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PECULIARITIES OF FORMATION OF LOCAL BUDGETS

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ОСОБЛИВОСТІ ФОРМУВАННЯ МІСЦЕВИХ БЮДЖЕТІВ

The article describes and analyzes the stages of development of local budgets. It is indicated which features are inherent in the study of the formation and development of local budgets and the system of local self-government during the Soviet period. The shortcomings of the existing system of formation of local budgets are indicated. The most significant problems in the field of formation of local budgets in Ukraine are emphasized. A set of interrelated measures is proposed, which must be implemented in order for local budgets to actually become the basis of the financial independence of local authorities. An analysis of local budgets in consolidated budget revenues for 9 months of 2022 was made. It is considered that it is expedient to direct the budget policy in the field of formation of the revenue base of local budgets.

The effective functioning of local budgets is closely related to the implementation of the budget process both at the local level and at its individual stages.

At the current stage, local budgets concentrate a significant part of financial resources and to some extent regulate the socio-economic processes taking place in the country.

The legal framework for planning and implementing local budgets is based on a number of laws and by-laws. However, they need some improvement.

The quality of the budget process depends on the correctness of the revenue planning procedures of local budgets. Currently, when planning local budget revenues, it is necessary to determine the exact volume and sources of revenues for the administrative-territorial unit. The main task of analytical work in the process of planning local budget revenues is to identify reserves for increasing local budget revenues.

Budgetary policy in the field of formation of the revenue base of local budgets should be aimed at harmonizing the elements of budgetary unitarism and decentralization, which requires reforming the mechanisms for ensuring the sufficiency of local budgets.

Taking into account the features of regional development provides more opportunities to increase the revenue sources of local budgets and further stabilize the socio-economic situation.

У статті охарактеризовано та проаналізовано етапи розвитку місцевих бюджетів. Зазначено, які риси притаманні для дослідження радянського періоду становлення та розвитку місцевих бюджетів і системи місцевого самоврядування. Вказано, які недоліки має існуюча система формування місцевих бюджетів. Наголошено, на найбільш суттєвих проблемах у сфері формування місцевих бюджетів в Україні. Запропоновано, комплекс взаємопов'язаних заходів, які потрібно здійснити для того, щоб місцеві бюджети насправді стали основою фінансової самостійності місцевої влади. Зроблено аналіз місцевих бюджетів у доходах зведеного бюджету за 9 місяців 2022 року. Розглянуто, на що доцільно спрямувати бюджетну політику у сфері формування дохідної бази місцевих бюджетів.

Ефективне функціонування місцевих бюджетів тісно пов'язане з реалізацією бюджетного процесу як на місцевому рівні, так і на окремих його стадіях.

На сучасному етапі місцеві бюджети концентрують значну частину фінансових ресурсів і певною мірою регулюють соціально-економічні процеси, що відбуваються в країні.

Нормативно-правова база планування та виконання місцевих бюджетів базується на низці законів та підзаконних актів. Однак вони потребують певного вдосконалення.

Якість бюджетного процесу залежить від правильності процедур планування доходів місцевих бюджетів. Наразі при плануванні доходів місцевих бюджетів необхідно визначити точний обсяг та джерела надходжень для адміністративно-територіальної одиниці. Основним завданням аналітичної роботи в процесі планування доходів місцевих бюджетів є виявлення резервів збільшення доходів місцевих бюджетів.

Бюджетна політика у сфері формування дохідної бази місцевих бюджетів має бути спрямована на гармонізацію елементів бюджетного унітаризму та децентралізації, що потребує реформування механізмів забезпечення достатності місцевих бюджетів.

Врахування особливостей регіонального розвитку надає більше можливостей для збільшення дохідних джерел місцевих бюджетів та подальшої стабілізації соціально-економічної ситуації.

Key words: local budgets, revenues, financial resources, decentralization, inter-budgetary relations, budgetary policy.

Ключові слова: місцеві бюджети, доходи, фінансові ресурси, децентралізація, міжбюджетні відносини, бюджетна політика.

FORMULATION OF THE PROBLEM

Local budgets play a major role in the socio-economic development of the territory.

In recent years, the problem of effective formation of local budgets with different levels of economic development has arisen. This is enhanced by the processes of decentralization, because economically strong regions will be able to increase the allocation of funds for regional needs. Such horizontal imbalances will contribute to the growth of social tension in regions where the level of GRP production per capita is lower compared to the average for Ukraine. The problem of further research on the peculiarities of the formation of local budgets of regions arises from both a theoretical and a practical point of view.

