

The Drama of Argentina -The State, fiscal policy and public debt: LVT Chapter

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2.1. Study of cases

Introduction

The cases that are presented belong to participants of the postgraduate course in the Finance and Tax Law Specialization of the University of Belgrano and of the Master in Taxation of the Faculty of Economic Sciences of the University of Buenos Aires.

We have selected a few case studies, as it is impossible to include them all in one book. Studies have been carried out in different departments / parties in different regions of the country in order to verify whether our position is correct or wrong. To our satisfaction, the same results were reached in all the localities. With an aliquot of 1% on the value of the land free of improvements (that is, not to confuse natural resource land with what is built on it, which is economic capital) at market price, it is possible to finance expenses from 70% or more local, without the need for contributions from provincial governments or national Treasury funds. Likewise, all those municipal taxes that are not truly taxes are eliminated,

In the Province of Buenos Aires, studies were carried out in the parties of Bolívar, Ranchos (Gral. Paz), Esteban Echeverría, Vicente López, Tandil, Necochea, Chacabuco, Tres de Febrero and General San Martín. In the Province of Río Negro, in Cipolletti, Alem, Gral. Roca and Villa Regina. In the Province of Chubut, in Trelew and Rawson. In the Province of Santa Fe, in Reconquista and Malabrigo (General Obligado). In the Province of Entre Ríos, in Gualeguachú. In the Provincia de Formosa, in the city of Formosa.

In the Province of La Pampa, in La Adela. Studies were also carried out in the City of Buenos Aires.

This is a substantial reform to the current tax regime, which lacks all rationality and efficiency, since a good tax order must simultaneously meet various objectives: to achieve genuine resources to produce goods or provide the public goods that society demands, especially local ones. , in quantity and quality; improve redistribution via income and wealth; To contribute to the execution of the short-term economic policy and to promote the growth and development of the country in the medium and long term. Essentially, what is proposed is to make economic federalism effective, where the tax power must begin at the lowest levels of the legal order: the municipality.

For this, the works aspire to satisfy three basic objectives. In the first place, efficiently allocate the natural resource land, both rural and urban, in which human beings have their permanent habitat and where they carry out all their activities, be they economic, financial, professional, cultural, recreational or religious.

Second, create a tax order that deducts all the activities carried out by the individual and that are manifested through their physical and intellectual effort, that is, work, applying a canon or a tax on the land resource for the use or usufruct that is made of it by the owner or possessor, without impairing in the least their property rights.

Third, the reform that is promoted in replacement of the unjust and inefficient tax regime in force has a clear equitable content, in the sense that part of the economic rent from the land created either by the productivity of the physical space, by the existence of public works (roads, railways, dams, etc.) or by the increase in the population, which means that, by having an inelastic supply of land, the economic rent of the land increases, and it should be avoided that it goes to a complete stop - as a privilege - at the hands of private owners, when in reality it has been created and generated by the local, provincial or national society.

Fourth, it must be made clear that in the reform that is being promoted *simultaneously* Old tax structures that heavily tax production, consumption, financial activities and work must be eliminated.

Taxes, which are not fees but rather taxes, should be eliminated at the municipal level, leaving only those fees that offer a personal service to a specific taxpayer. Lighting, sweeping and cleaning must be eliminated; taxes on electricity, gas and water services charged by municipalities.

Regarding provincial taxes, the gross income tax, the stamp tax and all types of gabela that hinder economic activities of any nature should be eliminated fundamentally.

At the national level, all types of withholding and losses suffered by producers should be eliminated, removing the personal property tax, the monotax, the tax on minimum presumed income, the tax on bank credits and debits, withholdings on exports and imports, and the tax on the purchase of dollars or foreign currency.

Fifth, the implementation of the model requires a period ranging from one year (short term) to five years (medium term), but started at the same time and as the current regime is converted to a rational and equitable order.

On the one hand, compared to the current regime, the model has the main characteristic that for the most part it ceases to be merely *declarative* (affidavit that offers every possibility of evasion, falsehood or unimaginable legal trick) to become an order *real*. The earth or terrestrial space is visible to everyone and is capable of being valued by anyone. Likewise, the collection agencies do not need to have armies of officials to determine and control the taxpayers' tax returns, and the national Parliament and local legislatures, for their part, sanction criminal tax codes that are a disgrace to human dignity.

On the other hand, the case studies presented are only a guide for future work to be developed,

referred not only to issues of fiscal-economic technique, but also to issues related to the Argentine political, constitutional, cultural and human order. In other words, there will be a significant change in the behavior of the inhabitants and citizens that make up today's society, where, in addition to the political federalism established by the CN in its first article, the other face of federalism will be put into effect: economic federalism. .

Calculation methodology

The methodology used consisted of the postgraduate participant carrying out a series of activities under the direction of the professor responsible for the seminar / course / module.

In the first place, the participant had to choose a department / party / city to his liking, generally he / she selected the one / the one from which they originated, which allowed them to have the information they would need more easily and quickly.

Second, it had to determine the socio-economic and demographic characteristics and the rural and urban area of the party / department, with their respective localities or barracks.

Third, based on the information provided by the municipality, it had to contact local real estate agencies in order to receive information on the market value of the property. ^{two} in the urban area and the market value of the hectare in the rural area. All in dollar terms, in order to have a monetary unit of measure.

Fourth, it had to set an exchange rate (\$ / D) at free market values on a specified date.

Fifth, it was necessary to transform the values obtained in dollars for the urban area and the rural area into pesos according to the exchange rate selected on a given date. This with the purpose of making comparative studies with the current budget of expenses and resources of the municipality.

Sixth, the global value obtained in pesos (from m_{two} of the urban area plus the rural area in dollars) an aliquot of 1%, 2% and 3% should be applied; in this way, three levels of possible income from the municipality would be obtained.

In seventh place, in the Municipal Budget, do what is called sensitivity analysis, which consists of taking the amount of resources that the municipality receives, which can be replaced by this new tax. Exactly the same analysis for expenses. Obviously, depending on the socio-economic and demographic characteristics of each municipality, the rate to apply may be different. For example, the case of the City of Buenos Aires, which has excellent infrastructure, or the San Isidro Party, compared to other less developed parties.

Eighth, based on the values resulting from applying the 1%, 2% and 3% rates, make economic-financial projections about what services, what local infrastructure can be executed depending on the provincial or national government.

In the ninth place, it is important to have the participation in the study of urban and rural taxpayers who are willing to determine on a personal level what is the amount of taxes that they currently pay in terms of municipal, provincial and national taxes compared to the new tax order to be created. That is, determine the tax burden. If it is greater or less than the current one.

In preliminary studies carried out, very significant results were obtained between the current tax burden and the one that would be obtained with the new methodology, which would give taxpayers availability to dedicate them to productive activities, and the municipality could have resources to carry out the assets local publics demanded by the neighborhood.

Disclaimer

It is expressly clarified that the methodology developed must be gradually improved. The objective of the cases studied is to efficiently allocate the natural resource land. The land is totally neglected in economics texts as a factor not only of production, but also of human habitat. The methodology used for the City of Buenos Aires, the Party of Pehuajó and the Municipality of Vicente López allowed to show that with the aliquot of 1 or 2% on the value of the land, local budgets can be financed without the need for

contributions and provincial and national contributions, simultaneously eliminating most of the taxes and local, municipal and national taxes.

Likewise, this means a reorganization of municipal spending, since the party or municipality itself will be able to define the public goods demanded by its population, which in turn will control in what and how the contribution of the taxpayers is invested. A new local fiscal responsibility is born, complying with the fundamental principle of public finances, as we have been arguing in this essay (taxpayer-beneficiary-legislator-administrator).

On the other hand, by reducing local tax pressure, there will be an expansion of economic activities with greater demand for labor. By not having the resources from the gross income tax or the VAT of national origin, secondary effects (positive external economies) will be produced on the provinces and the Nation, who will have to reduce the fiscal pressure by reducing the tax rates. Value added tax since the tax on gross income must be eliminated, which will impact the rest of the country's economy.

It should be clear not to make the mistakes of the City of Buenos Aires, which has an excellent Land Registry Office that allows the City's land prices to be updated, but no relationship with the Revenue Directorate, according to the statement of officials from that Address. What do we mean by that?

