Federal tax organization in Argentina can be defined by concurrent taxation from indirect taxes. In this paper, we refer to the provincial Turnover Tax, which is the main revenue source for the provinces and the national VAT. Both are consumption taxes and, in terms of provincial taxes, as they are cascade taxes, they are also taxing production. The aim of this paper is to identify if a province is limited in its tax collection because of a low capacity for generating revenue or due to a lack of effort in exploiting its existing tax capacity in order to finance public expenditure.

**Keywords:** Tax inefficiency, subnational taxes, revenue procyclicality.

**JEL:** H3, H2, H7, D2.