ANALYSIS OF RECENT RESEARCH AND PUBLICATIONS

Scientific works devoted to the study of theoretical and practical aspects of budget decentralization in Ukraine: T. Bogolib, O. Vasylyka, O. Kyrylenko, L. Lysiak, I. Lunina, I. Lutogo, V. Malyshko, K. Pavlyuk, O. Romanenko, V Fedosova, I. Chugunova and others.

HIGHLIGHTING THE PREVIOUSLY UNSOLVED PART OF THE GENERAL PROBLEM

The growth of scientific interest in budgetary relations is determined by the theoretical and practical needs of the development of local self-government in Ukraine, in particular in the part of forming the revenue component of local budgets.

The study of the peculiarities of the formation of local budgets of regions with different levels of economic development will contribute to the rational formation and distribution of local budget expenditures, which is important in the conditions of decentralization and increasing the independence of local communities. But despite the large number of scientific publications in this area, the issue of formation of local budgets requires further research due to the imperfection and constant changes of tax and budget legislation.

The purpose of this article is to review and generalize the peculiarities of the formation of local budgets.

PRESENTATION OF THE MAIN RESEARCH MATERIAL

As noted in his research, Yu.O. Radelytskyi and O.R. Kvasniy: "There is no single approach to determining the stages of development of local budgets. Some scientists (such as O. Kyrylenko, O. Rolinsky, P. Bechko) consider it expedient to attribute the stage of formation of the system to 1864-1917, the period of comprehensive reform of the administrative system in the Russian Empire, which involved the formation of zemstvos and the creation of local self-government in the conditions certain decentralization of power and resources. Instead, M. Vasylieva, G. Polyak, G. Pyatchenko, N. Shirkevich and others. focus on July 10, 1918, the date of adoption of the Constitution of the RSFSR, the legislative power of which extended to the territory of modern Ukraine. This document established the division of budgets into state and local budgets, as well as the introduction of a system of redistribution of financial resources between budgets of different levels: so, at the state level, needs were provided at the expense of the state treasury, at the local level — at the expense of funds collected in these territories. In addition, it was in 1918 that the rules for the formation of local budget revenues were approved with the determination of their sources (local taxes and fees collected in the relevant territory; financing from the state budget).

In general, the development of the system of local budgets and local self-government in the Soviet Union can be characterized by the following periods:

1) 1917—1930 — adoption of the Constitution of the RSFSR and the Provisional Regulation on local finances, introduction of the mechanism for providing subventions at the local level; the composition of local budgets (district, parish and city budgets) is determined;

2) 1930—1938 — tax reform, which significantly changed the system of legal relations between central and local government bodies in favor of the latter; a turnover tax was introduced, mandatory formation of village budgets was introduced;

3) 1938—1945 — military operations and reformatting of the economy and the state administration system on military "rails", which resulted in the reduction of the number of local budgets;

4) 1945—1960 — the period of recovery and development of the national economy and the budget system in particular; strengthening the role of local budgets and the final formation of the budget "vertical" with the adoption of the law on the right of each council to have an independent budget;

5) 1960—1985 — the composition of local budgets includes regional, city, district in cities, village and village budgets, the composition of revenues and expenditures of local budgets, the conditions and mechanisms of accumulation and spending of budget funds are determined;

6) 1985—1990 — ratification of the European Charter on Local Self-Government, as well as the adoption of a number of legislative acts, which opened the day for the restoration of the institution of local self-government and local budgets as its financial basis; gaining independence of Ukraine.Therefore, the study of the formation and development of local budgets and the system of local self-government during the Soviet period allows us to outline the following features inherent in the system in this period: first, it is the formal independence of local self-government and the independence of local budgets from the state budget based on the principle of "democratic centralism"; instead, the real embeddedness of the system of local self-government in the system of state administration bodies; secondly, it is the complete dependence of the formation and development of the system of local budgets on the peculiarities of the functioning of the administrative-command economy, as a result of which the financial dependence of local budgets on the state budget was formed" [1].

Until 2015, a system of inter-budgetary relations based on a centralized model of budgetary federalism operated in Ukraine, the main features of which were inherited from the administrative-command system of management.

The centralization of fiscal functions of the state limited local authorities in the implementation of the main functions of managing the budget process at the local level.

This was manifested in their dependence on the state budget due to the preservation of the priority of the normative method of allocation of budget funds and the high share of transfers in the revenues of local budgets, which negatively affected the development of inter-budgetary relations in the market economy. Since 2015, as a result of changes in budget and tax legislation, for the first time since independence, an attempt has been made to decentralize the system of inter-budgetary relations. On December 28, 2014, the Law on Amendments to the Budget Code of Ukraine on the Reform of Inter-Budget Relations was supposed to promote budgetary decentralization.

