

IMPROVEMENT OF LOCAL BUDGET FILLING

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Local self-government is really a democratic and very effective form of territorial development.

The capital base of local budgets is characterized by low part of own profits, as a result, by the annual increase of interbudgetary transfers which are given from the state budgets; insignificant revenues from the local taxes and fees, weak own revenue base; inconsistency of financial relations between state administrations, local self-government bodies in the process of public goods resource providing.

Starting from 2011, according to the Tax Code of Ukraine passed in 2010 the amount of local taxes and charges was reduced from 15 to 5. There are 3 obligatory local taxes and charges such as a tax on real estate (other than land property), single tax and a license charges for special entrepreneurial activities. The two optional charges are a charge on parking of transport and a tourist charge. Property tax will be due from 1 January 2012.

The greatest part of tax receipts among the federal states is in Germany (60%) and Canada (59%), and among the unitary states - in Sweden (74%), Denmark (53%). In Ukraine part of tax receipts in the erected budget folds 75%.

To reduce dependence on financial aid, to improve the quality of investments and economic growth it is necessary to:

1. expand the revenue base of local budgets by assigning to them income tax for individuals;
2. search for alternative sources of own revenue: the introduction of wealth tax;
3. finally introduce a tax on real property. Introduction of real estate tax will bring a lot of real benefits for city community, among these most important are: increase of financing of social and economic programs in spheres of housing and municipal utilities, health care, education and culture and so on; restriction of speculations on real estate market and constraint of dwelling prices; establishment of modern infrastructure in city, which will lead to growth of investment attraction and creation of new job places; effect of “wealth tax”, when tax load will be distributed by the principle of social justice;
4. stimulate investment activity in the region by taking into account natural resources, industrial and human potential.