A few years ago, the City's land was updated, but with a single purpose: to increase the collection through the stamp tax, as we will see below. In the Message of the 2020 Budget Draft of the CABA it appears that the estimated collection will amount to 444,429, 2 M; gross income: 238,372.7 M (53.6%); real estate tax: 28,884.3 (6.5%); stamp tax: 26,622.1 (5.9%).

That is, the lighting, sweeping and cleaning tax is almost the same as the stamp tax. However, we must clarify that, if we take a bill of lighting, sweeping and cleaning and separate it into two parts, we will see that the first, tax in-

furniture, corresponds to 52.3% and the other part, lighting, sweeping and cleaning rate, 47.7%. This means that the income from real estate tax in the City of Buenos Aires is reduced to 3.4% of the total resources of the municipality. But this 3.4% is made up of two elements: the land and the building; the latter has a higher value in that 3.4%, while the land is of little significance; The building being considered as a “capital asset”, it is subject to obsolescence and subject to amortization.

Perhaps it is one of the reasons why, when a foreigner arrives at the Ezeiza Airport, he is surprised on his trip to the city center by the number of low, obsolete houses of little urban beauty. The new building is heavily taxed, but not the land.

Likewise, the Message brings the stock of debt of 2,899.1 million dollars, of which the Inter-American Development Bank and the International Bank for Recovery and Development, as of September 30, 2019, were owed the sum of 327,320,000 of dollars for investments in education, public works, health, urban development and other programs. When one analyzes the expense sheet, one observes that the fixed assets item distinguishes between direct real investment by third parties (10.1%) and direct real investment from own production (6.8%).

This phenomenon of low public investment is repeated in all the municipalities of the country. It is enough to visit not only Greater Buenos Aires, but any municipality and you will observe the poverty of investment in public infrastructure, essentially due to the lack of public resources for its financing. Precisely the proposal of our study aims to address a reform in the design of fiscal policy that has been implemented for years and that has led to financial crises and poverty limits as is currently perceived.

The study, carried out in 2013 by Dr. Natalia Arbelo - currently based in Germany -, reaches results whose form of financing is totally different from that of the 2020 Budget Message of the CABA, which is based on taxing production, consumption, economic transactions and receiving co-participation from the national Treasury.

On the other hand, the work carried out by the accountants Marcelo Pereyra and Néstor del Cuadro in 2019 indicates the evolution that the value of the land of the City of Buenos Aires has had, updating the work of Professor Natalia Arbelo and confirming the principles that we propose in this work, which continues to tax and invent new looting of citizens' assets in order to support a public bureaucracy and pseudo-assistance that has led to the ruin of the country.

Finally, the payment required from the local taxpayer must be used to provide local public goods and not allocate a significant part of the collection to finance subsidies to individuals, families, companies, and economic and social activities. This should be part of the exceptions, not a rule. It is the obligation of the State to create the conditions so that each individual can forge their own future and well-being, as established in the Preamble of the CN of 1853, and not permanently beg for State assistance, as is currently the case in the Argentine public sector.

In summary: the fiscal strategy presented in the practical cases that will be developed below is diametrically opposed to the fiscal policy of the City of Buenos Aires and other cities in the interior of the country. The purpose is to end the tenements, *homeless*, slums, houses, land and fields taken, overcrowding, settlements, slums associated with drug addiction and prostitution scattered throughout the country.

An urban development model for CABA

Author: Natalia Arbelo

Purpose and case study

For the purposes of conducting the research, the Autonomous City of Buenos Aires (CABA) was taken as a case study. The Río de la Plata and the Riachuelo are the natural limits of the Autonomous City of Buenos Aires to the east and south. The rest of the perimeter is surrounded by the external collector of Avenida General Paz. The provisional results of the 2010 census estimate the population

tion of the city in 2,891,082 inhabitants, when its surface is 202 km². Likewise, the city has a significant demographic density that amounts to 14,312 h / km^{two}. Among its subdivisions, 15 communes and 48 neighborhoods stand out, and the estimated resources for 2011 amount to 26,133,600,000 pesos and the total expenses of 28,266,400,000 pesos for the same period.

The main purpose of this work is to carry out the correct valuation of the land in the City, which will then allow to establish a canon for land use, as a collection instrument, and most importantly: economic efficiency in the allocation of land resources.

Definitions

For practical reasons for this work, information disaggregated by communes will be analyzed. In the Autonomous City of Buenos Aires, the "Communes" are defined by Organic Law 1777. It establishes the creation of decentralized and smaller political and administrative management units with autonomous governments that can effectively address neighborhood problems. The communes are exclusively responsible for: the maintenance of the green spaces, the elaboration of their action program, the budget and its execution, in accordance with the budget law, the administration of their patrimony.

Concurrently: they exercise the supervision and control of compliance with regulations on the use of public spaces and land assigned to them by law, the decision and execution of public works, projects and plans of local impact, the provision of public services and the exercise of police power in the community, the evaluation of social demands and needs, participation in the formulation or execution of programs, and the implementation of an adequate method of conflict resolution through the mediation system, among other competences . On the other hand, the budget law establishes the items that are assigned to each Commune, amounts that must be appropriate for the fulfillment of its purposes and be related to the powers assigned to it.

