

THE PURPOSE OF THE TAX SYSTEM THAT GIVES MEANING AND LEGITIMACY TO TAXES

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Abstract

The purpose of this article is to analyze the ultimate purpose of the tax system that gives meaning and legitimacy to taxation. The citizen thus becomes an integral part of the State, has the ability to elect its representatives through suffrage. The law is a guarantee of equality and justice that provides legal security, facilitating peace and coexistence. This guarantee is manifested through the constitutional system (Alvarado Plana, 2016: 193–195), where the Constitution (Escudero, 2012: 857–858) becomes the legislative framework and the supreme norm of the entire legal system that orders the coexistence of citizens and ensures the proper functioning of the State. The tax system is defined as a revenue collection tool to cover the needs of the State, but there is certainly more than that: to achieve the goal of equality, justice, freedom, peace and well-being of the society, but also to guarantee the sustainability of the system, achieve progress and social peace. It is also essential to attract investment, create wealth and achieve proper development within the European Union (Sampedro, 2010: 300–309). **Methodology.** The analysis includes the basic values and principles assumed by Spanish culture, the evolution towards a modern society in which the citizen has rights and duties enshrined in the Constitution that justifies and legitimizes tax system and therefore taxes and a critical vision and an approach to our tax model through its ultimate purpose to contribute to defray public spending. All of these based on the principles and values established in the Spanish Constitution, which enshrines the rights of the citizen and, through them, supports the conception of the State itself. It also provides a modern approach to the future of our society and guarantees the legitimacy of our tax system. **The result of the research.** The analysis shows that the ultimate goal of the tax system is to contribute to public spending by the State. Therefore, in the contribution and control of spending, we find the guarantee that the State has healthy public accounts (deficit reduction, less public debt, and strict control of spending), so that the State has greater sovereignty and economic decision-making capacity. It allows the country to meet the objectives of the Constitution for any advanced society, such as peace, equality, justice, freedom and well-being of its citizens.

Keywords: Constitution, taxes, distribution of wealth, law and justice.

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INTRODUCTION

The purpose of this article is to demonstrate that beyond the legal system of a country, its laws, its constitution (Alvarado Plana, 2016: 193–195; Escudero, 2012, 857–858), the state administration itself, the economy and politics, it is the citizen and their needs that justify the very existence of the state and, therefore, it is also the objective of the state that justifies a need for a tax system and, ultimately, taxes.

The Spanish Constitution of 1978 defines very well the legal legitimacy of our Tax System through several articles where we can see some faces of that legitimacy. However, we must certainly delve into the true meaning of this legitimacy and give it a practical and real meaning (www39; Balaguer, 2011: 442–444).

The Tax System and taxes have a clear purpose i.e. to contribute to public spending as expressed in the Spanish Constitution in its article 31.1 (hereinafter CE) where it says: “Everyone will contribute to the maintenance of public spending in accordance with their economic capacity through a fair tax system inspired by the principles of equality and progressivity that, in no case shall it have confiscatory scope”. This means that all citizens are obliged to support public spending by the state. And as Article 31.2 of the Spanish Constitution says: “Public spending shall guarantee an equitable allocation of public resources, and its programming and execution shall meet the criteria of efficiency and economy” (www23).

In this way, the system is legitimized both in terms of income and expenditure, but we must look deeper to see where the most vital meaning of the system lies, which ultimately perfects and legitimizes it (Balaguer, 2011: 302–303).

I refer to the Spanish Constitution because it is the supreme norm of our legal system. It emerged from the consensus of all Spaniards after a dictatorship with the aim of modernizing, decentralizing power and democratizing our country. It reflects tolerance and respect for pluralism through the recognition of political parties in order to carry out the political reform of the State and thus, resolves the territorial particularity of Spain, recognizing for the first time, the autonomous communities as a tool of equality in the distribution of power and wealth among all the territories of the country and therefore among all citizens.

Our legal system serves as a guarantee for compliance with the laws within our society. The State must have a perfect functioning, must have sufficient income to cover its needs and thus to meet the objectives established in the Constitution. But the question that arises here is about what is happening in our society today, what the reality is, what problems and possible solutions can be indicated.

