Agreements to avoid double taxation, which distributes tax power between countries, but needing prior authorization from the Spanish Parliament. Moreover, given that Spain is a member of the European Union, the regulations of this supranational body serve as an additional tax source to our domestic tax system. Like International Treaties, the European regulations take precedence over national law.

Spain is an ideal canvas for reflecting on worldwide financial developments, given its impressive integration into the global economy over the last few decades, as well as its incredible political transition, which has allowed it to take its proper place among the world's top democratic nations.

With a clear idea on how Spanish legislation is affected by Globalization, I will discuss the structure of the country's public revenue regarding direct and indirect taxation, alongside other revenues.

Firstly, we must identify both types of taxation within Spain's main tax objects. Direct taxation is imposed directly on persons or legal companies and is calculated based on the money they acquire or obtain as a result of carrying out an activity. In this respect, to compute a direct tax, the forms of expression of wealth are taken into consideration, such as the holding of patrimony or revenue derived from an income. In Spain, the principal direct taxes are as follows: Personal Income Tax, Non-Resident Income Tax, Corporate Income Tax, Inheritance and Gift Tax, Real Estate Tax, among others.

When it comes to indirect taxation, we refer to those that do not consider the taxpayer's economic potential and instead tax the consumption of goods and services. In this way, it is presumed that all consumers must pay the same price when contracting for a service or buying a product. Some of the most relevant taxes in this sphere are Value Added Tax, Transfer Tax and Stamp Duty, and Excise taxes. In terms of equity, direct taxes are fairer, while indirect taxes aren't taken as such. Due to the fact that the consideration of personal circumstances or economic capacities and solvency at the time of their declaration is taken into account on direct taxation, but not on indirect, the consideration of a "fair" tax is attributed to direct taxation.

Focusing on the structure of public revenue in the country, *Figure 2* showcases the percentage of total tax revenues perceived by Spain in comparison to the OECD⁴ (Organization for Economic Co-operation and Development) average. Before this, however, it is important to note which elements make up Spain's tax system, subdivided into three main categories: true taxes, dues and fees, and special levies. The last two are collected in exchange for a public service supplied by the government, or for any form of benefit resulting from public works or services, while true taxes are the ones divided into direct and indirect categories. In this sense, we can observe that social security contributions and taxes on personal income, profits and gains are the two most substantial sources of public revenue in Spain, accounting for a total of 58% of the tax revenue of the country. Social security contributions' main function relies on the withholding of income obtained by employees and employers

⁴ The Organization for Economic Co-operation and Development is an intergovernmental organization with 38 member countries, founded in 1961 to stimulate economic progress and world trade. It is a forum whose member countries describe themselves as committed to democracy and the market economy, providing a platform to compare policy experiences, seek answers to common problems, identify good practices, and coordinate domestic and international policies of its members. (*Wikipedia*)

in order to finance the social security system of the country, whereas taxes on personal income, 2^{nd} most relevant source, are destined to a wider range of public expenditure carried out by the state. Even though social security in Spain is considered separated from its tax system, the doctrine has unanimously agreed on the fact that the legal nature of this payment is that of a tax. Moreover, as it levies on income obtained from work, we can state that it is a second imposition figure dealing with this kind of income, contributing to the public revenue structure of the country.

Regarding the other elements, it is important to note the relevance of VAT and its contribution to the country's public revenue. This indirect tax accounts for 18% of the total tax collection and is the most relevant element of indirect taxation we can observe in the territory.

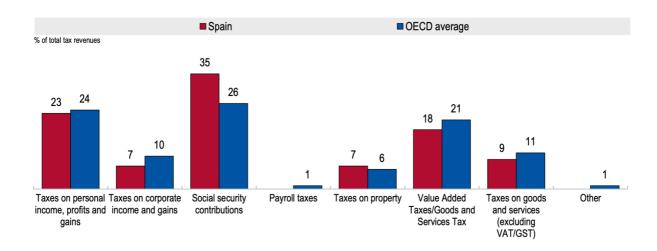


Figure 2: Tax structure compared to the OECD average, 2021.

b. Tax policy.

Tax policy is one of the primary functions of government. It determines the amount of revenue accessible to the government for financing its operations. It also defines which segments of society contribute, and to which extent, to this revenue, thereby redistributing income and wealth throughout the Spanish territory. It can also stimulate or discourage specific economic activities and their geographical location, so regulating and distorting economic activity. As a result, political parties and interest groups work to influence tax policy. In democratic nations, it is driven by economic and political reasons.