To assess the degree of budgetary and financial decentralization, the indicator of the share of regional (local) levels of management in revenues and expenditures of the consolidated budget is used. An indicator of a high level of decentralization is the share of local expenditures at the level of more than 45% of all state expenditures, a medium level — 30—45%, and a low level — less than 30% [2].

In accordance with the Budget Code, there have been significant changes to the approaches to the formation of spending powers, which are delegated exclusively to the level of the city of regional importance, the district level and the level of territorial communities, which will be united.

Starting from 2015, local budgets receive the following new types of transfers: educational subvention, labor training subvention and medical subvention.

The first results of budget decentralization are as follows: at the local level, village councils can provide for themselves. But this should not be a reason to refuse to unify territorial communities. Because united communities, whose budgets will be equated to the budgets of cities of regional significance and districts, and, in addition to the specified taxes, will also receive 60% of the personal income tax and other income. In addition, the unification of communities will allow to optimize expenses for the maintenance of the administrative apparatus, and most importantly, it will significantly improve the quality of providing administrative and social services to the population [3].

Today, the constant striving for the independence of local budgets, for the further development and strengthening of local self-government requires greater financial independence and viability of local authorities. The level of the country's development and the growth of the population's well-being directly depend on the growth of a strong local government, which is able to ensure adequate financing of educational, cultural, health care institutions, solve problems and defend the interests of the population, etc. The activity of the institute of local self-government is a norm of democratic development of the country, which provides for wide autonomy of the population in solving issues of self-government development. All this is a fundamental condition for the decentralization of budget funds, as one of the models of functioning of inter-budgetary relations [4].

In terms of the number of local budgets, our state is second only to France among European countries.

The existing system of formation of local budgets has a number of serious shortcomings:

— a high degree of concentration of financial resources in the state budget of the country, which reduces the importance of regional and local budgets in solving vital tasks for the population;

— a low share of fixed revenues (tax payments) in the structure of revenues to regional and local budgets;

— almost annual changes in the types of taxes included in local budgets;

— lack of uniform and fairly stable standards (for example, for several years) of deductions from national taxes to local budgets.At the same time, the main problem of the financial support of local authorities is the inefficient use of received transfers on the ground, which, in turn, negatively affects the socio-economic development of the regions.

In general, among the problems in the field of formation of local budgets in Ukraine, the following are, in our opinion, the most significant:

— instability of the income base;

— secondary nature of local taxes and fees compared to national taxes;

— insufficient funding from the state budget;

— the presence of local taxes, the costs of administration of which exceed the revenues from them;

— a small list of local taxes and fees compared to other countries;

— the insignificant fiscal role of local taxes and fees and, as a result, their low specific weight in the revenues of local budgets [5].

Therefore, in order for local budgets to actually become the basis of financial independence of local authorities, a complex of interrelated measures must be implemented. First, it is necessary to gradually move to the decentralization of state finances. The main condition of such decentralization is a clear division of competence between the central government and regional and local self-government bodies. Secondly, it is necessary to provide local self-government bodies with the opportunity to independently establish a list of local taxes and fees and their rates in accordance with the adequacy of the functions performed by them.

Another source of replenishment of local budgets could be local loans, but, unfortunately, in Ukraine they have not gained the proper distribution inherent in European countries [6].

The process of decentralization expands the possibilities of development of united territorial communities and their economic independence. Decentralization, and as a result of strengthening the financial capacity of the budgets of united territorial communities, provide the possibility of their sustainable development.

In addition, we note that an important condition for solving the problem of strengthening the revenue base of local budgets is the expansion of the rights of local self-government bodies in the field of setting taxes and fees, as well as the creation of a multi-channel system of budget formation, on the basis of which each level of the budget system must have its own fixed revenues. The volume of these revenues must be sufficient to ensure the functions and duties that are entrusted to one or another level of power.Provided the amendments to the Budget and Tax Codes are adopted, local communities will be able to independently form their own budgets, without waiting for the formation of the central one, as is done today. The sources of income, the base of administration and the granting of the right to local self-government bodies to regulate the rates of local taxes and fees within the limits defined by the Tax Code are expanding.

Another innovation should be to give budgetary institutions the right to choose where to be served — in the treasury or a commercial bank [7].

At the current stage, Ukraine is steadily directing its efforts to the implementation of the European integration course, the fulfillment of international legal obligations, including the development of local and regional democracy.