Politics is very important in the Tax System because of the impact of the decisions of different governments on power according to their fiscal policies. The economy also directly influences the decisions of governments and citizens according to the indicators and economic cycles in which we find ourselves.

Next, the objectives and rights guaranteed by our Constitution will be briefly analyzed, as well as a description of the current situation of our system will be provided while indicating the problems and possible solutions

1. THE OBJECTIVES OF SPANISH CONSTITUTION

The objectives of our Constitution are tolerance, respect and pluralism of ideas among all Spaniards, to face the political reform of the State and to resolve the territorial question. It recognized the autonomous communities and the figure of political parties as an expression of political pluralism.

It is through the articles 31.1, 31.2 and 31.3 of the Spanish Constitution, where can we see the ultimate objectives of the tax system and its principles.

In article 133.1, the rule of law appears by establishing a clear Reservation of Law where it is stated that “the original power to establish taxes corresponds exclusively to the law”. Next, 133.2 of the Spanish Constitution states that “the Autonomous Communities and local corporations may establish and demand taxes in accordance with the Constitution and the laws” and 133.3 of the Spanish Constitution says that “all tax benefits affecting the taxes of the State must be established by virtue of the law”. Then, Articles 14, 53 and 81 of the Spanish Constitution where the equality of citizens is established, stipulate the special protection of constitutional principles and the regulation thereof by means of organic laws.

The general budgets of the state in line with article 134.1 of the Spanish Constitution will by law refer to the approval of the budget and the public administrations, and will only be able to contract financial obligations and make expenses in accordance with the laws. Article 134.2 reflects the obligation to register the tax benefits that affect the state taxes in the State’s general budgets (Martín-Queralt, 2010: 724–725).

In Article 135 of the Spanish Constitution on public debt, it is said that “the government must be authorized by law to issue public debt or take out loans”. Thus, the Reserve Law has a double function:

– firstly, to ensure respect for the principle of self-assessment so that citizens do not pay more taxes than their legitimate representatives have given their consent. “There is no taxation without representation” – it has its origin in the English Constitution of 1215 where it was promulgated that the king cannot

increase taxes without the general approval of the kingdom and therefore of the representatives of the people (Martin-Queralt, 2010: 174);

– secondly, to guarantee the right to property – it has its origin in the first Cortes of León in 1188 where respect for private property was promulgated for the first time – (Balaguer: 2011, vol. II, 303).

It is important to highlight the social function of property promulgated by the Constitution in Article 33.2, or the establishment of a flexible framework for the economy with the establishment of freedom in Article 38 aiming “to promote the conditions so that the freedom and equality of the individual and the groups in which he/she is integrated are real and effective. Another purpose is to eliminate obstacles that prevent or hinder its fullness and facilitate the participation of all citizens in political, economic, cultural and social life, as well as guarantee equality among all Spaniards without any discrimination.

2. THE CURRENT SITUATION OF SPANISH SYSTEM: PROBLEMS AND SOLUTIONS

After the great financial crisis of 2008, the pandemic caused by COVID-19 at the beginning of 2020, and now, because of the invasion of Ukraine, we are undoubtedly facing a situation of unprecedented economic crisis to date due to the circumstances in which it has occurred, and because it has affected the entire planet in a systemic way (www31; .www48; www2; www70; www29).

This situation has led to unprecedented unemployment in many strategic sectors of the economy, such as tourism, trade, the production of goods and logistics, to mention just a few, which have caused layoffs, loss of sales, closure of businesses and factories, paralyzing the world production of many products and generating an economic, employment and supply crisis of certain goods and products that has led to shortages in many markets and ultimately, to a global crisis.

The first way to survive this crisis was to turn to markets (Niño-Becerra, 2012: 30–33) through public debt and generate an unprecedented aid package in the EU for all member countries, which has generated, as always, discrepancies over the distribution of aid and conditions for recipient countries (www38).