Spain's monetary policy shifted continuously over the years as the economy steadily opened. From 1973 until 1983, the government pursued a monetary strategy typical of a closed economy, focusing on the management of broad monetary aggregates. Between 1984 and 1989, as increased financial innovation made financial system stability an increasingly crucial aim, monetary policy began to focus more on interest rates and exchange rates. This strategy resulted in Spain joining the European Monetary System⁵ in 1989, focusing monetary policy primarily on the exchange rate. In 1994, the parliament accepted the idea of central bank independence, shifting the focus of monetary policy to price stability while retaining Spain inside the framework of the EMS. Through some of these examples, we can observe that the overall trend during this time was directed at economic growth, increased mobility of capital and labor, expansion of international trade and removal of trade barriers.

With the economical context clear, focusing on the legal sphere of financial systems, the characteristic element of Spain within this period relies on the ratification of multiple international agreements, alongside its implementation into the EU, supranational organization directly affecting the country's functioning. A clear example of this is the installment of Value Added Tax to our tax system as the main source of indirect taxation for the country. The subordination of domestic tax systems to international treaties and supranational laws entails a loss of the autonomy of

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⁵ The European Monetary System (EMS) was a multilateral adjustable exchange rate agreement in which most of the nations of the European Economic Community (EEC) linked their currencies to prevent large fluctuations in relative value. (Wikipedia)

national laws due to the imposition of certain provisions by these organizations, however, such loss of autonomy is compensated through the harmonization of tax rules across the territories it affects, all with the aim of encouraging economic growth.

The question we must ask ourselves now is, how legitimate are these supranational and international laws? Is there enough control by the Parliament, legal body which protects and serves the constitutional principles of legality in tax matters, over the work carried out by the government when representing Spanish interests in these supranational settings? Undoubtedly a complicated issue, I will discuss further in the report the role of the judiciary on tax matters.

Focusing on our domestic system though, the main change regarding tax policy during the period was the Fiscal Reform of 1977 already discussed in the "Socioeconomic transformation: the Keynesian period" topic above.

Throughout the globalization period, Spain's tax policy and law underwent major changes, driven by a wide range of interests. These interests, which range from corporate entities to international organizations and popular views, have played critical roles in defining the course of Spain's tax system. This section will showcase the most relevant interests that have had a significant impact on Spanish tax policy, the foundations for these conclusions, and a consideration how these interests have been represented in the policymaking process.

As hinted above, the role of international organizations and the European Union directly influences tax policies and legislation within our country due to the subordination of Member States to their provisions. International institutions like the OECD and the EU impact Spain's tax policies undoubtedly. Initiatives such as the Base Erosion and Profit Shifting (BEPS) encourage worldwide tax cooperation while combating tax avoidance and evasion, which I will discuss later in a more detailed manner. Spain's tax legislation may be amended to comply with international standards and treaty requirements established by these organizations.

Another crucial element lies within the governmental decisions carried out as a consequence of several factors. In this sense, tax policy is heavily influenced by the government's goals and the state of the economy. Fiscal goals such as revenue generation, deficit reduction, and economic stimulation influence tax rates, deductions, and exemptions. During economic downturns or crises, tax laws may be altered to solve immediate budgetary issues or to aid in recovery efforts. In this context, dealing with the consequences of the COVID 19 crisis, fiscal policies have been positioned as a key tool to limit and mitigate these impacts. The attention of public health systems has been the main containment dam against the health crisis, while public fiscal action has made it possible to mitigate the economic and social impacts. Tax exemptions and payment deferrals, development of minimum income schemes, expansion of unemployment insurance and provision of liquidity lines to companies and the self-employed, are, among others, some of the measures that make up this fiscal battery against the crisis.

Lastly, within internal tax policy, it is also important to consider corporation interests. Large firms and international corporations exert significant power over tax policy in Spain. Their major focus is frequently on reducing tax bills and developing tax conditions that encourage investment and corporate growth. Corporation interests push for policies directed towards lower corporation tax rates, investment incentives, and tax breaks that benefit these kinds of operations. These interests are often represented by industrial associations, lobbying organizations, through direct contact with officials.

External tax policy decisions, on the other hand, are those which don't come from our domestic legal system of taxation, but rather from supranational and international treaties to which Spain is a member of, constitutionally regulated in its article 93, they are granted competences to legislate, and after their ratification and publication in the BOE, be part of the Spanish legal system.

In this manner, Spain's membership in the European Union has resulted in substantial tax policy alignment with EU rules and regulations. EU decisions, such as VAT regulations, corporate taxes, and anti-tax evasion measures, have had a significant influence on Spanish tax policy. For example, guidelines on tax information sharing and the concept for a common consolidated corporate tax base

have affected Spain's approach to tax transparency and corporate taxes. Within the EU context, the harmonization of taxes among their Member States involves the removal of tax distortions affecting commodity and factor movements in order to bring about a more efficient allocation of resources within an integrated market.