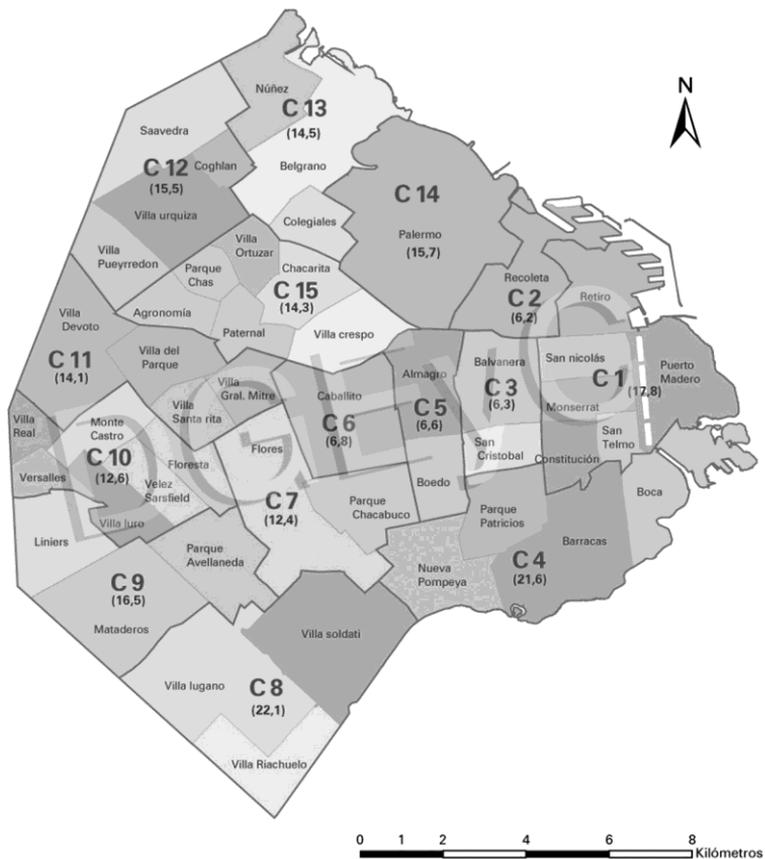
Work methodology

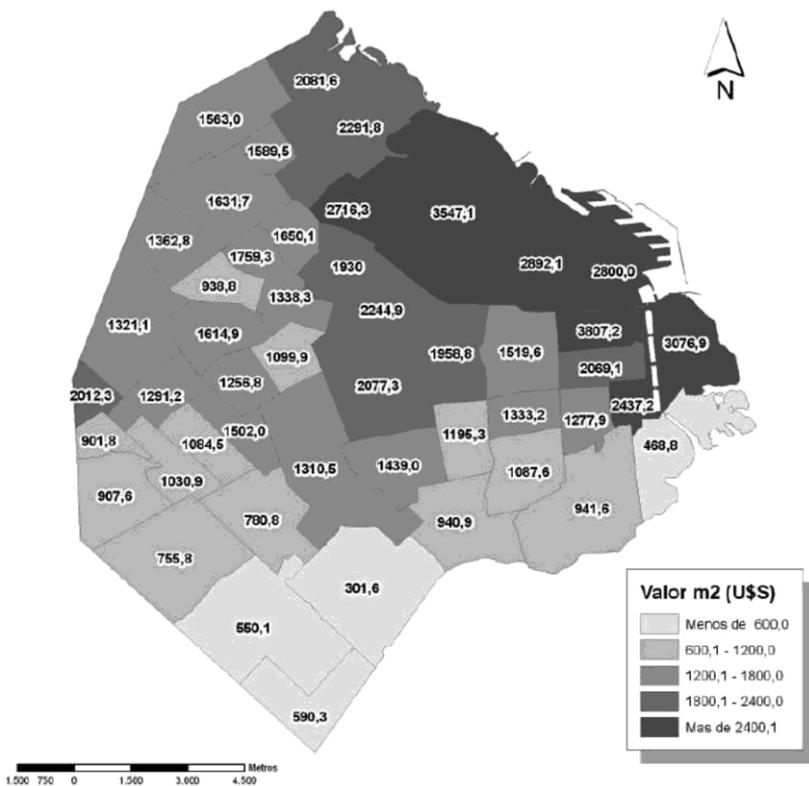
Valuation of land in the City

The totality of the City's land is considered, according to the average estimate of the land offer prices. The values between the different communes have been taken according to the estimates made in December 2011, by the Undersecretariat of Planning, dependent on the Ministry of Urban Development of the City Government, published in its report "Price of Land Sale Offer" on the real estate market of the City of Buenos Aires for January 2012. The city has 15 communes. The estimation of average prices per square meter per Commune and the area of each commune will allow us to estimate the real valuation of each area of the city and, in turn, by summation, estimate the total valuation of the same. In addition, as the information on prices corresponds to the period 2011,

AREA OF COMMUNALS AND NEIGHBORHOODS.
BUENOS AIRES CITY. YEAR 2011

Comuna	Superficie (km ²)	Barrios
Comuna 1	17,4	Retiro, San Nicolás, Puerto Madero, San Telmo, Monserrat y Constitución
Comuna 2	6,1	Recoleta
Comuna 3	6,4	San Cristóbal y Balvanera
Comuna 4	21,6	Boca, Barracas, Parque Patricios y Nueva Pompeya
Comuna 5	6,7	Almagro y Boedo
Comuna 6	6,8	Caballito
Comuna 7	12,4	Flores y Parque Chacabuco
Comuna 8	21,9	Villa Soldati, Villa Riachuelo y Villa Lugano
Comuna 9	16,8	Parque Avellaneda, Liniers y Mataderos
Comuna 10	12,7	Villa Real, Monte Castro, Versalles, Floresta, Vélez Sársfield y Villa Luro
Comuna 11	14,1	Villa Gral. Mitre, Villa Devoto, Villa del Parque y Villa Santa Rita
Comuna 12	15,6	Coghlan, Saavedra, Villa Urquiza y Villa Pueyrredón
Comuna 13	14,6	Belgrano, Núñez y Colegiales
Comuna 14	15,8	Palermo
Comuna 15	14,3	Chacarita, Villa Crespo, Paternal, Villa Ortúzar, Agronomía y Parque Chas





Source: Territorial Intelligence Systems, Planning Secretariat, MDE, GCBA.

Commune 1: Composed of the neighborhoods of Retiro, San Nicolás, Puerto Madero, Monserrat, San Telmo and Constitución. Total area of 17.8 km² = 17,800,000 m^{two}.

Quote of the m^{two} on average = USD 2,152.1.

Total Communal Value 1: USD 38,307,380,000.

Commune 2: Composed of the Recoleta neighborhood. Total area of 6.2 km² = 6,200,000 m^{two}.

Quote of the m^{two} on average = USD 2,892.1.

Total Communal Value 2: USD 17,931,020,000.

Commune 3: Composed of the neighborhoods of Balvanera and San Cristóbal. Total area of $6.3 \text{ km}^2 = 6,300,000 \text{ m}^2$.

Quote of the m_{two} on average = USD 1,454.3.

Total Communal Value 3: USD 9,162,090,000.

Commune 4: Composed of the neighborhoods of Parque Patricios, Nueva Pompeya, Barracas and La Boca. Total area of $21.6 \text{ km}^2 = 21,600,000 \text{ m}^2$.

Quote of the m_{two} on average = USD 808.5.

Total Communal Value 4: USD 17,463,600,000.

Commune 5: Composed of the neighborhoods of Almagro and Boedo. Total area of $6.6 \text{ km}^2 = 6,600,000 \text{ m}^2$.

Quote of the m_{two} on average = USD 1704.3.

Total Communal Value 5: USD 11,248,380,000.

Commune 6: Composed of the Caballito neighborhood. Total area of $6.8 \text{ km}^2 = 6,800,000 \text{ m}^2$.

Quote of the m_{two} on average = USD 2,077.3.

Total Communal Value 6: USD 14,125,640,000.

Commune 7: Composed of the neighborhoods of Flores and Parque Chacabuco. Total area of $12.4 \text{ km}^2 = 12,400,000 \text{ m}^2$.

Quote of the m_{two} on average = USD 1,336.0.

Total Communal Value 7: USD 16,566,400,000.

Commune 8: Composed of the neighborhoods of Villa Soldati, Villa Lugano and Villa Riachuelo. Total area of $21.1 \text{ km}^2 = 21,100,000 \text{ m}^2$.

Quote of the m_{two} on average = USD 527.7.

Total Community Value 8: USD 11,134,470,000.

Commune 9: Composed of the neighborhoods of Liniers, Mataderos and Parque Avellaneda. Total area of $16.5 \text{ km}^2 = 16,500,000 \text{ m}^2$.

Quote of the m_{two} on average = USD 809.7.

Total Communal Value 9: USD 13,360,050,000.

Commune 10: Composed of the neighborhoods of Villa Real, Monte Castro, Versalles, Floresta, Vélez Sarsfield and Villa Luro. Total area of 12.6 km² = 12,600,000 m^{two}.

Quote of the m^{two} on average = USD 1263.5.

Total Communal Value 10: USD 15,920,100,000.

Commune 11: Composed of the neighborhoods of Villa Devoto, Villa del Parque, Villa Gral. Miter and Villa Santa Rita. Total area of 14.1 km² = 14,100,000 m^{two}.

Quote of the m^{two} on average = USD 1,340.6.

Total Communal Value 11: USD 18,902,460,000.

Commune 12: Composed of the neighborhoods of Saavedra, Coghlan, Villa Urquiza and Villa Pueyrredón. Total area of 15.5 km² = 15,500,000 m^{two}

Quote of the m^{two} on average = USD 1,535.4,264.

Total Communal Value 12: USD 23,798,700,000.

Commune 13: Composed of the neighborhoods of Núñez, Belgrano and Colegiales. Total area of 14.5 km² = 14,500,000 m^{two}

Quote of the m^{two} on average = US \$ 2359.9.

Total Communal Value 13: USD 34,218,550,000.

Commune 14: Composed of the Palermo neighborhood. Total area of 15.7 km² = 15,700,000 m^{two}

Quote of the m^{two} on average = USD 3,547.1.

Total Communal Value 14: USD 55,689,470,000.

Commune 15: Composed of the neighborhoods of Parque Chas, Villa Ortúzar, Chacarita, Villa Crespo, Paternal and Agronomía. Total area of 14.3 km² = 14,300,000 m^{two}.

Quote of the m^{two} on average = USD 1966.3.

Total Communal Value 15: USD 28,118,090,000.

Total Land Valuation CABA: 325,946,400,000 USD (GDP 2011 = 428,977,780,000 USD, that is, it is equivalent to 76% of the national GDP).

Valuation of exempt areas

The payment of taxes (taxes, fees, contributions, etc.) is an obligation that the inhabitants must bear - in their capacity as taxpayers - to sustain the functioning of the State. However, the respective laws usually contemplate an exemption regime through which, under certain circumstances, said tax obligation is exempted.

Conceptually, the exemption involves a situation of privilege or immunity - expressly contemplated in the law - enjoyed by a person or entity in order not to be included in a burden or obligation. Its effects operate forwards, that is to say, from the moment in which the legal provisions that exempt it from complying with the obligation are recognized to the beneficiary.

