

Секція Фінансова економіка.

Savchuk S. V.

PhD in Economics, Associate Professor, S.I. Yurii Department of Finance

Ternopil National Economic University,

Ternopil, Ukraine

Bondzych M. A.

student gr. FFzm – 21,

Ternopil National Economic University

Ternopil, Ukraine

WAYS OF STRENGTHENING THE REVENUE PART OF LOCAL BUDGETS IN CONDITIONS OF BUDGET DECENTRALIZATION

In the conditions of budget decentralization, the question of forming local budget revenues, optimizing them and finding stable sources of security, which is a basic precondition for effective functioning of local self-government, providing sufficient financial resources to fulfill all powers and tasks of local authorities, is of critical importance. In this regard, in order to approve their financial independence, the formation of local budgets requires new forms and methods of planning revenue sources, finding effective tools for intergovernmental budgetary regulation at all stages of budget process.

That is why, at the modern stage of transformation of financial and budgetary relations, an important place is given to the effectiveness of fiscal legislation, the effectiveness of the tax system and the impact of macro-indicators of socio-economic development on the formation of local budget revenues.

In addition to the significant benefits of budget decentralization, in particular the extension of powers of local governments, revenue sources of local budgets, the base of administration, giving the right to local governments to regulate the rates of local taxes and fees within the current tax legislation, increase their volume and their

resource base, certain problems in the implementation of this process, which directly affects the formation of local budgets revenues, should be noted.

A significant factor in the formation of local budgets' own revenue base in sufficient size is their considerable endowment. As in recent years the share of official transfers in total revenues of local Ukraine budgets exceeds 50% and tends to increase, despite the positive dynamics of growth of local budget revenues. The large amounts of intergovernmental budget transfers to local budgets indicate about further centralization of power. The main problem of the financial support of local authorities is ineffective use of the received local transfers, which has a negative impact on the socio-economic development of the regions.

An essential disadvantage is the lack of interest of local authorities in increasing budget revenues and finding additional sources. Any increase in local budget revenues or expenditure reduction measures led to decrease in the proportion of regulatory tax revenues which consolidate to the appropriate budgets or decrease in planned intergovernmental budget transfers. Annual changes in the rates of deduction from national taxes and fees, which referred to local budgets, did not encourage the relevant authorities to increase budget revenues at different levels.

In addition, the fiscal role of local taxes and fees remains the same as it was and as a result their low share in local budget revenues.

That is why, in order to solve these problems and strengthen the revenue base of local budgets, which are the basis of financial autonomy of local authorities, in the context of budget decentralization, the separation of following areas is advisable.

In the first place is the full implementation of budget decentralization processes that will allow a clear definition of the list of own and delegated powers of local authorities. Local governments will have a broader range of powers and financial support, which will affect the level and quality of public provision of services. At the same time, the question of improving the process of forming the revenue part of local budgets and finding ways to increase them is still urgent.

It is necessary to consolidate the capacity of local self-government bodies to establish independently an optimal list of local taxes and fees and their rates to the

extent that the functions which they perform are adequate. In future, it will help to increase the effectiveness of local authorities decision-making, interest in increasing their own revenues, taking into account the interests of citizens living in certain territories, united territorial communities, search for new tools of influence of local communities on the economic growth of administrative and regional units and expansion of their own resource base.

Stabilization of the financial transparency and accountability of local governments, as well as improving the programmatic and targeted budgeting method, will facilitate the adoption and coordination of effective management decisions, the rational formation and use of local budget funds.

So, the successful result of decentralization processes in the context of local budgeting should be the creation of such local budgets model, which effective functioning will ensure the proper socio-economic development of the territories and their economic entities, increase public welfare, and maximize satisfaction of its needs.