In an international context it is crucial to consider the BEPS project carried out by the OECD. Base erosion and profit shifting (BEPS) are corporate tax planning strategies used by multinational corporations to shift profits from higher-tax jurisdictions to lower-tax jurisdictions or no-tax locations where there is little or no economic activity, thus eroding the tax-base of the higher-tax jurisdictions using deductible payments such as interest or royalties. Spain took part in this endeavor and enacted measures to combat tax evasion, increase tax transparency, and reinforce transfer pricing regulations. The BEPS initiative has affected Spanish tax legislation by causing modifications to domestic tax laws to accord with international norms and guidelines. Discussion on Pillars I and II will be presented in a further stage of the paper.

c. Challenges of globalization.

There are several areas of tax law which have been subject to controversies and difference of opinions with the rise of globalization and evolution of the system we once knew. In this segment of the paper, I would like to discuss Spain's point of view regarding tax competition, tax expenditures for business enterprises, tax sovereignty and extensive citizenship in relation to the status the country holds within the supranational and international sphere.

To start off, tax competition can be understood as the result of government's tax measures aimed at appealing to high worth taxpayers, like corporations or investors, by reducing taxation and creating an attractive scenario in which these taxpayers can carry out their economic activities. As international commerce has been more liberalized, with freer movement of money and fewer constraints on individual migration, taxes have become more important in determining where an individual or organization will establish its fiscal base. This practice is subject to a wide range of criticism due to the fact that many believe it leads to a race to the bottom within countries. On the contrary, others believe that it can lead to efficiency gains by incentivizing governments when adopting competitive tax measures, leading to investment attraction and improvement of business environments, favoring economic growth. In this sense, and as I will analyze later when discussing EU directives which control some of these aspects, like the Pillar II Directive, a proper control over such practices is crucial when it comes to legitimizing the system and avoiding any illegal practices.

Regarding tax expenditures for business enterprises there is also a conflict of opinions. This practice alludes to government's revenue losses in consequence of tax exclusions, exemptions or deferrals. In this context it is vital to understand one simple concept, business enterprises are the biggest source of income in today's societies. These legal entities gross a very elevated quantity of income a year, and therefore are a source of vital importance when it comes to tax collection. With this idea clear, it should come as no surprise that countries seek to preserve those business enterprises established in their territories, and to attract others from choosing them as their "tax

residency". For these reasons, a common practice through which this is achieved is the aforementioned tax expenditures at the government's hands. The main issue here lies with the fairness of the system. Will these practices result in unequitable treatment between corporations? Like in the case of tax competition, a legitimate and legally established system must be necessary when designing and applying these practices due to their magnitude.

Tax sovereignty is one of the pillars of our constitutionally established tax system, and due to the elevation of international law and the EU, some may argue that the original power granted to the constitution and its provisions have been severely lost during this period. This principle fulfills the purpose of ensuring the role of representation in tax matters, and even though many academics highlight the need for Spain to retain autonomy over its tax system in order to address domestic challenges, promote economic growth and protect national interests, it would be ignorant to ignore the role of international organizations and the aims and protection they grant Spain with. In this manner, others affirm that constraints on national sovereignty are inevitable and don't pose a threat to legitimacy on the basis that the constitution itself contemplates international power over the domestic system.

When dealing with extensive citizenship, there are several factors to take into account when building an opinion on the matter. To start off, voting rights in national elections are restricted by the Spanish Constitution to nationals of Spain. Even though this is not the case for local elections, this has little to no relevance due to the limited competences these local entities have in comparison to the State competences.

Looking at opinions which concur with the idea that non-citizens should have voting rights, some of the most interesting arguments are the following. Firstly, it is considered incongruous to talk about the integration of immigrants into our society if at the same time they are denied the right to political participation. The vote is a factor of integration. You cannot ask someone to feel comfortable in this society, to be responsible and integrate into it, when they are not allowed to participate in it and make decisions about their future. In this context, it is difficult to democratically justify that millions of people in Spain fulfill their duties, pay their taxes and, yet, do

not have their rights recognized, specifically the right to vote, and therefore, cannot decide on matters that will undoubtedly influence their lives, work, children's education and many more. In this context, foundations across Spain dealing with human rights present these allegations when trying to fight against this restriction alleging discrimination and inequality issues.

On the contrary, when trying to find evidence against it, the main pillar this opinion is based on is the constitutional provision prohibiting it. As we know and have seen throughout the report, Constitutional principles in Spain are of high relevance and constitute the most important rule of our system. With this train of thought, it should become clear that the sole fact of reserve of electoral rights to citizens of Spain, constitutionally established, is reason enough for this sector of the population to stand behind the idea that no resident which isn't a national of Spain may have voting rights.

d. Pillar II directive: tax competition and legislative process.