Therefore, in this section, in accordance with the City Tax Code (which is analyzed in a later section of this document), all areas where it is reliably determined that it should not be paid will be discounted.

The information available to determine the exempt areas comes from the Undersecretariat of Planning, dependent on the Ministry of Urban Development of the City Government and, as stated, green spaces will be taken into account first. and those square meters destined for education. Regarding this last point, it is not possible to discriminate the areas corresponding to public or private education, which is why the total square meters allocated to said activity are discounted with the consideration that the final values of the exempt areas may be minimally distorted.

Comuna	Superficie M2	a	b	c	d=b+c	e=axd
		Precio Prom M2	M2 Espacios verdes	M2 Educación	M2 Total Exentos	Valuación Área Exenta
1	17.800.000	USD 2.152	80.812	85.393	166.205	USD 357.689.135
2	6.200.000	USD 2.892	30.925	32.127	63.052	USD 182.353.557
3	6.300.000	USD 1.454	9.786	97.529	107.316	USD 156.068.932
4	21.600.000	USD 809	60.015	379.921	439.936	USD 355.687.933
5	6.600.000	USD 1.704	16.494	61.780	78.274	USD 133.403.060
6	6.800.000	USD 2.077	4.270	88.123	92.393	USD 191.928.810
7	12.400.000	USD 1.336	232.818	70.353	303.171	USD 405.035.788
8	21.100.000	USD 528	340.086	217.835	557.921	USD 294.414.806
9	16.500.000	USD 810	64.638	85.114	149.752	USD 121.253.951
10	12.600.000	USD 1.264	5.648	88.771	94.419	USD 119.298.533
11	14.100.000	USD 1.341	0	77.183	77.183	USD 103.471.932
12	15.500.000	USD 1.535	42.824	89.570	132.394	USD 203.277.748
13	14.500.000	USD 2.360	6.201	182.305	188.506	USD 444.854.365
14	15.700.000	USD 3.547	371.822	103.492	475.314	USD 1.685.987.354
15	14.300.000	USD 1.966	11.052	90.269	101.320	USD 199.225.713
						USD 4.953.951.615

Additionally, there is aggregated information for the entire City of the square meters of religious entities, cults and clubs, which are also exempt. To value these lands, the average price in dollars of the entire CABA was used, which for the December 2011 period was: USD 1,718.32.

ITEM	Superficie M2	Valuación x Precio Promedio
CULTO	3.136.562	USD 5.389.617.560
CLUBES	8.271.775	USD 14.213.556.092
TOTAL AREAS EXENTAS	11.408.337	USD 19.603.173.651

From the sum of both it is obtained that:

Total valuation of CABA exempt areas: USD 24,557,125,266^{two}

Considering that the estimated budget for the 2011 period in CABA was 26,133,600,000 pesos, the City resigns 4% of its budgetary income, as it does not receive the payment of the 1% canon (figure that reaches USD 245,571,253) by the exempt areas.

^{two} This amount is very significant, 7.5% of the total valuation, it indicates that it should be analyzed who and why the tax exemption is granted.

Actual valuation of CABA

Once the total exempt area of the city has been determined, the real valuation of it arises by difference, as read in the following table:

	a	b	c=axb	d	e=c-d
Comuna	Superficie M2	Precio Prom M2	Valuación Total CABA	Valuación Área Exenta	Valuación CABA real
1	17.800.000	USD 2.152	38.307.380.000	357.689.135	37.949.690.865
2	6.200.000	USD 2.892	17.931.020.000	182.353.557	17.748.666.443
3	6.300.000	USD 1.454	9.162.090.000	156.068.932	9.006.021.068
4	21.600.000	USD 809	17.463.600.000	355.687.933	17.107.912.067
5	6.600.000	USD 1.704	11.248.380.000	133.403.060	11.114.976.940
6	6.800.000	USD 2.077	14.125.640.000	191.928.810	13.933.711.190
7	12.400.000	USD 1.336	16.566.400.000	405.035.788	16.161.364.212
8	21.100.000	USD 528	11.134.470.000	294.414.806	10.840.055.194
9	16.500.000	USD 810	13.360.050.000	121.253.951	13.238.796.049
10	12.600.000	USD 1.264	15.920.100.000	119.298.533	15.800.801.467
11	14.100.000	USD 1.341	18.902.460.000	103.471.932	18.798.988.068
12	15.500.000	USD 1.535	23.798.700.000	203.277.748	23.595.422.252
13	14.500.000	USD 2.360	34.218.550.000	444.854.365	33.773.695.635
14	15.700.000	USD 3.547	55.689.470.000	1.685.987.354	54.003.482.646
15	14.300.000	USD 1.966	28.118.090.000	199.225.713	27.918.864.287
				4.953.951.615	320.992.448.385
				Clubes y Culto exentos	19.603.173.651
					301.389.274.734

The amount of the land value in dollars of each of the communes was calculated and finally the real value of the CABA was obtained. Additionally, the aggregate valuation of clubs and religious entities, previously calculated, is subtracted.

CABA real valuation = USD 301,389,274,734

This is the economic aspect, the city is valued, it subtracts through a sensitivity analysis, testing different aliquots of a fee and possible collections from the fiscal perspective.

Fiscal economic analysis

Sensitivity analysis

A double entry matrix was prepared, indicating the communes into which the CABA is divided and, using the aforementioned methodology

In this work, the amount of the land value in dollars of each of the communes was calculated. Finally, the total value of the CABA of \$ 320,992,448,385 was obtained. This is the economic aspect. Regarding the fiscal aspect, by means of a sensitivity analysis using different aliquots on the amounts obtained, increases in tax collection are produced. For this, three aliquots of 1%, 2% and 3% were applied, giving as results the amounts of 2,964,353,231, 5,928,706,462 and 8,893,059,694 dollars, respectively. The conversion to Argentine pesos is relevant only for the purposes of comparison with budgeted values.

Comuna	A	% CANÓN EN USD		
	Valuación real CABA	1% Sobre A	2% Sobre A	3% Sobre A
1	37.949.690.865	379.496.909	758.993.817	1.138.490.726
2	17.748.666.443	177.486.664	354.973.329	532.459.993
3	9.006.021.068	90.060.211	180.120.421	270.180.632
4	17.107.912.067	171.079.121	342.158.241	513.237.362
5	11.114.976.940	111.149.769	222.299.539	333.449.308
6	13.933.711.190	139.337.112	278.674.224	418.011.336
7	16.161.364.212	161.613.642	323.227.284	484.840.926
8	10.840.055.194	108.400.552	216.801.104	325.201.656
9	13.238.796.049	132.387.960	264.775.921	397.163.881
10	15.800.801.467	158.008.015	316.016.029	474.024.044
11	18.798.988.068	187.989.881	375.979.761	563.969.642
12	23.595.422.252	235.954.223	471.908.445	707.862.668
13	33.773.695.635	337.736.956	675.473.913	1.013.210.869
14	54.003.482.646	540.034.826	1.080.069.653	1.620.104.479
15	27.918.864.287	279.188.643	558.377.286	837.565.929
	320.992.448.385	USD 3.209.924.484	USD 6.419.848.968	USD 9.629.773.452
Clubes y Culto exentos	19.603.173.651			
	301.389.274.734	USD 3.013.892.747	USD 6.027.785.495	USD 9.041.678.242

Considering a 1% canon, the city would collect the 51.5% of the income required for financing. At 2%, the source of income exceeds expenses by 3%. The table that follows details the monthly outlay by commune, which the owners would face with a 1% fee, in the case of a 200 m plot of land. two.

