

DEVELOPMENT OF TAX DECENTRALIZATION IN UKRAINE

Naydenko O.E.

Associate Professor,
Simon Kuznets Kharkiv National University of Economics,

Arutiunian R.Y.

Student,
Simon Kuznets Kharkiv National University of Economics

The development of Ukraine as an independent state with European values requires improving the quality of public administration in various spheres of economic policy, the formation of effective local self-government on the basis of decentralization of power, budget and tax systems. Modern institutions of decentralized management, as international experience shows, provide better performance of state functions and more efficient provision of public goods and services.

The development of democracy and the decentralization of the public sector are becoming increasingly widespread in the world. Since the late 1980s, many countries have started to decentralize a number of government functions. The standard decentralization model does not exist, processes and procedures differ from each other and depend on the main goals and objectives and also on the organizational structure and implementation mechanisms.

Tax decentralization is interpreted as a process of transferring revenues from relevant taxes to the authorities of lower levels of government, which contributes to strengthening their autonomy. Taxes are fixed on a permanent or long-term basis, provide the regional authorities with a stable financial base for conducting an independent fiscal policy. An important component of tax decentralization is the right of these bodies to a degree of independence in setting taxes

at the appropriate level, which implies both their responsibility in connection with the acceptance of obligations to provide local public services and accountability to the population.

One of the problems of decentralization in Ukraine is that for this purpose a methodology for the implementation of tax decentralization has not been developed, which leads to an aggravation of financial problems on the ground. Changes in the Budget and Tax Code of Ukraine made at the end of 2014 led to the fact that the local budgets of villages, settlements and towns of rayon significance remained without basic income: without the personal income tax and without a tax on land, which made them overly subsidized. That is, local budgets are a major component of local finance. The existence of local taxes and duties is primarily responsible for the interests of the territorial communities on whose behalf the local self-government bodies operate, since such payments are exclusively their financial base. Accordingly, the purpose of introducing local taxes and fees is to provide local authorities with the funds necessary for the realization of their tasks and functions, which are at their own disposal and concentrated in the respective budgets.

The purpose of the work is to consider the historical aspect, the analysis of the current problems of the formation of local budgets in a decentralized environment.