Spain's tax system, like that of many other nations, incorporates a variety of measures aimed at attracting investment, promoting economic growth, and maintaining global competitiveness. Some of the most essential components of Spain's tax system with regard to tax competition include competitive corporate tax rates compared to other European countries, or tax incentives and deductions which I discussed in earlier parts of the report. In this sense, Spain aims to create a competitive tax system which favors the rise of factors it considers crucial when fulfilling development objectives.

The Pillar II Directive is an EU law agreement which will affect the way in which tax competition has functioned until this point. It forms part of an international reform of taxation which is composed of this pillar, and Pillar I, which I will discuss later. The effective implementation of the Directive will limit downward competition between corporate tax rates. The profits of large multinational and national groups of companies or companies whose gross yearly turnover is at least 750 million euros will be subject to a tax rate that may not be less than 15%. The new rules will reduce the risk of base erosion and profit shifting and ensure that larger multinational groups pay corporation tax at the agreed global minimum rate. The directive is intended to guarantee that multinational firms pay a minimum amount of tax on their global revenue, regardless of where they are located or where their earnings are recorded. As a result, nations with lower tax rates or preferential tax systems may be pressured to change their tax policies to meet the minimum tax standards, and likewise, other nations which have elevated rates will be forced to reduce them to maintain competitiveness between nations.

The new norms are still on very early development, so we will have to look closely at its effects as time goes on, but in a general scale, Spain will benefit from its inclusion in an international law reform which has beneficial interests in what legitimacy refers to, as it seeks to preserve and ensure a fair tax system at an international level.

Regarding the legislative process of Pillar II, from soft law to EU Directive, to then domestic legislation, it is vital to understand how this development took place. Firstly, on 8 October 2021, almost 140 countries in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) reached a landmark agreement on an international tax reform, as well as on a detailed implementation plan. Then, the European Commission released a purposed directive based on the model rules on December 22, 2021. A year later, the Council of the European Union formally adopted the EU Pillar Two directive. This meant that Member States would have to transpose the directive into national law by the end of 2023. Spain, within the set time limit, communicated the following: "The Council of Ministers has approved in the first round the Draft Law that allows the full transposition of the European Directive relating to the guarantee of a global minimum level of taxation of 15% for groups of multinational companies and large national groups. This measure, which will now begin the process of public information and mandatory bodies, follows the recommendations made in the so-called Pillar 2 of the BEPS program (initiative against tax base erosion and profit shifting) agreed by the Organization for Cooperation and Economic Development (OECD)".

One of the most reliable sources of tax legislation is EY, which states the following regarding the project of international tax legislation we are slowly implementing on domestic tax systems: "Certainly, we are far from a full refoundation of the international Tax System that ensures its stability and operates in a coordinated manner and with levels of international tax cooperation that allow us to avoid distortions, controversies and non-systemic double/multiple taxations. In this sense, it is advisable that the strategy of alignment and compliance with the new international tax standards and principles goes beyond a compliance approach and is carried out based on more dynamic-prospective approaches, combining global and local analyses, thus allowing a more resilient and sustainable model".

In this manner, due to the early stage in which we find ourselves in, it is important to understand that nations are still trying to find the most successful ways in which to build an international common ground for tax law. There are obvious issues that need to be tackled and fought against, but as stated in the statement from

EY, the goal must be a resilient and sustainable model of taxation which allows for the most productive and efficient system there can be, while still complying with the law and its principles.

e. Legitimacy of international rules.

The emergence of globalization has created a greater demand for international cooperation in a variety of fields, including taxation. The Organization for Economic Cooperation and Development (OECD) is an important player in this context, promoting worldwide tax rules and agreements. However, the legitimacy of these practices, particularly in terms of national constitutions, has been a source of heated discussion.

On the bright side, it is undeniable that OECD has technical competence and resources that enable effective creation of international tax standards. This can be especially useful for smaller countries who lack the means to implement strong tax policies on their own. International tax cooperation is also critical for addressing challenges such as base erosion and profit shifting (BEPS) by multinational firms. Standardized norms established within the OECD framework promote a level playing field and prohibit unfair competition among countries.

However, even with this clear, international law is sometimes accused of lacking a democratic basis. Unlike national laws, which are developed and legitimized through democratic processes, in our domestic system through the parliament, international law is largely established through treaties negotiated by state representatives rather than elected by voters. This presents issues of accountability and representation, as some citizens believe their opinions are not being heard in the formation of international rules, which is the same as if they weren't heard at a national level due to the implementation of international rules in our domestic systems. To solve this issue, we must observe the constitutional provisions regarding implementation of international treaties.