What the debt has allowed for is to reach levels of spending that we could not have reached otherwise, and that has meant an increase in the level of debt close to 26% compared to 2019, when it reached 95.5% of GDP (www35).

According to the Bank of Spain of September 2021, the debt of the Public Administrations reached 1.43 trillion euros, 122.1% of GDP in September 2021, 9.5% more than last year, 12,885 million euros (www34).

This has helped to solve the problem in the short term, but given the level of spending – it has served to cover aid to SMEs and companies that does not come

from the NEXT Generation of EU funds, the ERTE, the transfers to the Autonomous Communities to face the COVID-19 consequences. It included what we have now, and what is planned for 2022 (according to the General State Budgets, which will break all spending records, making it the most expensive budget in the history of our country). We could run into a big long-term problem for future generations, since the use of public debt definitely is not unlimited. Would we have trouble borrowing in future crises? (www64; www92; www43; www65; www63).

Given that debt is valued in terms of GDP and that the OECD expects our country's debt to be reduced next year from 6.8% to 4.5% – and continues to decrease – the debt ratio may rise, which will mean a greater burden on the State coffers and less room for greater indebtedness. But can we keep borrowing indefinitely? How long will the markets continue to lend us? (www86).

The debt problem comes from the public deficit, the State spends more than it collects, the consequence is a mismatch in the public accounts. Depending on who governs, fiscal policies may be oriented towards higher spending and higher taxes, others think that what should be done is to reduce spending and lower taxes. The other views suggest that more should be spent on infrastructure and less on social spending, another option is that taxes should be raised, etc. The fact is that none of them has managed to contain the deficit or eliminate it, which should be a priority objective.

The deficit has thus become something that all governments have assumed and it is covered by public debt of the type that never seemed to have to be paid. Yet, it not only has to be paid, but also has an additional cost, which is the interest that is charged on this debt, that increases as our needs increase: the famous risk premium (dictated by the rating agencies) is the one that determines the cost of this debt.

So, a crucial question arising here concerns all the consequence of this situation. If spending is the source of the contribution, the need and the reason why the Tax System and taxes make sense, how it is spent is so important that it legitimizes the entire system (Shiller, 2012: 191–202).

Thus, the fact that we allocate part of this expenditure to settle our debt harms the purpose of the expenditure, the objectives pursued by the State, the rights enshrined in the Constitution, and harms the capacity of the State to make economic decisions, since it limits it and therefore harms our national sovereignty (Nuñez Seixas, 2018: 920–926) by putting ourselves in the hands of third parties, markets.

If spending, overspending (the excessive number of politicians and advisers, the oversized administration of the State, the Autonomous Communities, local entities, etc.) are controlled, the State would have the necessary funds to pay the taxes required for the State to function. The State would have the necessary funds

to achieve the objectives set out in our Constitution and those that we must pursue as a society. We would not have such a high deficit, we would not have to resort so much to the public debt and the State would have greater sovereignty and a greater capacity to implement fiscal policies to achieve the objectives.

An example of the loss of national sovereignty is what happened in August 2011, due to the financial crisis that began in 2007. In a situation of extreme need, the government of J.L. Rodríguez Zapatero, our President of the Government at that time, through a Royal Decree expressly changed the Constitution and was forced to bow to the markets (www42; Sampedro, 2002: 51–56).

This amendment consisted of amending Article 135 C.E. in two ways, firstly, by adding the concept of budgetary stability set by the European Union to control the expenditure ceiling. Secondly, by establishing the fact that the payment of the public debt became the most important payment of the State and the first in comparison with any other expenditure in the general budgets of the State without any possible modifications.

This modification took away our sovereignty as a country, and the message we sent to the markets was very clear, i.e. “continue lending money to Spain because whatever happens, the first thing that will always be paid will be the public debt”, so, it was undoubtedly a message of confidence for the markets.

Our social system is failing, markets and money still exist, but what happened to the rights of man and the citizen, the goals of a better, freer and more egalitarian society?

What will happen if the popular economy continues to deteriorate in favor of the markets? Can a state survive if the economy and living conditions get worse and worse? And when interest rates go up, when the cost of debt goes up, will we raise taxes even more?