Comuna	A	B	% CANÓN EN USD	Precio USD por M2			
	Valuación real CABA	Superficie M2	1% Sobre A	Precio Unitario	M2	Pago Anual	Pago Mensual
1	37.949.690.865	17.800.000	379.496.909	USD 21	200	USD 4.264	USD 355
2	17.748.666.443	6.200.000	177.486.664	USD 29	200	USD 5.725	USD 477
3	9.006.021.068	6.300.000	90.060.211	USD 14	200	USD 2.859	USD 238
4	17.107.912.067	21.600.000	171.079.121	USD 8	200	USD 1.584	USD 132
5	11.114.976.940	6.600.000	111.149.769	USD 17	200	USD 3.368	USD 281
6	13.933.711.190	6.800.000	139.337.112	USD 20	200	USD 4.098	USD 342
7	16.161.364.212	12.400.000	161.613.642	USD 13	200	USD 2.607	USD 217
8	10.840.055.194	21.100.000	108.400.552	USD 5	200	USD 1.027	USD 86
9	13.238.796.049	16.500.000	132.387.960	USD 8	200	USD 1.605	USD 134
10	15.800.801.467	12.600.000	158.008.015	USD 13	200	USD 2.508	USD 209
11	18.798.988.068	14.100.000	187.989.881	USD 13	200	USD 2.667	USD 222
12	23.595.422.252	15.500.000	235.954.223	USD 15	200	USD 3.045	USD 254
13	33.773.695.635	14.500.000	337.736.956	USD 23	200	USD 4.658	USD 388
14	54.003.482.646	15.700.000	540.034.826	USD 34	200	USD 6.879	USD 573
15	27.918.864.287	14.300.000	279.188.643	USD 20	200	USD 3.905	USD 325

The case of a 200m plot was taken as an example. ^{two} depending on the distribution of the quantity of lots offered per m^{two}, According to the survey carried out in December 2011, it shows that most of them (52%) have between 200 and 500m ^{two}.

On the other hand, and with respect to monthly expenditures, it is relevant to clarify that these values are considering a flat surface, that is, without considering the density in an architectural sense, or what is the same, the construction in height on the land. For this reason, the resulting amounts, in the case of a horizontal property, should be distributed by the number of owners, resulting in a lower burden for each one. In addition, we must bear in mind that these values are underestimated, because we cannot have the information that would allow us to disaggregate the areas of the clubs and institutions of worship by commune.

Moral: The new tax system that we propose for the City of Buenos Aires implies that the existing taxes in it must necessarily be repealed, to be progressively replaced by the land value fee. ³.

³ The study carried out demonstrated the fiscal significance of the land tax, but there are It must be completed with the study of its political, economic, social, cultural, human and equity effects.

Analysis of the 2011 budget in the Autonomous City of Buenos Aires

The Budget for Fiscal Year 2011 estimated by the CABA established a spending level of \$ 26 billion pesos. The tax revenues of the City of Buenos Aires come mainly from two sources: tax collection (taxes, fees and contributions); and funds shared by the National State. The percentage of its own tax resources with respect to the total tax resources in the City is 89.2 percent, which explains an important capacity for self-financing of its public accounts. On the other hand, within the composition of own tax collection, according to the taxable matter, in the City in 2010 consumption and transaction taxes accounted for 78.6%, property taxes for 15.2% and other taxes 6.2%. Respect for property taxes,

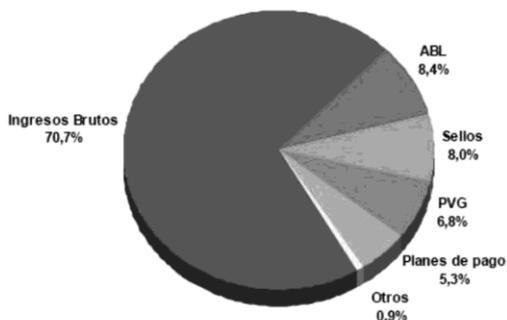
Obviously, in the first place, the implementation of a simple 1% rate would cover more than half of public spending. With an aliquot of 2% we would have a surplus of more than 8% that could be assigned to improve any of the services offered by the municipality in quantity or quality for functions of a truly modern State and transfer part of those resources, for example for the urban public transport subsidy, more considering that in an analysis carried out by the functionality of the expenditure of the first semester of 2011, the Education, Health and Urban Services functions concentrate 66.73% of the accrued expenditure.

Below are data on tax revenues in the City for the consolidated period of 2010. The 2011 period is characterized by presenting figures with a similar trend, but as there is only information available up to the third quarter, it has been decided to present the figures of the previous period. As an example, the tax revenues of the City of Buenos Aires reached \$ 18,261.9 million in 2010 and presented the following characteristics:

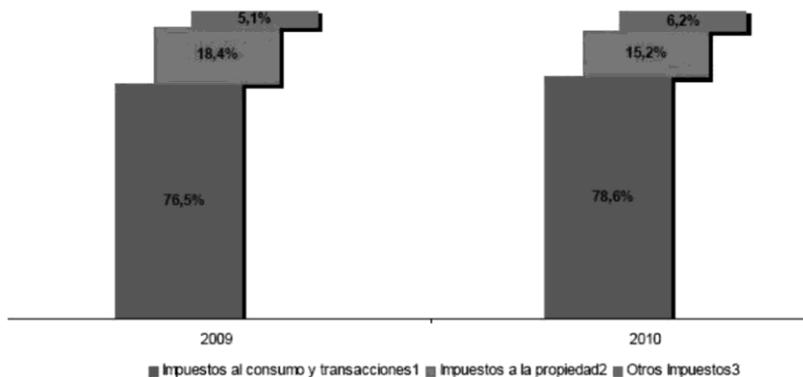
Composición de la recaudación tributaria por origen

Origen	Ingresos tributarios	Participación
		%
Total	18.261,9	100,0
Propios	16.298,4	89,2
Coparticipación federal de impuestos	1.963,5	10,8

Composición de la recaudación tributaria propia



Composición de la recaudación tributaria de acuerdo a la materia gravada



1 Incluye los impuestos sobre los ingresos brutos y de sellos.

2 Incluye impuesto de patentes y ABL.

3 Incluye planes de facilidades, gravámenes varios y contribución por publicidad.

Fuente: Dirección General de Estadística y Censos (Ministerio de Hacienda GCBA) sobre la base de información de la DGR

Reformulation of the tax structure for the CABA

Authors: Néstor Eduardo Del Cuadro and Marcelo Fabián Pereyra

Introduction

The objective of this work is to carry out a critical analysis of the budget and tax structure of the Autonomous City of Buenos Aires (hereinafter, CABA), trying to identify aspects that are presented as an opportunity to optimize the management of resources and expenses.

For this purpose, the current budget in CABA will be analyzed, considering the weight that the different concepts have in it, both in terms of resources and expenses.

Then, the updated value of the land in the CABA will be weighted and a comparison will be made taking as the base year 2011, in order to analyze the evolution that occurred during the period. Likewise, the impact that the taxation on the real value of said land would have within the current budget of resources will be analyzed, in order to determine to what extent a tax of these characteristics could replace different taxes that fall on the productive effort made within the territorial scope of the CABA.

The CABA occupies a territory of 204 km^{two}, representing less than 0.01% of the total territory of the Argentine Republic. However, its total population, according to the figures from the 2010 census, amounts to 2.89 million inhabitants, representing 7% of the total population of the country.

From the above, it appears that the population density of the CABA is 14,166 inhabitants per square kilometer, which represents a thousand times the population density of the entire country.

The foregoing gives an approximate measure of the disproportionate distribution of the population, with areas with a high demographic density coexisting with others that are practically unpopulated, which undoubtedly responds to repeated errors in the implementation of public policies throughout the history of the country. In this way, the representative, republican and federal system conceived by the constituents of the year 1853 is distorted, at least in the last aspect.

Analysis of the 2019 budget of the Autonomous City of Buenos Aires

The CABA budget approved for 2019 provides for total expenses of \$ 327,083,586,716.

The analysis of the Savings-Investment-Financing Scheme shows a positive Primary Economic Result of the order of \$ 71,552,863,315, product of Current Income of \$ 320,601,943,132 and Current Expenses (without considering interest) of \$ 249,049,079,817. Within the Current Income, 93% is made up of the so-called Tax Income.

Once the Resources and Capital Expenditures have been considered, among which the amount for Real Direct Investment of \$ 51,621,674,993 stands out, a Primary Result of \$ 25,814,995,611 is reached.

Finally, considering an amount of public debt interest equivalent to the Primary Result, a Financial Result of zero is reached, showing up to this stage an adequate level of budgetary balance.

Resources

If an evaluation of the composition of income is carried out, it can be seen that more than 58% of them are made up of taxes on production, consumption and transactions, while those related to assets represent less than 10% of the total. The real estate tax only represents 3.78% of the Tax Income. This shows that the tax burden falls unevenly between the economic effort of the taxpayers and the income produced by the land factor, which also does not differentiate between land and built value.