The Spanish Constitution, in chapter 3 of its Title III, deals with international treaties within the constitutional sphere. Article 94 enunciates the necessity of the State to obtain the Cortes Generales' authorization when taking part in the ratification of international treaties dealing with, alongside many others, financial matters. Moreover, article 95 expressly prohibits the contradiction between constitutional provisions and those of the aforementioned treaties. In this manner, if any agreement

is ratified which contradicts constitutionally established provisions, these must be necessarily amended prior to their installment in our domestic system.

This being clear, the problem with legitimacy arises when the constitutionally established procedure to ensure legality isn't complied with, and therefore leaving the Cortes without a say when ratifying these agreements. This constitutes the main conflict of opinion and gives rise to constitutional uncertainty within domestic law.

Within this context, the phenomenon of globalization and the rise of harmonization policies have resulted in the creation of an international legal framework that entails a disruption from the legal systems of various member states involved in the treaties ratified, like the MLI and overall international tax reform models.

In Spain's case, the relevance of the parliamentary role is crucial when talking about participation and representation of citizens. The legitimacy of our tax system lies with these constitutional principles, and this new era of digitalization and globalization of markets and the economy have posed several conflicts to the traditional way in which our system was built. It's clear that in previous times, when the full autonomy of the nation was established, issues in this matter were less complex. Citizens elected their representatives at a national scale, and decisions were made in relation to them. However, with the rise of supranational and international law, and the submission of domestic law to them, the legal procedure followed to install these laws as our own is far more complex. As I previously stated, constitutional provisions regarding the role of Las Cortes when carrying out this task is clear, and any discrepancy with the legally established way of functioning should be judged and corrected.

Focusing on representation and participation, taking soft law as the point of origin of the international laws which will at a later stage be installed in our domestic system as national law, there is a clear lack of participation of domestic systems. International organizations like the OECD make decisions and carry out legal projects, which are later agreed on by the EU Commissions, and then implemented into EU Law, which leads them to end up as Member State law. In this context, Spain

is ratifying and including in its legal system norms which have not been decided by them. The question is, should Spain preserve autonomy on matters which are not only affecting their reality, but rather affect the entirety of Europe? Is it illegitimate for international organizations to seek the protection and preservation of a fair tax system through agreements between states? In this sense there is a conflict of interest between the objective of these organizations and the systematically established procedures by law.

To sum up, it is undoubtable that the rise of a global perspective on tax matters is indeed an inevitable consequence of the evolution we have witnessed over the last years, and due to the reality in which we are functioning as a State, we cannot intend to preserve autonomy on matters which clearly are above our control.

EXCURSUS: THE WASHINGTON CONSENSUS, THE TROIKA, AND THE (SEMI) PERIPHERY.

a. Washington Consensus.

The Washington Consensus is a collection of economic policy principles for developing countries, particularly Latin America, that gained popularity in the 1980s. The term "Washington Consensus" typically refers to the level of consensus among the International Monetary Fund (IMF), World Bank, and United States Department of the Treasury on policy recommendations. All held the neoliberal perspective that the operation of the free market and the decrease of state intervention were critical to development in the global South.

Their provisions included regulation on fiscal adjustment, tax reforms, deregulation, trade liberalization, competitive exchange rate, privatization, and many other measures to fulfil their intended purpose. However, the Washington Consensus failed systematically, owing primarily to a failure to understand development in underdeveloped countries. These measures aimed to boost these countries' GDP, but economic growth favored the wealthy, resulting in increased poverty, inequality, and unemployment.

b. Institutional loans and their conditions.

When dealing with institutional loans in Spain, we must discuss the 2012 loan provided to our country by the ESM (European Stability Mechanism). Between 1997 and 2008, Spain experienced economic growth, thanks in part to a property boom fueled by financing from the Spanish banking industry. Many banks, particularly savings banks, failed to adequately manage the risks connected with large-scale loans to construction and property development enterprises. The real estate bubble burst when the global financial crisis hit Spain, causing a deterioration in the quality of banks' balance sheets and capital levels. Spanish authorities began a reorganization initiative in 2010. However, this process coincided with an economic downturn that

was more severe and prolonged than anticipated. The funding costs for Spain and its banks increased dramatically. Within this context, Spain requested financial assistance which led the country to receive 41.3 billion €.

Regarding the conditions imposed, in the instance of Spain, conditions were tightly applied to the banking industry. There were three key requirements. The first was to identify individual bank capital needs through a banking sector asset quality review and a bank-by-bank stress test. Second, weak banks would be recapitalized and restructured in accordance with plans to address any capital shortages discovered during the stress test. Finally, problematic assets in banks receiving public assistance (without realistic plans to remedy capital deficits through private means) were to be separated and transferred to an external asset management business (SAREB). In addition, conditionality was used to reinforce the whole banking industry. This included regulatory capital targets, bank governance standards, enhanced reporting requirements, and strengthened supervisory procedures.

c. Troika-driven and G7-driven tax legislation.