Education, information and the unity of all citizens will give us the strength to remain a better society. Improving people’s living conditions is an obligation of our society in the same way as meeting the goals set out in the Constitution (Stiglitz, 2012: 331–356).

If wages don’t go up and down, if inflation goes up and the cost of living is higher, if interest rates go up and the tax burden is getting bigger, won’t we face a more impoverished society? It is true that the capacity of families has decreased, and this affects another pillar of taxation, which is the economic capacity. This is the basis of taxation (www47).

Economic capacity is the basis of taxation and if there is no economic capacity there is no taxation, so as it decreases, so will consumption and therefore, the collection of taxes by the State.

Citizens must be guaranteed a minimum standard of living for their survival that is not taxable, which is the amount we need to live, and which will depend on

each personal situation depending on whether you are married or not, have children, or any other circumstances.

Inflation and the economic crisis cause the cost of living to rise, so the vital necessary minimum is increasing, but nevertheless, the economic capacity of families has decreased as wages are lower and inflation itself has reduced purchasing power (www56; www1; www20; www50; www36).

The result of it all is a lower economic capacity and therefore, less tax revenues, a need for greater social spending in the face of the deterioration of the quality of life of citizens, a greater deficit and consequently increasing public debt (www22; www6).

A worsening economic situation for the country and its citizens is detrimental to the living conditions of society, and it leads to higher spending. In the face of this discontent, many movements are emerging with populist policies that promise a lot of spending. As Thomas Jefferson said, “A government capable of giving you everything you want is capable of taking away everything you have”.

All these factors generate instability and distort our goals of equality, justice, freedom, peace and well-being (Navarro, 2011: 78–82).

In response to this situation, fiscal policies are moving towards higher fiscal pressure with tax increases and an expansionary spending policy as a measure to revive the economy.

The question that arises is whether all this is sustainable, and what is going on with the debt, because what is being done is to grow and spend on the basis of debt. It seems justified to say that this is “bread for today and hunger for tomorrow”. Debt is not the solution.

What good is it to raise taxes if citizens have less and less wealth and less economic capacity, believe less and less in the system and pay less and less taxes?

There is an underground economy estimated at 25% of GDP, about 91,600 million euros that do not reach the coffers of the State. All this translates into a problem of tax collection, with less collection than should be the case (www58).

This shows a lack of credibility in our system and a lack of commitment on the part of citizens. One may wonder why this happens, whether it is a matter of education. Perhaps there is too much tax pressure, or the feeling of citizens is that taxes do not benefit the well-being of society and therefore, there is no commitment to pay them, unlike in the Nordic countries where there is a total commitment to pay taxes since it is very clear that it has a direct impact on the quality of life.

Spain was the OECD country with the highest tax burden in 2020 due to the fall in GDP related to the COVID-19 pandemic, with an increase of 1.9 percentage points in the relationship between the weight of taxes and Social Security contributions and the size of the economy. In 2020, the tax burden stood at 36.6% compared to 34.7% in 2019 (www88).

The State must guarantee a better quality of life for its citizens. In the current debate, it is even clearer that we want to live better but we want the state not to spend more or to spend worse, not that the public stipend is paid by all of us. It is in spending that the tax system must be legitimized to achieve the objectives of improving our society that are established in the Constitution.

Both the Bank of Spain and the Independent Authority for Fiscal Responsibility (AIReF) (Independent Body for Fiscal Responsibility created in 2013 by the Spanish Government at the initiative of the EU, which complies with the constitutional principle of budgetary stability), recommend reviewing tax benefits (they are fiscal policy instruments that pursue economic and social objectives) because they entail lower tax revenues, and this denotes the weakness of the system (www26).

Tax benefits are part of the expense, but they are also understood as lower income. They are expressed in taxes as reductions, deductions, rebates or exemptions that are applied to benefit certain activities or certain population groups (Banacloche, 2008: 267).

It is true that we have a wide range of bonuses, but the real problem of tax collection is that not all of them are yet justified or applied correctly. The truth is that from the point of view of income it means less income.

