

THE INFLUENCE OF INTERGOVERNMENTAL RELATIONS SYSTEM ON THE BUDGET POTENTIAL OF A REGION

Melnyk L.M.

Candidate of Economic Sciences,
Senior Lecturer at Department of Finance
and Environmental Economics,
National University of Water and Environmental Engineering

DumaV.L.

Postgraduate Student at Department of Finance
and Environmental Economics,
National University of Water and Environmental Engineering

Restructuring of the budget system and creation of a fundamentally new model of intergovernmental relations is one of the important directions of reforming the financial system of Ukraine.

The category “intergovernmental relations” has a two-way sense: on the one hand it is a system of distribution and redistribution of financial resources between the links of the budget system of the state in order to balance disparities in socio-economic development of the regions, on the other it is a relationship between state and local authorities regarding the distribution of powers and duties.

An important principle of the formation of inter-budgetary relations in Ukraine is declared in the Budget Code principle of subsidiarity. In the organization of intergovernmental relations it is important to follow to the principles of economic justice, alignment, equality of all regions while using the principles of fiscal decentralization.

The regulation of intergovernmental relations in Ukraine is carried by the following methods: own income, fixed income, transfers, loans, withdrawals.

Among the various mechanisms of implementing the intergovernmental relations the most common form of it is a system of intergovernmental transfers.

In Ukraine, the formation of the system of intergovernmental transfers is due to the need of creation of a mechanism of financial equalization of local budgets.

Through the implementation of the reform of intergovernmental relations in Ukraine there are some positive developments. However, increasing the local revenues and expanding sources of content – is only the first step to solving the problem of raising the level of socio-economic development of the regions. The next step should be a real increase in the powers of local authorities and local budgets' own revenues.