The Troika is an organization within the European Union context made up of the European Commission, the European Central Bank and the International Monetary Fund. Its main functions lie with the monitoring of countries which are in severe economic crises and are granted loans from the EU and the IMF. On the other hand, the Group 7 is an intergovernmental organization which deals with economic and political matters at an international level, intending to influence global trends and tackle issues like economic crises.

Both deal with economy from a global perspective, focusing on specific issues and holding competence over certain areas. These kinds of organizations contribute to global awareness and the measures to combat economic issues, which therefore have a direct correlation with tax legislation and the trends to follow in order to fulfil the objectives and aims set out to fight such conflicts.

6. THE ROLE OF THE JUDICIARY IN TAX LEGISLATION: TAXATION WITHOUT REPRESENTATION.

a. Constitutional Court.

Spain's Constitutional Court is constituted as the highest judicial authority in the Spanish legal system relative to the other arms of government. The Court's objective duty is to ensure "the primacy of the Constitution" and to determine whether the challenged laws, provisions, or acts comply to it (art. 27.1 LOTC). In this sense, because it is the highest interpreter of the Constitution, configured as fundamental law as stipulated in its article 9.3: "Citizens and public authorities are subject to the Constitution and the rest of the legal system", it is possible to affirm that the Constitutional Court, both from a procedural and institutional point of view, is above all powers of the State and must ensure the compliance with the principles of legality, the rule of law and guarantee protection over these and many other relevant rights.

The request for protection under Article 53 EC includes the matters that the court can immediately deal with as a jurisdictional body. This unique appeal allows any citizen to advocate for the protection of the most fundamental freedoms and rights collected within this legal text. The list of rights that are susceptible to amparo extends from Articles 14 to 30.

Regarding specific competences, the Constitutional Court states the following:

"The Constitutional Court, as the supreme interpreter of the Constitution, is independent of the other constitutional bodies of the State and is subject only to the Constitution and its Organic Law. It is unique in its order and extends its jurisdiction to the entire national territory.

The Constitutional Court hears, among other matters:

- a) The appeal and the question of unconstitutionality against laws, regulatory provisions or acts with the force of law of the State and the Autonomous Communities;
- b) The prior appeal of unconstitutionality against projects and proposals to reform the Statutes of Autonomy;

- c) The appeal and the issue against the regional tax regulations of the Territories of Álava, Guipúzcoa and Vizcaya;
- *d)* The appeal for protection for violation of the fundamental rights listed in articles 14 to 30 of the Constitution;
- e) Of the constitutional conflicts of jurisdiction between the State and the Autonomous Communities or those of these between themselves:
 - f) Conflicts between constitutional bodies of the State;
 - g) Conflicts in defense of local autonomy;
 - *h)* Conflicts in defense of regional autonomy;
- *i)* Of the declaration on the constitutionality of International Treaties:
- j) Of challenges to the provisions and resolutions of the bodies of the Autonomous Communities provided for in article 161.2 of the Constitution;
- k) Verification of the appointments of the Magistrates of the Constitutional Court, to judge whether they meet the requirements required by the Constitution and its Organic Law;
- l) Of the other matters attributed to it by the Constitution and the organic laws.

The Constitutional Court may issue regulations on its own operation and organization, as well as on the regime of its personnel and services, which must be published in the Official State Gazette".

Focusing on landmark decisions made by the Constitutional Court regarding tax matters, one of the most relevant and recent ones is in regard to the Impuesto Temporal de Solidaridad de las Grandes Fortunas (Temporary Solidarity Tax on Great Fortunes).

The appellant Governing Council of the Community of Madrid attributed the following constitutional infractions to the contested provision: (i) violation of article 23.2 of the Spanish Constitution ("CE"), for promoting the legislative initiative through a proposición de ley, instead of a proyecto de ley, and for lack of homogeneity

with the original text of the bill of the amendment by which the ITSGF was introduced; (II) violation of articles 156.1 (and, in connection with it, of article 137) and 157.3 CE, for creating a new tax to improperly harmonize the Wealth Tax, instead of modifying its transfer regime to the Autonomous Communities, as well as violation of the principles of fiscal co-responsibility, coordination and institutional loyalty of article 156.1 CE; (iii) violation of article 31.1 CE, for violating the principles of economic capacity and non-confiscatoriality; and (iv) violation of the principle of legal certainty of article 9.3 CE by establishing a retroactive tax.