The tax benefits have a fiscal cost of about 60,000 million euros per year for the state coffers, which is important enough to review their validity. They are to fulfill the function for which they were created and, therefore, if they are not, should be reformulated, if necessary (www27).

In this sense, reforms have already been initiated in different taxes such as Personal Income Tax, where the reduction for contributions to pension plans has been reduced to a minimum, and has also been working for some time to end the reduction for joint taxation, etc. (www17; www18).

In VAT, there is a desire to eliminate reduced rate rebates and leave it only for certain items, as it is one of the most important costs, but this is nourished by policies to protect certain products and vulnerable groups (www45).

It is true that the EU's recommendation is that the elimination or modification of certain tax benefits, such as reduced VAT rates, be carried out gradually and be accompanied by policies to help vulnerable groups.

It would also be very interesting to examine the tax benefits of SICAVs and SOCIMIS, eliminating these tax benefits and adapting them to the EU rates (www82).

In any case, tax benefits pose many problems because they are seen as lower taxation and have a very high cost that we should review if they meet the objectives of our Constitution. The Bank of Spain, the AiREF and the EU recommend revising them due to their high opportunity cost for the system.

Another issue to be addressed is whether the pension system is sustainable. The first thing to mention is that, according to the Constitutional Court, the right of pensioners to the revaluation of pensions is recognized in Article 50 of the EC, which does not mean “that the Constitution obliges that each and every one of the initial pensions be maintained in the amount foreseen, nor that each and every one of those already paid must experience an annual increase” (STC 134/1987, of July 21). However, on the contrary, it must be said that it is exclusively up to the legislator “to determine the scope of the right of citizens to obtain the correlative obligation of the public authorities for the granting of a pension during old age, establishing the requirements and conditions necessary to give effect to this right” (STC 114/1987, of 6 July). There is a clear debate about the sustainability of pensions. Spending on pensions stands at 12% of GDP according to Social Security estimates, which represents an expenditure of 10,251 million euros, 3.24% more than last year (www13; www11; www10).

While examining the 9,881,206 contributory pensions paid as at 1 October, it can be mentioned that 6,190,182 were retirement pensions, 2,353,994 widow’s pensions, 950,472 permanent disability pensions, 341,436 orphans’ pensions and 44,122 family pensions. The average pension in Spain stands at 1,037.48 euros per month, while the Minimum Interprofessional Wage (SMI) is 965 euros per month as of September 1, 2021.

According to an OECD study that has just been published on the different retirement systems in force in the most developed economies, it warns that the Spanish situation is very delicate and that the decision to eliminate the sustainability factor will aggravate the situation of the pension system. The OECD has questioned the latest pension reform for having repealed an automatic adjustment, such as the sustainability factor, to replace it with the intergenerational equity mechanism (2021 Report) (www75; www85).

The indexation of pensions to the CPI will significantly increase spending, while the intergenerational equity mechanism announced by the Government of Pedro Sánchez will not be able to maintain the balance, so a significant deterioration of the Social Security system is expected in the coming years (www51; www37).

It is important to note that Spain has been one of the countries that has spent the most on pensions in the last twenty years, and two factors that affect this greater expenditure must be added here. First, Spain is one of the developed economies where working life ends earlier, secondly, life expectancy at the time of retirement is especially high in Spain, with men living an average of 23 years after retirement and women 27.7 years, compared to 19.5 for men and 23.8 for women in the rest of the OECD countries (www87).

It seems that all developed countries have an adjustment mechanism that automatically increases or reduces pensions according to criteria of population,

demography and the financial balance of the Social Security system. Spain no longer has it, it abandoned the stabilization system to index pensions to the CPI, and this will undoubtedly increase spending and could cast serious doubts on the viability and sustainability of pensions in the future, especially in the face of the “demographic winter” in our country where the birth rate has plummeted from 2.3 children in 1980 to 1.3 in 2020. The projection for 2040 is 1.5, to which, if we add the growth in life expectancy, it will be difficult to maintain the current calculation of pensions, especially considering the large number of retirees who are added to the pension payroll each year.