Further democratization of society, decentralization of power on the basis of subsidiarity were and remain Ukraine's priorities.

An important role in these processes is played by the reform of local self-government and territorial organization of power in accordance with the main provisions of the European Charter of Local Self-Government, which has become an integral part of national legislation in this area.

This was confirmed by the definition of priorities in the program documents of the President, the Government and the Verkhovna Rada of Ukraine, among which are the decentralization of power, the transfer of financial resources and the strengthening of the material and financial basis of local self-government bodies, the satisfaction of the interests of citizens in all spheres of life in the relevant territories, the provision of high-quality and accessible public services to the population, coordination of the interests of the state and territorial communities.

The implementation of the reform was started on the basis of the Concept of Reforming Local Self-Government and Territorial Organization of Power, the Program of Government Activities, the "Strategy — 2020" of the President of Ukraine and the corresponding plan for their implementation.

The task of financial decentralization, in particular the transfer to local self-government bodies of additional budgetary powers and stable sources of income for their implementation, was the first step on the way to the reform of local self-government; stimulation of territorial communities to unite and transition to direct inter-budgetary relations with the state budget with appropriate resource provision at the level of cities of regional significance, etc.

The next important step was the adoption of the Law of Ukraine "On the Voluntary Association of Territorial Communities" and the Methodology for the Formation of Capable Territorial Communities, approved by a resolution of the Cabinet of Ministers of Ukraine in April 2015 with the aim of introducing the legal basis for the formation of capable territorial communities by increasing their financial and economic capacity [8].

Implementation of budget decentralization in Ukraine in the form of increasing the powers of local authorities on the resources of local budgets has been going on for several years and is declared each time in the Main directions of budget policy.

In the reforming system of decentralization of budget resources, the sources of filling local budgets have been expanded due to:

1) transfer of revenues from the state budget (100% of the fee for the provision of administrative services, 100% of the state duty, 10% of the profit tax of enterprises of the private sector of the economy);

2) introduction of an excise tax on the sale of excisable goods (beer, alcoholic beverages, tobacco products, petroleum products) by business entities at the rate of 5 percent of the value of the goods sold;

3) expansion of the tax base of the real estate tax by including commercial (non-residential) property and cars with a large engine volume in the taxation of this tax;

4) increasing the rate of inclusion of environmental tax in local budgets from 35% to 80%.

If the reforms in the tax system can be attributed to positive moments, then the change in the transfer policy predicts a "bright future" only for economically strong territories.Both processes will take place in parallel and cannot be done at different times. It is no secret that the vast majority of regions of Ukraine are subsidized and this may mean that local self-government is not yet ready to transition to self-sufficiency. The change of the tax system plays an important role in the formation of local budgets, however, the regions must work not only formally, but also create or restore existing sources of existence — revenues and incomes of local budgets, which can be provided only by a real economy [9].

One of the important changes to the Budget Code of Ukraine was the change, which provides for the possibility to keep saved funds at the end of the reporting period in the accounts of local self-government bodies and use them the following year. In this way, local officials were motivated to save. Previously, it was necessary to use everything and write off the funds from the accounts before the end of the year, but now this practice should be a thing of the past. Another important innovation is the possibility to place temporarily free funds of the special fund of local budgets in commercial banks. On the one hand, this solves the problem of delayed payments from the treasury, on the other hand, it deprives local authorities of the opportunity to receive interest-free loans to cover temporary cash gaps in local budgets [10].

The full-scale war against Russia showed how stable local self-government is, which is able to face any challenges with dignity, particularly in the financial part. After all, the organization and provision of ground defense activities, logistical and technical assistance to the Armed Forces of Ukraine, attracting help from foreign partners are the things that local self-government bodies undertook to support from the very beginning of the shameful invasion of Russia, while ensuring, at the same time, constant support for all spheres of life of citizens at the local level (assistance to internally displaced persons, supporting relocated businesses, organizing shelters, continuing to provide services at a high level). And all this despite the daily shelling.And all this is thanks to the effectively conducted decentralization, which enabled local government to obtain autonomous, independent, adequate financial resources, which played a key role in facing challenges.

It is worth noting that in 8 months of 2022, the share of local budgets in the revenues of the consolidated budget increased significantly.

But now there are many following challenges: settlement of imbalances between the levels of development of different communities, ensuring stable development, restoration of damaged infrastructure, clear demarcation of powers between all levels, support of democratic decision-making.

Considering the largest in terms of revenues to the state and local budgets, it can be seen that the main ones are: international grants, personal income tax, VAT and income tax.

