

# CURRENT TRENDS IN THE DISTRIBUTION OF NATIONAL TAXES AND FILLING THE REVENUE BASE OF LOCAL BUDGETS

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## **Abstract**

The economic content of the budget and its components is revealed in the processes of formation and distribution of monetary resources, which are very diverse in nature and cover all levels of government. The movement of gross domestic product at all stages - from creation to consumption is carried out with the help of monetary funds. Therefore, depending on how the process of mobilization and use of budget funds, how it affects the formation of ultimately funds for consumption and accumulation, the role of the budget in managing the economy is determined. In this regard, it is important to constantly improve the system of mobilization of budget revenues, better use of material, labor and financial resources.

Relevance of the research topic. An important condition for overcoming the economic crisis and ensuring the socio-economic and cultural development of society is a sound, balanced fiscal policy, which is a system of state measures in the field of taxation aimed at implementing the objectives of society.

## **Keywords:**

Trends, distribution, taxes, revenue, budgets.

## **Introduction**

Both at the national and local levels of taxation, in order to achieve the principles of transparency, fairness, certainty, convenience and economy, the list of local

taxes and fees and other mandatory payments should be minimal. Mechanisms and procedures for their accrual should exclude double or triple taxation.

Problem setting and research of publications. The purpose of this research is to study the process of generating local budget revenues through the redistribution of national taxes as the main source of filling the budget. The object of the study are tax revenues of local budgets as an economic category, their characteristics and composition. The task of the work is to determine the order of formation of the revenue side of local budgets in terms of tax revenues.

Legislation and regulations on taxation and regional development in Ukraine, statistical materials of the State Statistics Committee of Ukraine, the Ministry of Finance of Ukraine, the State Treasury of Ukraine and periodicals became the information base of the study .

Assessing the effectiveness of the redistribution of public financial resources between budgets at different levels should be considered as one of the balanced components in improving inter-budgetary relations in the distribution of national taxes and fees.

The share of state budget revenues in the consolidated budget increases and the share of local budgets decreases accordingly. This is negative, as most taxes and other revenues are credited to the state budget, and local ones, at the time, are insufficient. Therefore, it is necessary to reconsider the structure of revenue distribution between budgets (Fig. 1) [6] .

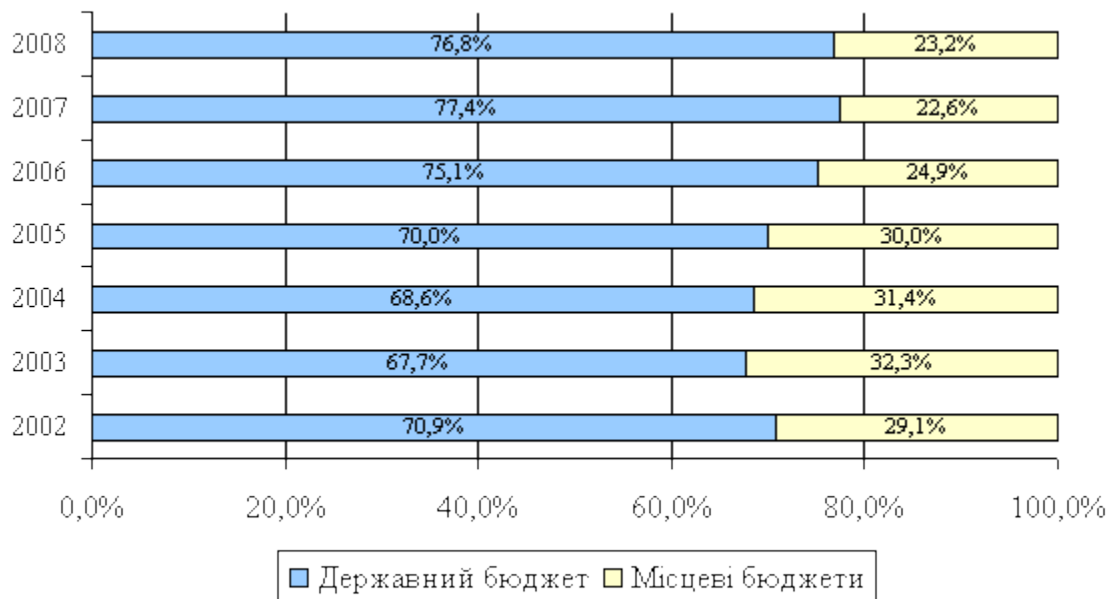


Fig. 1. Structure of receipts of separate taxes, fees and payments to the state and local budgets in Ukraine for 2002–2008

As can be seen from Figure 1, the share of the state budget in the structure of the Consolidated Budget of Ukraine is increasing. If in 2002 the state budget accounted for 70.9% of the consolidated budget, ie local budgets accounted for 29.1%, in 2008 the share of the state budget increased to 76.8%, respectively, local budgets accounted for 23.2%. The increase in the share of state budget revenues is explained by the increase in the share of national taxes credited to the state budget. In turn, this distribution reduces the autonomy of local budgets in funding, which is supported through intergovernmental transfers. The distribution of taxes between levels of the budget will be considered in table. 1 [6].

