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FOREIGN EXPERIENCE OF LOCAL BUDGET DEVELOPMENT

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Abstract: *Some aspects of functioning the system of independent local budgets in foreign countries are considered. The specifics of formation of local budget revenues of economically developed countries of the world are considered and their positive aspects which could be implemented in domestic practice are outlined.*

Key words: *local budgets, foreign experience, financing of local budgets, efficiency of local finance development.*

Financial support of administrative-territorial units is crucial for urban development and covering the economic, social, cultural, environmental and other needs of the local population. At the same time, the processes of formation and use of financial resources of different territorial communities are not universal. In each country and in individual territories within its borders under the influence of historical development and various political, economic and other factors formed their principles and features of local finance [1].

Leading European countries offer local governments a very high degree of financial autonomy, which allows the latter to be virtually independent of or partially dependent on central government budgets. These are Spain, Austria, Switzerland, Sweden. In these countries, the financial autonomy of local budgets ranges from 70 to 98%. In France, Finland and Belgium, this figure is between 55 and 70%. The high degree of independence of local budgets abroad is largely determined by the share of their own income, which, for example, is more than 70% in Sweden, 50% in Spain and 56% in Norway [2, p. 127].

Taxes play a leading role in the formation of budget revenues abroad. They are used by the state as an important tool for redistribution of national income and form the basis for the income base in such parts of the financial system as the state budget and local finances, as well as special state funds. Central state bodies use the most important taxes for national reasons, and less important taxes are imposed on local authorities (municipalities), which simultaneously determine the formation of local budgets [3, p. 243].

In most foreign countries, local budget revenues predominate, while in the United Kingdom, France, Germany, Sweden, Portugal, Hungary, and Slovenia, municipal revenues are largely generated by local taxes. In Lithuania, Estonia and the Czech Republic, local budgets' own revenues mainly consist of deductions from national taxes. In Finland, 2/3 of own revenues are funds received from municipal companies that provide utilities to the population [4].

In most countries, where local budget revenues are based on income tax, local governments set the tax rate and receive a fixed percentage of total revenue. High income tax in the Nordic countries due to high incomes.

Particular attention is paid to the importance and role of local taxes in local budget revenues. For example, in the US, local taxes account for 65% of local budget revenues, 60% - in France, 45% - in Germany, 36% - in England and 33% - in Japan [5, p. 24].

For all industrialized countries, it is natural to divide local budgets into two independent functional types of local households - current local budgets and local development budgets. Local current budget revenues are generated from local taxes and fees, payments, general subsidies provided by the government, and other revenues. Budget revenues are generated from bank loans, loans for utilities, investment grants from government agencies and other sources. Legislation in most countries prohibits the use of development budget revenues for current budget expenditures [5, p. 26].

In the regulations of many European countries there are such concepts as "additional budgets" and "attached budgets". For example, in France, the supplementary budget is a clarification for the core budget. The supplementary budget also creates a link between the main budgets of the previous and current financial year. It contains the balance and budget deficit of the previous financial year in the current financial year [6, p. 275].

Thus, considering the problems of local budget formation in foreign countries, we can conclude that continuing to study the experience of unitary countries with developed traditions of regionalism can be useful in developing and implementing policies to reform the local budget system in Ukraine. Particular attention should be paid to the experience of France, as our administrative systems are similar, and the monetary and tax systems are modeled on this country. Also interesting for a deeper analysis is the experience of such unitary states as Poland and Lithuania, the transformation of the model of governance of regions in which it has proved itself positively, in particular in the field of filling local budgets.

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