

Themenheft "Fiscal Equalization in Europe"

Contribution "EU Taxes for the EU Budget in the Light of Sustainability Orientation – a Survey"

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Figure 1 is based on Munasinghe's sustainability triangle and attempts at bringing together the dimensions and objectives –on which sustainability-oriented taxation is based.

The three sustainability dimensions: the **social dimension** (social inclusion; employment; inter- and intragenerational equity including gender equality; equality of opportunity), the **environmental dimension** (securing of resilience/biodiversity; preservation of natural resources; prevention of climate change and reduction of pollution), and the **economic dimension** (growth; efficiency; stability/resilience; fiscal sustainability, i.e. sufficient long-term revenue elasticity to finance public expenditures and prevention of tax base erosion) are linked by a fourth one, the **dimension of institutions and culture**. The latter covers governance aspects, as well as an appropriate legal and administrative design underpinning the tax system's legitimacy to enable the attainment of economic, social and environmental sustainability of taxation, e.g. tax collection and enforcement mechanisms on the national and – increasingly - on the supra-national level.

The figure shows the connection of the dimensions via manifold **interlinkages**, which can take the form of **synergies creating “multiple dividends”**, or of **trade-offs**. The crucial challenge for sustainability-oriented tax systems aiming at equally considering all dimensions and objectives of a comprehensive concept of sustainability is to realize synergies and to minimize trade-offs.

For further explanations please see chapter 3.1. *Dimensions and objectives of sustainability-oriented taxation.*