As established by Law 27/2011 of August 1, on updating, adapting and modernizing the Social Security System, and taking into account the evolution of the life expectancy of the Spanish population, the retirement age will rise from 65 to 67 years in a period of five years. Namely, it will increase progressively until it reaches 67 in 2027 (www41).

In 2022 the legal retirement age is 66 years and 2 months in the case of having contributed less than 37 years and 6 months. For workers who have contributed for 37 years and 6 months or more, they may retire at 65 years of age. In 2027 all those workers who have contributed for 38 years and 6 months will be able to retire at the age of 65, for the rest who have contributed less than, the ordinary retirement age will be 67 years (www91).

Another issue is to highlight the lower collection capacity of the new figures and fiscal measures introduced in 2021, as in the case of the new taxes on financial transactions (the so-called Tobin tax), and on certain digital services (the so-called Google tax). The limitation of double taxation exemptions for large companies and the increase in VAT on sugary drinks have had less impact than expected, as well as the non-entry into force of the tax on non-reusable plastic packaging and on waste in landfills (www24; www25).

There is no point in setting new taxes, raising taxes, or reducing tax benefits if the economy is unhealthy; families and businesses must have the economic capacity to pay taxes, otherwise, the system is distorted and does not work.

Another important massive problem is the fight against tax fraud, tax avoidance and tax havens. They lead to lower revenue collection, unbalanced public accounts, generate inequality, provoke capital movements and harm the distribution of wealth. Tax havens should disappear to avoid the possibility of tax evasion.

More and more is being spent, less is being collected, there is a larger deficit, we have to resort to public debt and the surplus in spending is getting smaller. As a result, we cannot meet all the objectives and that is when we must give up certain expenditures. This is where we find ourselves after the 2008 financial crisis, when there were significant cuts in health, education and social services, which meant that the social goals set by the state could not be met.

Such a situation cannot happen again, the purpose of the system is different. Taxes and the tax system are designed to contribute to public spending, not to be an unbearable burden on the citizen as a result of excessive spending.

Another outstanding issue of our democracy is the effective distribution of wealth, which today, 43 years after the promulgation of our constitution, still has not been achieved (www68).

The current system of Autonomous Communities (Niño-Becerra, Santiago, 2012:33–34), which has undoubtedly served to decentralize political power and competences in certain areas such as health, education, the environment, etc., has become economically inefficient due to the high cost incurred by 17 parliaments, with their politicians and advisers, in the assumption of competences such as education, health, social services, etc. They were not provided with their own source of income and most of their income comes just from state-ceded taxes and the public debt of the Autonomas Communities themselves (www40; www9; www3).

The creation of infrastructures to structure the territory has not always responded to the interests of all. It turns out that today the quality of life in all communities is not the same. There is an imbalance and inequality in the distribution of wealth, always based on criteria of population, tax collection, distribution and contribution to the solidarity fund. Yet, justice must be emphasized, since it is not possible that these criteria for the distribution of wealth and the different fiscal policies of each community have determined the polarization of wealth in certain areas of the country compared to others. Therefore, they have caused capital movements, migratory movements and certain investment decisions that have benefited some and harmed others (www73; www74).

The Quota model that affects the Basque Country and Navarre reveals nothing more than inequality based on obsolete privileges that do not correspond to a modern and fair society (www62; www19; Lago Peñas and Vaquero, 2016: 57–66).

The fact that the electoral law gives more weight to certain territories that fight for their rights than for the general interest has also contributed to inequality. Additionally, it made it impossible to implement effective equality policies, since significant amounts of the annual budget have been allocated to the detriment of other areas of the country to the satisfaction of certain nationalist parties.

It is not possible that, in Extremadura, Castilla-La Mancha and some provinces of other regions such as Teruel in Aragon, Soria, Palencia or Zamora in Castilla-León, Jaén in Andalusia, etc., the standard of living and services are not the same as in the rest of the territory. After all, all citizens pay taxes and public services should be the same anywhere in Spain.