In accordance with what was expressed by Dr. Antonio I. Margariti, it can be seen, from the simple analysis of the tables in which the resources that finance the Government of the CABA are broken down, a great variety of taxes, fees and other charges, reflecting of what the aforementioned author, at the national level, calls "the Argentine tax tangle."

At least ten different concepts are verified for which fees are collected (for example, delineation and construction, inspection of elevators and the like, justice fee, fund for studies and control of concessions, registry of auto parts verifiers, among others).

Carrying out a comparative analysis with the budget for the year 2011, it is seen that the amount of fees has increased from seven to ten.

In addition, there are eleven other items under the concept of "Rights". Carrying out the same comparison that was made with respect to the rates, it is observed that the amount of rights increased from nine to eleven.

From the above, a negative impact of the CABA's tax structure on the economy (which is repeated to a greater or lesser extent in other jurisdictions) can be seen in two aspects:

- In the first place, an economic impact mainly due to taxes on production, consumption and transactions. In particular the Tax on Gross Income. This tax affects the sale values, adding to the tax burden caused by national taxes, and having a similar effect on taxpayers, without taking into account their taxable capacity. This is due to the ease with which the Gross Income Tax and the Value Added Tax are transferred to consumers.

- Secondly, there is an administrative impact, since the "tax tangle" generates the need to incur costs for the hiring of public accountants and other professionals, in order to ensure a correct settlement that reduces the risk of future sanctions. .

The analysis made by Dr. Margariti in his work "Criticism of the current Argentine Tax Regime" is illustrative. Although it refers to the national scope, its statements do not cease to be applicable when the analysis is carried out from the point of view

of the CABA. Dr. Margariti estimates that the Argentine private sector allocates 142.7 million hours per year to study, advise, gather data, keep vouchers, file tax returns, and pay taxes. It indicates that it is equivalent to a workforce of 71,365 people working forty hours a week for fifty weeks a year.

In the same sense, the work of the Argentine Institute of Fiscal Analysis (IARAF) entitled "Argentine Tax Vademecum 2019: 163 taxes legislated by Nation, Provinces and Municipalities" can be cited.

Regarding the composition of Tax Income, from the comparison between the budgets of the years 2011 and 2019, it appears that the share of the tax on gross income in the total of Tax Income has decreased from 70% to 55%, and the share of property taxes has increased. This aspect could be valued positively, since the tax burden is shifted from productive activities to land rent.

Tax Income	2011		2019	
	Amount \$	%	Amount \$	%
Total	22,659,802,000.00	100.00	30,638,704,105.00	100.00
Tax on real estate	1,449,928,000.00	6.40	22,750,995,660.00	7.57
Gross income	15,826,769,000.00	69.85	16,849,572,899.00	54.83
Co-participation	2,309,796,000.00	10.19	7,057,000,000.00	25.63

The item that has increased its weighting the most over the total is represented by the income originated in the Federal Coparticipation Regime. This value barely exceeded 10% in the budget approved for 2011, while in the budget approved for 2019 it exceeds 25%.

From the foregoing, it can be inferred that, while in 2011 the CABA self-financed more than 75% of its Tax Income, by 2019 this value dropped to 62%, thus increasing its dependence on funds drawn by the National Administration.

However, it should not be ignored that during the period analyzed the CABA incorporated the police function. On the other hand, it is concluded that the sources of income are mainly made up of taxes on production, to the detriment of the taxability of the use of natural resources.

The increase in the weight of the partnership with respect to the total implies that it has gone from receiving an average of \$ 199 or 150 euros per inhabitant in 2011 to receiving an average of \$ 690 or 595 euros per inhabitant in 2019. Since the City of Buenos Aires is the district with the greatest wealth in the Argentine Republic, an attempt was made to make a comparison of the amount received by co-participation per inhabitant with that of Baviera, the state (*Länder*) richest in Germany. Bavaria is located in the southeast of the German territory and has 12,900,000 inhabitants and an area of 70,523 km^{two}. It is financed with national (coparticipable) and state (own) income.

Regarding national taxes, the fiscal powers of the three administrations - the central one (*Bund*), state *Länder*) and municipalities - are well defined by the German constitution, favoring stability. The central administration collects customs taxes, consumption taxes (except beer), insurance premiums, road freight transport, and other minor taxes, such as the capital transaction tax. The *Länder* they collect taxes on wealth, motor vehicles, lotteries and gambling, beer, fire protection, and casino gambling. However, these taxes represent a small part of the collection. Shared taxes are the most significant, representing 75% of income. The central Administration, the *Länder* and the municipalities distribute the three taxes with the highest collection capacity: the tax on individuals, the tax on corporate profits and the value added tax (VAT).

Whoever collects taxes, however, is not necessarily in charge of regulating and managing them. In this sense, most taxes are regulated by federal law; the *Länder*, for their part, they are in charge of managing them -except for customs-

under the supervision, yes, of the central Administration. It is explained below how the collection of large taxes is distributed among *Bund*, *Länder* and municipalities:

Tax	% Bund	% Länder	%Municipal
On income (general) On	42.50	42.50	15.00
capital income On	44.00	44.00	12.00
companies	50.00	50.00	0.00
VAT	53.40	44.60	2.00

The distribution of the part of the VAT collection that corresponds to the *Länder* has a redistributive effect, reserving up to a quarter of the total for those *Länder* with less financial capacity, being distributed among these with a progressive criterion, likewise said tax is shared directly with the municipalities. The participation of *Länder* in income and corporate taxes, it is determined based on the residence of the income earner, taking into account certain adjustments in wage tax and corporate tax. Regarding the distribution of VAT, it is set annually in the *Finanzausgleichgesetz*. This law annually introduces changes in the distribution percentages according to the incidence that each party has laws of tax modification or reorganization of powers and functions.

Regarding state and municipal taxes, as indicated, the *Länder* they collect taxes on wealth, motor vehicles, lotteries and gambling, beer, fire protection, and casino gambling. As already mentioned, these revenues represent less than 25% of the total collection.

As the management of property and land taxes is at the head of the provincial and municipal states, their administration is favored according to local needs. As an example, we can cite the case of the municipality of Monheim, a city of 43,000 inhabitants near Düsseldorf, which strongly reduced municipal taxes on companies, which

produced a migration from its fiscal headquarters to the aforementioned municipality, causing higher revenues and allowing a great reduction in municipal debt.

Comparing with the City of Buenos Aires, it appears that while in the latter an amount of 568 euros per inhabitant is received by co-participation, in Bavaria this amount amounts to 2,081 euros.

Expenses

The budgeted expenses for the year 2019 amount to \$ 327,083,586,716, of which \$ 274,864,075,428 correspond to Current Expenses, and \$ 52,219,511,288 to Capital Expenses.

Of the total Current Expenses, 75% is dedicated to Personnel Expenses and Non-Personal Services.

According to the Worksheet called "Endowment and Charges by Jurisdiction / Entity", the personnel plant amounts to 167,838 agents.

Comparison with the budget for the year In 2011, the result was that the personnel plant increased by more than 20%, a situation that undoubtedly affects the efficiency of public spending and demands financing through higher taxes, fees and other charges.

It is interesting that this 20% increase in staffing, related to the total of Personnel Expenses, may imply an amount of 30,000,000,000, an amount that *triples* Direct Real Investment assigned to Health and Education concepts. However, it should be noted as we said earlier, the absorption of the police function.

Summarizing the analysis carried out on the structure of income and expenses of the CABA, it can be concluded that it presents numerous aspects regarding which, through a more in-depth analysis, opportunities for improvement in terms of the effectiveness and efficiency of spending could be identified.

Next, we will delve into one of these aspects, which is the impact that a reform of the tax system based on replacing taxes on production and work with others based on income from resources could have.

natural resources, particularly land, income produced many times for reasons beyond the effort and entrepreneurial capacity of its beneficiaries, and mostly related to increases in the value of land due to the impact of different infrastructure works financed with taxes on production, and achieved as a product of collective effort rather than that made by the owner, they have on them.

