

Abstract :

The purpose of this paper is to study the effect of inter-municipal tax cooperation on local taxation. We use a tax competition model in a two-tier framework, where two tax bases are interdependently mobile. We consider three different tax regimes: tax-base sharing for the two tax bases, tax-harmonization of one tax rate, and a mixed form of the preceding two regimes. Therefore, both horizontal externalities (at the municipal and inter-municipal level) and vertical tax externalities occur. We show that cooperation generates an inflationary effect on the tax rates, whatever the form of tax cooperation, and provide a comparison of the different tax regimes.

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We are pleased to invite you to the
Lunchtime Seminar in Economics:

**Inter-municipal cooperation:
which fiscal regime?**

*(joint with Pascale Duran-Vigneron, CES IDEP and
Anne-Laure Samson, LEDA-LEGOS, UNiversité Paris Dauphine)*

Marie-Laure Breuillé
INRA-ENESAD

November 30, 2011
13:00 – 14:00



Campus Limpertsberg
Central Building, Room BC 306
162a, avenue de la Faïencerie L-1511 Luxembourg

Lunch is planned for the participants

Registration: by email to fdef-colloques@uni.lu

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