On the contrary, the Constitutional Court rejected the appeal claiming the constitutionality of this controversial tax in Spain. In short, the tax discussed aims to increase public revenue, reduce tax evasion, harmonize autonomic taxation (since the already existing Wealth Tax is ceded to AACC, and Madrid doesn't pay it due to a 100% exemption), and contribute to a fairer tax system in which entities which have more resources pay more taxes. These arguments are the main reasons presented by the government when implementing the tax. It is still uncertain how the situation will end up, but some negative side effects of its implementation could be the emigration of businesses and corporations of great value, as they will be obliged to pay elevated taxes, and some fear an unfavorable outcome within national markets.

Moreover, a topic of relevance when discussing legitimacy and judicial control over the law, is the use of Royal Decree Laws promulgated by the government, not the parliament, to overcome the principle of legality. As established in article 86 of the Spanish Constitution: "In case of extraordinary and urgent need, the Government may dictate provisional legislative provisions that will take the form of Decree-Laws and that may not affect the organization of the basic institutions of the State, the rights, duties and freedoms of the citizens regulated in the Title I, to the regime of the Autonomous Communities or to the general electoral law.", which basically means that the government has the power to issue provisional legislation, without consultation of the parliament, that have the force of law. This poses a big threat to legitimacy as the legislative power granted exclusively to the Parliament to represent popular will is violated.

With this context, a Royal Decree Law was published in 2016 which reformed several aspects of the Corporate Income Tax of Spain with the aim of increasing public revenue. As has been established throughout the report, tax matters are exclusively subject to the principle of legality, reserve of the law, and to fulfil this principle it is necessary that the parliament oversees taxation issues. With this clear, it is undoubtable that the promulgation of a Royal Decree law with no parliamentary participation is inadmissible as a way of legislating tax modifications. For these reasons, the governmental law was sent to the Constitutional Court claiming its lack of constitutionality. The Court agreed and established the unconstitutionality of several of the Law's provisions alleging the lack of compliance with Article 86.1 SC overviewed above. It clearly stated that the issue was the instrument through which the norm was established. It didn't evaluate the content of the norm to decide on its legitimacy or not, but rather that the provisions affecting matters excluded from the scope of the instrument weren't complying with the reserve of law on tax matters, resulting in their failure to comply with the most important and basic Law of the country, the Constitution.

b. Court of Justice of the European Union.

The Court of Justice of the European Union is comprised of two jurisdictional bodies: the Court of Justice of the European Union and the General Court. Both courts must ensure the proper interpretation and application of EU law in all Member States. They also act as a control tool for the legality of EU legislation. Furthermore, they must examine whether the various Member States are following the law, and if national judges seek it, they must provide an interpretation of EU law. The CJEU has played a key role in ensuring the legitimacy of tax provisions within the European Union. Through its rulings, it has established a series of principles and guidelines that guarantee the rights of taxpayers in their relations with the tax authorities. The role it plays in supranational level law is of vital importance.

For these reasons, it becomes clear that the impact it has on domestic tax systems is undoubtable. Its functions include interpreting and ensuring the application of legislation. Both have a direct effect on how our legal system functions, since the interpretation provided by the Court entails the course of action that must be followed by Member States, and moreover, by ensuring the application of these laws they hold the capacity to give orders regarding taxation provisions that must be carried out. In this sense, CJEU jurisprudence is taken as a formal source of EU Law, which, sometimes better than the laws themselves, manages to cover the gaps between legal systems or between the domestic regulations of a State and EU Law. In fact, it can be considered the main harmonizing source between the laws of the Member States.

c. Arbitration Clause; BEPS Multilateral Instrument.

Arbitration is a dispute resolution method in which the parties agree to submit a conflict to one or more arbitrators, and these will issue a binding ruling on the matter. In doing so, they are opting for a legally binding resolution which can be enforced in courts, but which isn't subject to a judicial procedure in order to obtain it.

The BEPS project has been deeply discussed throughout the later part of this report, however, a particular element that is yet to analyze is the arbitration clause of the original BEPS Multilateral Instrument.

Part VI of the MLI (Articles 18–26) authorizes jurisdictions to use mandatory binding arbitration in a mutual agreement procedure for their Covered Tax Agreements. Mandatory binding arbitration is a procedure that, under some instances, requires competent authorities under a treaty to refer outstanding problems in these agreement procedures to an independent and unbiased arbitration panel. The arbitration panel's ruling is binding on the relevant authorities, resolving issues that would otherwise require agreement in these situations. To use the mandatory binding arbitration rules, a jurisdiction and its treaty partner must specifically agree to accept Part VI of the MLI.

As stated by the OECD: "The "final offer" arbitration process (otherwise known as "last best offer" arbitration) will apply as the default type of arbitration process to Spain's Covered Tax Agreements except to the extent that competent authorities mutually agree on different rules or except where other Contracting Jurisdictions have reserved their right to adopt the "independent opinion" approach as the default type of arbitration process pursuant to Article 23(2) of the MLI".