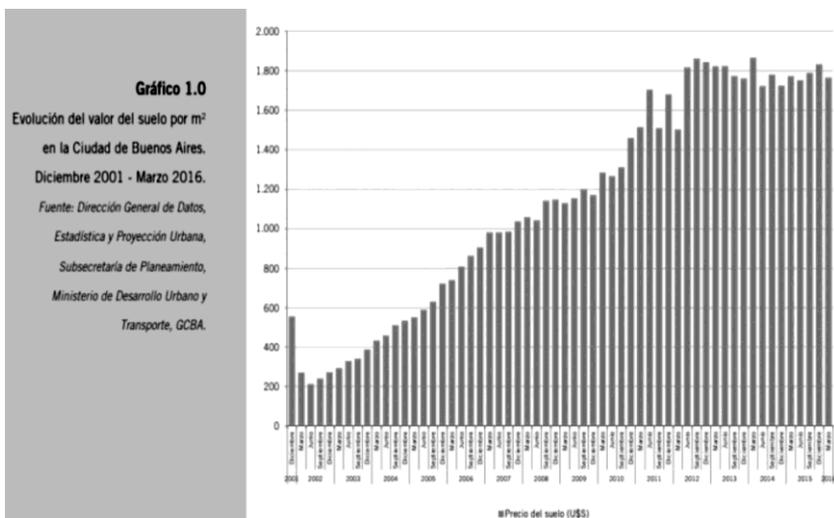
Analysis of the current value of land and its evolution in the last decade

As we mentioned previously, land values have had a noticeable increase in recent years.

In this analysis, we will make different comparisons between the current values and those corresponding to the year 2011. The choice of the year 2011 as the basis responds to the existence of an analysis of the impact of the tax on land based on data from that year, prepared by the Lic. Natalia Arbelo, and published in the book *Economic progress with social justice. ¿ More public resources with less taxes?* by Héctor and Guillermo Sandler.

Thus, from the analysis of the report on Urban Dynamics for March 2019, prepared by the Ministry of Urban Development and Transportation of the Government of CABA, a value of the land emerges that averages USD 2,758 per square meter. Said value, according to the same report prepared at the beginning of 2011, amounted to USD 1,459, so in less than ten years there was an increase of 89%.

Now, whoever maintained an unproductive field from 2011 to 2019 obtained a return due to the simple revaluation that no relationship has with effort and assumption of any risk. That is why it is proposed to replace taxes on production with taxes based on the income of natural resources. By way of illustration, a table is attached that shows the increase in the value of land in CABA since the beginning of the century:



In the work entitled "The Social Capital sustaining Public Finances", Lic. Guillermo Sandler expresses that there are increases in the rent of the land that are not due to the action of the owner or any other individual, but of the whole of the land. society. Property can increase in value as a result of collective action. He also cites different characteristics of the land that support the idea of considering it as the main source of taxes, to the detriment of taxes on production. Some of these characteristics are the following:

- The land is neither producible nor reproducible.
- It is permanent and recyclable, it does not depreciate over time.
- His offer is fixed, no one can appropriate other land without someone else giving it up.
- It is immobile, it cannot escape imposition. It
- is limited.

In recent times, it has been possible to clearly verify what has been stated regarding the importance of collective actions in increasing land rent. As an example, the implementation of the so-called UVA credits can be cited.

Analyzing the CABA real estate market, it can be verified how, since the implementation of these credits, the properties have increased their value significantly. An action by the State, aimed at favoring the middle classes in their access to housing, has seen its benefit transferred to the owners who, stimulated by the real estate companies, have increased the sale value of their properties. Here the usufruct of collective actions for the benefit of the rent of the land is clearly seen.

Thus, according to data collected from a report on the real estate market of the City of Buenos Aires called "Sale Price of Land Offer", from 2016, the average value of the square meter of land as of March 2016 amounted to 1,767 dollars.

Comparing this value with the \$ 2,758 in March 2019, an appreciation, in three years, of 56% in dollars is seen, in a context of economic recession and a fall in real wages. It can well be said that the current conditions of the economy may result in a drop in the value of land, such as the one that occurred after the peak of 2012, but it is no less true that the rent for the value of land has presented unreasonable values and In the cases in which sales could be made, it has meant a transfer of resources from the middle class, to whom the credit policies were aimed, towards the owners of the land resource.

It should not be overlooked that there are other reasons that led to the sustained increase in the value of land and properties. Indeed, in a context in which tax evasion and economic marginality are undoubtedly relevant within the total economy, the real estate market presents greater facilities than the financial one for channeling undeclared money. Today, financial transactions have reached a traceability that makes it difficult for the average citizen to invest significant sums of undeclared money in the financial market. On the other hand, the little knowledge of financial options and the collective memory in relation to the appropriation of funds invested in banking entities, leads to a large part of the

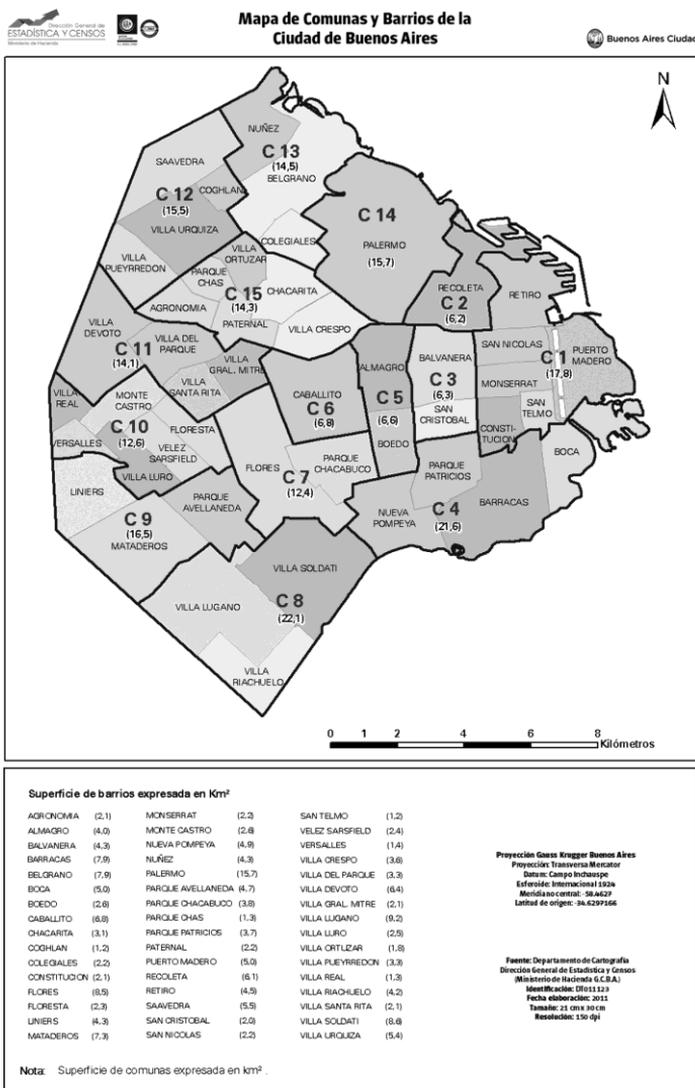
The population considers real estate as an alternative safe deposit box, without claiming any income for rent, and with the justification given by reality in terms of revaluation without any productive effort. Finally, the tax cost of a property before the taxation of equity has been significantly lower during the analyzed period than that of a financial asset not reached by exemptions, due to the fact that the depreciation of the currency and the unreal value of the tax valuations dilute the amount that is taken as the tax base for the settlement of taxes.

Everything stated in the previous paragraphs makes it more relevant to consider alternatives that imply a greater tax burden on the value of the land, which allows to alleviate the tax burden that affects production. This tax burden, added to high logistics costs, harm the competitiveness of the country and discourage the arrival of investments, a fundamental aspect if one hopes to improve the quality of life of the population based on genuine economic growth.

