

## LOCAL BUDGET REVENUES AS A BASIS FOR THE FINANCIAL SUPPORT OF LOCAL AUTHORITIES

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The effectiveness of local government depends primarily on their financial capacity, i.e. their ability by using their own resources to solve local issues. One of the prerequisites for Ukraine's integration into the European community is the decentralization of power and provision of financial autonomy to local governments. Decentralization is generally not possible without reference to the place of authority and responsibilities in the financial sector, i.e. without financial decentralization that is a process of division of labour, financial resources, and responsibility for the use of the central and local levels of government that allows governments at the local level to get an autonomy in financing and providing the population with public services. After all, only with a solid financial base, local authorities can effectively perform its functions.

Fiscal decentralization in Ukraine is based on two key points: independent sources of budgeting and increase in financial resources per person in the community. The introduction of a new model of financial support of local budgets is the empowerment of local authorities, providing full fiscal autonomy and, at the same time, broadening the sources of local budgets in order to create a real basis for the exercise of their powers and increase incentives to boost the revenue base of local budgets. The system of balancing revenues and expenditures of local budgets on the basis of the horizontal alignment showed progressive results and local authorities are more interested in increasing its own revenue base, bringing

additional revenues and expanding existing tax base of local government in line with the European standards.

Without sufficient financial base of local budgets and tax accounting potential of each region of the construction and development of an effective and active budget system of Ukraine can be delayed indefinitely. The need for the reform of intergovernmental relations is caused by the inability of local governments to meet modern economic and political needs of society.

In the article, the features of formation of the revenue base of local budgets in terms of fiscal decentralization are studied. Monitored the execution of local budgets of Chernivtsi region, outlined problematic aspects of their financial security, and delegated powers of local authorities. The ways of strengthening the financial self-sufficiency of local budgets in terms of cost transformation are substantiated.

Financial support for territorial communities in 2017 is significantly worse. Noting that the revenue part of local budgets does not change at the same time, we note that of particular concern is the transfer to local budgets of all expenses (except expenses on payment of labour of teachers) in educational institutions and expenses on payment of utility services and energy to healthcare institutions. To cover the deficit of funds on these costs, local governments will be forced to cut funding for important activities and programs aimed at livelihoods of local communities in the sphere of housing, improve-

ment, repair and construction of roads, social care, preschool and school education, local economic development and the like.

Local government reform requires an appropriate financial, economic support. The cornerstone of budget reform should be the

policy of fiscal decentralization (even fiscal federalism), which aims to improve the fiscal autonomy of local governments, establish the legal status of the communal property and determine the priorities in implementing housing and communal reform.