In this sense, and as stated in the official statement, Spain has signed such arbitration clause, and the conflicts which are under the scope of the agreement won't be taken to court, but rather resolved by arbitrators appointed by the parties, which will issue a binding decision on the matter. Of course, the nature of such decision will necessarily have to comply with the law and be properly reasoned.

d. Legitimacy of the judiciary.

As has been overviewed, there are multiple judicial organs which have control over taxation issues. At the domestic level, we have the Constitutional Court, which protects the constitution and thereby holds a vital role in the safeguard of the basic legal principles constructing our legal system. Moreover, at EU level, the Court of Justice of the European Union is in charge of the proper implementation of law provisions at the supranational level, providing guidance to Member State governments and their domestic legal systems. Lastly, at an international level, we have the use of the arbitration clause in regards to the Multilateral Instrument as a dispute resolution method upon the existence of any conflict. All these control measures fill the purpose of ensuring legality and protecting it, but how legitimate are they?

To answer this question is it crucial to value the control they hold in these matters. The supremacy of law is clearly established, and they act on behalf of it, granted with power to challenge those which don't act accordingly. Due to this, legitimacy should be obtained, however, as overviewed on the Globalization topic of the paper, the constant evolution and growth nations are experimenting has resulted in the necessity of control not only on domestic systems, but also on a higher specter. Coordination of uncountable domestic systems is hard to achieve, but the fact that international organizations like the OECD or even the EU have guided States in the process of building an international ground which they all respect, and a set of principles and guidelines that shall be common to all of them when legislating tax matters.

For these reasons, not only must the Constitutional Court, in the case of Spain, protect the legality of its own system, but also ensure that these international and supranational standards which hold hierarchical supremacy are legitimately applied into their systems, ensuring the transparency and legality of a domestic system heavily influenced and subordinated to international goals.

7. CONCLUSIONS.

Coming back to the prompt which motivated the report, *No taxation without representation*, and after overviewing Spain's legal system from the past into the future, there are crucial points in its history which have allowed for the materialization of this ideal, and others which have posed challenges to the legitimate representation of citizens in the decision-making process of tax legislation.

To start off, it is notable to remark the installment of the Cortes de León in 1188. This institution was the first time that citizens were awarded representation rights within the decision-making process, and even though the way it was carried out wasn't as near as the current parliamentary representation of Spain, it still showcased the relevance of popular sovereignty and served as inspiration for other parliamentary propositions across Europe.

On the contrary, representation wasn't maintained, and the installment of absolute monarchies after that heavily restricted it. The political and economic context of the period was focused on the collection of funds to finance army costs and conquer territories, and therefore resulted in abusive taxation patterns. This led to major conflicts across Spanish territories in which citizens reacted against a system which did not only ignore their will and interests, but which also abused them and restricted their economic growth. The Revolt of the Comuneros or the Salt Tax Revolt are clear examples of it.

Sick of the Old Regime, the XIX century introduced liberal ideals and established the principle of legality. The most remarkable events of this time in relation to *No taxation without representation* were the 1812 Constitution de Cádiz, and the 1845 Fiscal Reform. The Constitution gave rise to the reserve of law of tax matters alongside the establishment of the modern Parliamentary organization of Spain. It was a fundamental aspect of the path the country was going to take from that point onwards. Moreover, the tax reform of 1845 dealt with the fiscal regulation of the country within this new constitutional context. Principles of equality, legality and fairness in taxation were installed, granting citizens the representation and value of their interests they had been fighting for during the past centuries.

Objectively speaking, this period of time was the first successful step in the journey of representation and legitimacy within taxation in Spain, and evidently, paved the way for future landmark decisions and renovations.

With this first step already taken, and after the chaotic Civil War and dictatorship which took place in Spain until the 1970's, our system finally consolidated itself through the Spanish Constitution of 1978 and the Fiscal Reform of 1977. Both of these meant the final modernization and materialization of the principles which had been promoted during the past century. Popular sovereignty, reserve of law, rule of law, principles of legality, equality and progressivity characterized this new era. Representation was guaranteed and constitutionally protected through the parliament, which acts as the voice of citizens in legislation matters.

The main issue looking at the future is the role of international and supranational law on legitimacy and representation. International organizations like the OECD have established taxation plans and have elaborated programs to install these measures across countries worldwide. Through them, global monetary problems aim to be solved and tackled thanks to a common baseline which applies to nations ratifying these agreements. With a legitimate domestic system established, it is now crucial to question whether or not there is enough protection by the parliament, the Constitutional Court, and the overall domestic legislation over the decision-making process of the laws and agreements implemented in regard to these international rules.

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