Impact of taxation on land values

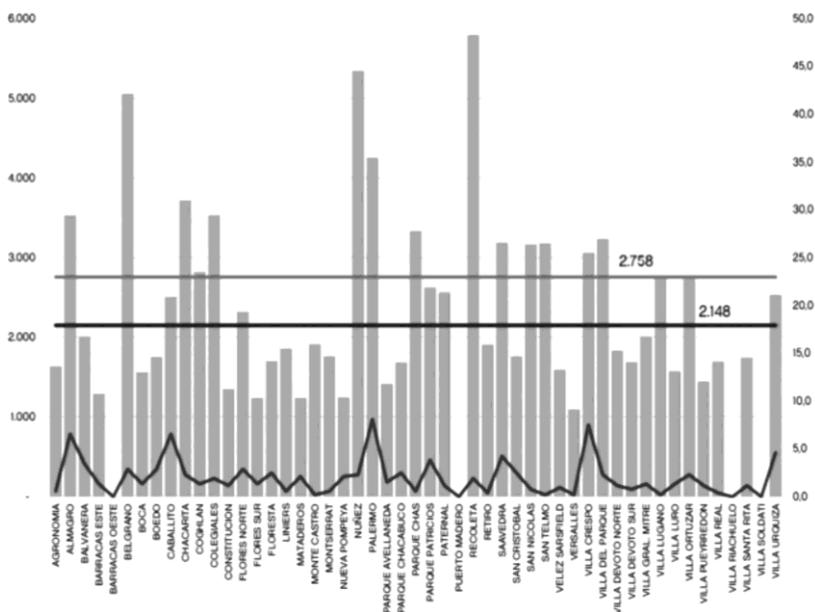
According to law 1777, the CABA is politically divided into fifteen Communes. These are decentralized units of political and administrative management that have exclusive powers and, furthermore, some concurrent with the City Government.

Each of them has a governing body made up of the Community Board and its president. They also have an Advisory Council made up of representatives of non-governmental neighborhood entities, political parties and other organizations. Increasing responsibilities are being transferred to them in the framework of a decentralization process. The following map shows the area and the neighborhoods that make up each of the communes.



To carry out the proposed analysis, the average value of the offer of the land in the CABA was obtained from the Planning Undersecretariat, dependent on the Ministry of Urban Development and Transportation of the Government of CABA. Said value is expressed as

given a general average and is disaggregated by neighborhood, according to the following graph, referred to in late 2019:



By not having data corresponding to Puerto Madero, Villa Riachuelo and Villa Soldati, the information was supplemented with the values of February 2019 for the first of the aforementioned neighborhoods, and October 2018 for the remaining two, as this is the latest information available to everyone. In the case of Chacarita, given the great difference between one month and another, an average between the last two available values (February and March 2019) was taken into account.

Based on the information on the value of the land and the surface of each of the neighborhoods according to data generated by the Government of CABA, an estimate of the average value of the square meter on offer in CABA was made. In order to refine the calculation of the impact of the exempt areas, they were subtracted from the total area, assigning them a value derived from the average of the totality of the neighborhoods.

Neighborhood	Area km ^{two}	Price average m ^{two}	Total value (millions of USD)
Agronomy	2.1	1,620	3,402
Almagro	4	3,540	14,160
Balvanera	4.3	1,980	8,514
Barracks	7.9	2,460	19,434
Belgrano	7.9	5,040	39,816
Mouth	5	1,560	7,800
Boedo	2.6	1,740	4,524
Rocking horse	6.8	2,520	17,136
Chacarita	3.1	2,700	8,370
Coghlan	1.2	2,820	3,384
Schoolboys	2.2	3,540	7,788
Constitution	2.1	1,320	2,772
flowers	8.5	1,800	15,300
Floresta	2.3	1,680	3,864
Liniers	4.3	1,860	7,998
Slaughterhouses	7.3	1,260	9,198
Montserrat	2.2	1,740	3,828
Montecastro	2.6	1,920	4,992
New Pompeii	4.9	1,260	6,174
Nuñez	4.3	5,340	22,962
Palermo	15.7	4,260	66,882
Avellaneda Park	4.7	1,380	6,486
Chacabuco Park	3.8	1,620	6,156
Chas Park	1.3	3,300	4,290
Patricios Park	3.7	2,640	9,768
Paternal	2.2	2,580	5,676
Madero Port	5	7,300	36,500
Recoleta	6.1	5,760	35,136
Retirement	4.5	1,860	8,370
Saavedra	5.5	3,180	17,490

Neighborhood	Area km ^{two}	Price average m ^{two}	Total value (millions of USD)
San Cristobal	two	1,740	3,480
St nicolas	2.2	3,180	6,996
San Telmo	1.2	3,180	3,816
Velez Sarsfield	2.4	1,320	3,168
Versailles	1.4	1,020	1,428
Villa Crespo	3.6	3,060	11,016
Park Villa	3.3	3,540	11,682
Villa Devoto	6.4	1,740	11,136
Villa Gral Miter	2.1	1,980	4,158
Villa Lugano	9.2	2,760	25,392
Villa Luro	2.5	1,560	3,900
Villa Ortúzar	1.8	2,760	4,968
Villa Pueyrredón	3.3	1,440	4,752
Royal Villa	1.3	1,620	2,106
Villa Riachuelo	4.2	900	3,780
Villa Santa Rita	2.1	1,140	2,394
Villa Soldati	8.6	400	3,440
Villa Urquiza	5.4	2,580	13,932
Exempt area	- 14.4	2,448	- 35,250
Computable total	186.7		494,464

From the analysis carried out, an average price per square meter on offer emerges of USD 2,648.44. The total estimated value of the land in CABA would amount to USD 494,464,000,000, a figure that serves as a starting point for estimating the impact that taxation would have on this resource. The comparison with the value reached in the aforementioned work is illustrative, which showed a value of USD 301,389,000,000 for the year 2011. From there, an increase of 64% is deduced once the weighting by neighborhood is done.

The precision of the variation may be affected by a different distribution of the surveyed land on offer.

Considering a price of the dollar at the beginning of the budget year of \$ 37.50, the total estimated value of the land in CABA would amount to \$ 18,542,400,000,000.

Based on this information, we can project, with respect to CABA resources, what portion of them could be covered with a tax based on land resources. As an example, the impact that a 1% annual tax on the value of land would have on the income structure of the CABA will be analyzed.

Considering the total estimated value of the land in CABA of \$ 18,542,400,000,000, the imposition of 1% per year would result in an income of \$ 185,424,000,000 per year. In the table presented below, the high representativeness that the tax in question would have with respect to the total Tax Income of the CABA, as well as the most important items that compose them is verified:

Tax Income	Budget 2019	% bankable land tax
Total	300,638,704,105.00	61.68
Tax on real estate	22,750,995,660.00	815.01
Gross income	164,849,572,899.00	112.48
Co-participation	77,057,000,000.00	240.63

The conclusion is of a high impact. The proceeds would cover more than 60% of total Tax Income, and would be enough to completely replace a regressive tax that directly affects production, such as the tax on gross income.

The impact it would have on landowners can be calculated from the unit cost per square meter. Taking as a basic model a terrain of 200m^{two}, the monthly value to be taxed would amount to \$ 16,552.75 per piece of land, which may seem

high for the case of a single housing unit, but if there is a building with ten housing units, it would be reduced to \$ 1,655.

It should not be overlooked that the rate to be applied may vary according to economic and tax policy reasons, reducing or increasing the values according to purchasing power, and that said value would vary according to the area of the city in question, since they could establish values by neighborhood or commune, given that such data is available. As an example, considering an average value per square meter for Puerto Madero of USD 7,300 and a value for Villa Riachuelo of USD 900, the amount to be paid per land would present a difference of more than 7 to 1, focusing on the area where it is presumed that there is greater tax capacity, and where the public effort materialized in works has meant a greater benefit for the owners of the land.

Conclusions

The taxation of land resources in the CABA allows a notable reduction in the tax burden on productive activities, reaching an annual rate of 1% on the market value of the land arising from the surveys of the Government of the CABA could cover more than 60% of Tax Income and totally replace the tax on gross income.

This substantial modification of the tax structure would present the following advantages:

- Lower tax burden on goods and services sold in the CABA.
- Investment incentive due to the lower tax burden.
- Disincentive to speculation based on land resources, by punishing unproductive lands and stimulating their allocation to productive activities.
- Increase in the efficiency of the use of the land resource, since it would encourage more families to reside in the same plot of land, through the replacement of houses by

buildings that allow to distribute the weight of the tax.

- Greater ease and lower costs in the settlement of taxes, freeing up resources that can be reassigned to production, due to the greater simplicity of determining the tax. This would favor the tax principles of certainty, equity and ease of compliance, recognized by different authors, even since the work of Adam Smith, in the 18th century.
- Greater ease of control and verification, which would allow the release of resources that governments allocate to control and redirect them towards more productive activities.

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