

LOCAL TAXATION IN MODERN ECONOMIC CONDITIONS

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Local taxation is a part of the state tax system and must serve the interests of local governments as an independent source of revenue for local governments.

Revenues of local governments (local budgets) include:

1) taxes and charges formed and fixed at the state level:

– taxes, which imposition and collection are administered exclusively at the country level, and the funds are fully received by the local budgets;

– taxes raised as deductions from state taxes, and regulated only at the state level.

2) taxes and charges fixed at the state level, and formed by local governments – properly local taxes and fees.

3) local non-tax revenues, which also are the incomes of local budgets and display the fiscal function (fines, license fees).

Based on the analysis, it can be argued that the local taxation system can develop and improve by the following ways:

– directed to the creation of a solid economic and financial basis of local government;

– improvement of the legislative framework for collecting local taxes and fees;

– creation of a tax environment favourable for the business activity;

– optimization of the tax burden on a local branch of the economy in view of balancing the budget system;

– improvement of fiscal efficiency of obligatory payments by improving the system of administration, optimization of tax privileges and expansion of the local tax base by reducing the scale of tax evasion;

– conducting a work to improve the legal culture of the population.

In order to strengthen the financial capacity of local budgets, there should be implemented further reform of the tax legislation in the part of pumping up local budgets and increasing their financial independence. It is necessary to create a tax legislation that would stimulate production, innovation activity starting from the local level.