There is also a problem that each region establishes different tax policies and benefits that cause movements of capital and investment, and therefore of wealth from one region to another. In the same way, this also determines population movements and harms the fixation of the population, affecting the income balances of these regions and thus increasing the inequality gap and imbalances.

It is paradoxical that while we are witnessing a process of integration and equalization of norms and policies within the European Union, our country has not managed to do so at the regional level, with such negative consequences for the territories, the citizens and for the fulfillment of the objectives of equality of the Constitution and the State.

3. ADDITIONAL PROBLEMS

Other problems that can be observed are old problems that still appear in chats but have not been solved or no easy solution has been found. One of them is the progressivity that our Constitution promulgates on taxes: if they must be progressive, those who have more must pay more. Then, the question arises how far this progressivity can go and whether they all are progressive taxes.

According to the Constitutional Court, not all taxes should be progressive, it is the system that should be progressive, and in fact there are very few progressive taxes in our system, only Personal Income Tax, Wealth Tax and Inheritance and Gift Tax.

Another point that should be mentioned is the concept of tax justice, which is enshrined in the Spanish Constitution in article 31.1. Tax justice has to do with all of the above, with the distribution of wealth, with compliance with constitutional precepts and compliance with the law. Although tax justice does not appear as a constitutional principle, it is understood that compliance with the material principles of equality, generality, progressivity and non-confiscatory character established in the Constitution is in line with the mandate of a “fair system”, as explained by Rafael Calvo-Ortega, professor of Financial Law (Calvo-Ortega, 2012: 21–30).

Finally, I would like to refer to the General State Budget for 2022. It will undoubtedly be the most expensive budget in all democracies, with the following objectives and figures: Access to housing with a 46% increase in the budget (www59).

Its elements also include: fight against youth unemployment, 2,076 million in European funds for vocational training and 750 million for youth employment, 2 billion in scholarships, which is the highest value in history, measures against early school leaving and to promote the quality of education (www5; www76).

The other points are: increased productivity, 40 billion to make the productive sector more competitive, more than 13 billion for research, development, innovation and digitalization – again the highest value in history, €2,140 million in European funds for the SME Promotion Plan (www59; www60).

Another objective is improvement of well-being. Dependency spending will increase by 23.3% over the previous year. Health will have three times as many resources for primary care, oral health and mental health. Education increases its budget to 9.2% due to the increase in scholarships and vocational training. Almost 726 million in European funds will be targeted at the Long-Term Care and Support Plan.

The next point is fight against depopulation. More than 4,000 million euros will be directed to combat depopulation including rural mobility projects, energy improvement programs and promotion of clean energy, 600 million in European funds will be used for the deployment of 5G (www61).

Another goal is to achieve full equality. The Ministry of Equality exceeds 500 million for the first time, 14% more resources, 190 million transferred to the Autonomous Communities for the Correspondents' Plan to promote family reconciliation. The State Pact against Gender Violence exceeds 200 million for the first time. The Equal Opportunities Programme for Men and Women will receive €225 million (www69; www52).

The next objective is fight against fraud and tax evasion. The Tax Agency will have a budget of 1.7 million, the largest in history, and the workforce will increase by 1,043 additional employees (www78).

Another point in the budget is strengthening the economy and increasing cohesion. Pensions will increase by 4.8%. The Minimum Vital Income and other benefits will reach 4,436 million. Industry will allocate 700 million for the reconversion of companies. The following sectors receive such funds as: Agriculture and Fisheries – 8,844 million for greater competitiveness, tourism more than 1,700 million, Culture – an increase of 38.4% to 1,589 million, Energy Policy – 3,817 million, Equality – for the first time more than 500 million and Infrastructures and Resilient Ecosystems – 11,841 million.

The major objective is a fair recovery after the pandemic, the transformation of the productive model and a more sustainable, resilient, greener, more digital development with greater social and territorial cohesion. In addition, it establishes the Government's commitment to Budgetary Stability with a spending ceiling that remains at historic highs of 196,142 million and the reduction of the Deficit, which is estimated to go from 119.5 to 115.1 in the debt-to-GDP ratio.