Table 1

Structure of receipts of separate taxes, fees and payments to the state and local budgets for 2002–2008

Name	2002	2003	2004	2005	2006	2007	2008
Personal income tax up to 2003 incl. / personal income tax, including	100	100	100	100	100	100	100
to the state budget	-	-	-	-	4,8	4,8	5,2

to local budgets	100	100	100	100	95,2	95,2	94,8
Corporate income tax, incl.	100	100	100	100	100	100	100
to the state budget	72,5	74,4	86,8	98,9	99,2	99,2	98,8
to local budgets	27,5	25,6	13,2	1,1	0,8	0,8	1,2
Value added tax, incl.	100	100	100	100	100	100	100
to the state budget	100	100	100	100	100	100	100
to local budgets	-	-	-	-	-	-	-
Excise duty, including	100	100	100	100	100	100	100
to the state budget	93,3	89,8	94,9	98,0	99,3	99,2	99,3
to local budgets	6,7	10,2	5,1	2,0	0,7	0,8	0,7
Land payment, incl.	100	100	100	100	100	100	100
to the state budget	-	-	-	-	-	-	-
to local budgets	100	100	100	100	100	100	100

From Table 1 we can conclude that only some national taxes are distributed between state and local budgets. Such taxes include personal income tax, which until 2006 was fully credited to the state budget. This tax later became regulatory and is now distributed between state and local budgets.

Taxes such as VAT and customs duties were credited 100% to the state budget during 2002-2008.

The amounts of excise duty on goods imported into Ukraine are credited to the state budget, and on goods produced in Ukraine - to the local budget at the place of their production and the state budget in the ratios established by the Verkhovna Rada of Ukraine. As of 2008, the state budget accounted for 99.3% of the total amount of excise duty, and local budgets accounted for 0.7%.

According to the Budget Code of Ukraine, land fees are credited to local budgets, in particular 100% of land fees - to the budgets of Kyiv and Sevastopol, 75% of land fees - to the budgets of cities of national importance, the Autonomous Republic of Crimea and cities of regional importance, 60% of land - to the budgets of villages, settlements, cities of district importance and their associations.

Corporate income tax is credited to both state and local budgets. In 2002, the state budget accounted for 72.5% of income tax, according to the local budget -

27.5%. In 2002–2008, the share of crediting to the state budget increased. In 2008, the distribution between the state and local budgets was 98.8% and 1.2%, respectively.

The problem of chronic lack of financial resources of local governments and the instability of their revenue sources in recent years has gained national importance. Under such conditions, a serious factor in stabilizing the economic situation in the country should be the process of effective tax regulation in the regions, which would transform local communities from subsidies to entities that independently, at their own expense are able to solve any socio-economic problems [2, 559].

Ways to solve the problem. The main direction of expanding the financial autonomy of local budgets is to increase the role of local taxes and fees and increase revenues at their expense. Further exacerbation of this problem may lead to the development of very dangerous trends: the processes of territorial disintegration, disputes between territories, legislative and executive bodies and regions on the basis of the division of financial resources. It should be noted that without increasing production it is impossible to ensure the growth of revenues to local and national budgets. Local governments could, within the current legislation, develop mechanisms that would stimulate the development of the most profitable industries and ensure a significant replenishment of the revenue side of the local budget [4, 190].

In the future, many scholars and practitioners suggest the implementation of the Concept of "One Tax - One Budget", the essence of which is that revenues from national taxes come in full, without any "split" in the State Budget of Ukraine, regional - only in the regional budget. and local tax payments - in the local [3, 13]. Such a scheme, of course, has a right to exist, but until the powers between the branches of government and the authority on expenditures between the levels of the budget system are enshrined in law, it is too early to talk about creating such a scheme in our country.

There are two ways to resolve this issue: the first is the elimination of national regulatory taxes and their centralization in the State Budget of Ukraine for their subsequent redistribution between regions to fulfill the powers of regional and local authorities. However, the growing dependence of the latter on the center

contradicts the principle of fiscal decentralization. There is another way - a more rational one, which involves the gradual displacement from the budget system of the instrument of regulatory taxes by increasing the share of own revenues, fixed in whole or in part, including joint taxes on a permanent basis, empowering regional and local authorities, which will help improve transfer policy and reduce subsidies to lower-level budgets.

### **Conclusion**

Thus, currently local taxes and fees in Ukraine perform almost no fiscal or regulatory function, which necessitates a rapid reorganization of the local tax system, which should be aimed primarily at strengthening the financial base of local government, which is one of the most important conditions. effective activity of territorial communities as the primary subject of local self-government.

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