The revenue forecast for the Public Administration will reach 39.8% of GDP, which will amount to 522,264 million, representing a growth of 4.6%. Tax revenues will amount to 298,801 million. As for the expenditure forecast, the

Budget Plan foresees that its weight on GDP will fall to 44.7% in 2022. The salaries of public employees will increase by 2% (www79).

The General State Budget for 2022 includes an injection of 27,633 million from the Resilience and Recovery Mechanism of the European Union. These resources will be used to lay the foundations for more sustainable, durable, balanced and socially just growth. Importantly, co-governance dominates the management of European funds (www49).

In conclusion, these are very expensive budgets that will lead to an unprecedented level of spending and that effectively seem to be destined to meet the constitutional objectives. They will ultimately result in a better quality of life for citizens and are incorporated within the strategic plan of the government of Spain 2050 (www77).

What criticisms and problems can we find in these budgets? Increased spending in the midst of a pandemic, so spending continues to increase without securing revenue, and in turn there are many international organizations contradicting the government's forecasts.

The European funds will arrive with conditions, as long as the objectives set by Brussels regarding the reform of the pension system and the reform of the labour market are met, and there is a risk that these funds could be (www4; www89) compromised if all the requirements and conditions established by the European Union over the years are not met. A major problem is that the government's economic forecasts and state revenue figures will not be met, with the risk that this entails in terms of spending and the impact on the public deficit. Although it must be noted that the government for the moment has managed to meet the requirements to make the funds effective (www80) and there has also been a regularization of these funds with an increase because finally, the growth figures have been higher than expected (www81).

It can be concluded that we are in a moment of great uncertainty (www72) where the economic crisis (32), inflation, the Ukrainian war (www33; www90), geopolitics (www71; www57) and all the exogenous factors that we cannot control affect us directly (www28). So, we must be proactive, control spending so that it is invested correctly and we must not squander European funds that are undoubtedly a great opportunity to generate wealth and improve our future.

CONCLUSIONS

The purpose of the tax system and taxes is to contribute to the maintenance of public spending, as established by our Constitution. From this mandate, we must determine that public spending should contribute to the achievement of the objectives of the State. Obviously, the objectives of the State should be none other

than to guarantee the objectives set out in our Constitution and all those pursued by any modern society to achieve the well-being of its citizens.

Progress, political and institutional stability, quality of life, competitiveness in the international context, etc., require budgetary measures to control public spending, spending that must be oriented towards growth, the sustainability of the system and social welfare. Fiscal and financial policy in the context of the European Union, must be subject to rules that respect Community policies, since Spain's weight in Europe is important and cannot and should not destabilise the Union with policies that do not meet the objectives of stability.

Summing up, the objectives that the state must pursue are peace, equality, justice, freedom to achieve the well-being of its citizens as already promulgated by the first Spanish Constitution, that of Cadiz of 1812 (Alvarado Plana, 2016: 196–199), (Escudero 2012, 859–862) in its Title III Article 13 “The Objective of the Government is the happiness of the Nation, since the end of every political society is none other than the well-being of the individuals who compose it” (www44) and thus protect the Welfare State (www16; www14).

Therefore, in order for the Tax System and taxes to be legitimized, a deep control of spending must be carried out, so that the budget and public spending respond to the objectives of the State established in our Constitution to improve the lives of citizens, and achieve the objectives of peace, freedom, equality and justice. For all this, the purpose of the Tax System, which gives meaning and legitimizes taxes, is none other than to achieve the well-being of citizens.

Finally, it should be stated that in the face of the new emerging powers and the new world order (www67), the more than certain climate change (www8; www21; www12; www53; www55) , the energy (www93; www54) and demographic challenges (www7; www46; www15; www84; www83) and the technological revolution that will (www30; www66) surely change the world and the new order that will emerge from these (Noah Harari, 2018: 19–36), the rights and well-being of citizens (Judt, 2011: 151–177) will be the main challenge (Navarro, 2011: 191–207) of the new generations (www94; Sampedro et al.; 2011: 25–43) that Society and the State will have to face.

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