At the same time, most funds from the state and local budgets are spent on the armed forces, pensions and debt service. Below is the largest volume of expenditures under budget programs for January-August 2022 (with a breakdown between state and local budgets).

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Of course, in the sectoral breakdown, the largest is the volume of expenditures on defense, followed by social security and state-wide functions. Housing and communal services are fully provided at the expense of own funds of local budgets. The largest area of funding from local budgets remains education, as a delegated authority.

Looking at the month-on-month growth of key taxes and fees, a gradual improvement from May is evident.In general, as of September 2022, positive growth was maintained for all taxes and fees, except for land fees. The business has adapted and pays tax payments, the state tax service, in turn, has intensified its work on collecting taxes and fees, the income of rent payments has resumed, personal income tax is growing steadily, compared to 2021 (due to the large number of military personnel with decent financial support). At the same time, as a result of the abolition of the national excise tax on fuel (setting the rate at 0 euros per 100 liters), local budgets, which since January 1, 2017 receive a certain share (13.44%) of the revenues of the national excise tax (the mechanism for calculating the excise tax on fuel has been changed due to redistribution from the state budget), experienced significant losses of this type of income, which was caused by the need to regulate the situation on the fuel market. Along with this, the President has already signed the Law on the restoration of taxation of petroleum products and the establishment of new rates for excise duty on petroleum products (gasoline — 100 euros per 1000 liters, diesel — 100 euros per 1000 liters, biofuel — 100 euros per 1000 liters, gas — 52 euros per 1000 liters).

The monthly growth of the main tax sources of state budget revenues shows different dynamics in connection with the accepted benefits. Yes, a significant drop in excise tax and VAT revenues from imported goods is noticeable. Also, starting from March, there is a permanent negative increase in the customs duty.

In the structure of revenues of local budgets for January-September 2022, the largest specific weight is occupied by the tax on the income of natural persons. In the structure of revenues of the general fund without transfers, personal income tax accounts for 67.6%. In the structure of general and special funds (with transfers), personal income tax is 47.0%. The next important source of income for local budgets is subventions from the state budget — 21.3% (85.3 billion UAH).

In the structure of the state budget, the lion's share is occupied by grants (gifts) — UAH 320.1 billion (25.6%). Next in terms of volume are VAT and personal income tax. Other own revenues of budgetary institutions also provided significant revenues — UAH 108.4 billion (8.7%).

Looking at the monthly dynamics of local budget revenues, in general, in comparison with the corresponding periods of previous years, a significant drop in March-April and recovery of growth rates starting from May can be observed. It is also noticeable that March-April receipts fell below last year's level, but not below 2019, in contrast to the impact of the pandemic in 2020, when April receipts fell below 2018. Significant growth rates are also being observed in 2021, after the recovery of business activity.

At the same time, in terms of revenues, the budgets of territorial communities significantly exceed the revenues of other local budgets.Tracking the monthly dynamics of state budget revenues with transfers, a significant increase in July, August and September due to the increase in grants and VAT revenues is noticeable.

If we trace the dynamics of state budget revenues without transfers (tax, non-tax revenues and revenues from capital operations), large monthly fluctuations and a significant drop in April 2022 are immediately noticeable.

Such fluctuations are caused by significant fluctuations in the income tax, which does not have a uniform rate of revenue. There is also a significant drop in VAT on imported goods and import duties starting from March 2022 and a gradual recovery from June 2022.

The introduction of tax benefits from March 2022 affected the revenues of the Excise Tax, which did not restore last year's revenues, VAT and customs duties.

Import and export duty revenues have also not yet recovered their volumes. However, they have relatively increased since July, as Law No. 2325 of 06/21/2022 was adopted, which restored the taxation of certain goods and fees and canceled the benefits introduced by Law 2142 of 03/22/2022.

At the same time, VAT on manufactured goods maintained its growth rate, unlike VAT on imported goods, which since July has not recovered even to last year's level.

In total, for 9 months of 2022, the general fund of local budgets (excluding interbudgetary transfers) received 278.7 million hryvnias, which is +12.3% or +30.6 billion hryvnias of growth compared to January-September 2022.This is mainly due to a significant increase in personal income tax (+25.2%), because the loss from land tax revenues, compared to the corresponding period last year, is -20.1% (Reference: land tax last year accounted for more than 10% of the revenue of the general fund of local budgets, now only 7.6%).

The situation with excise tax revenues, in particular fuel excise, is much worse. Compared to January-September 2021, revenues decreased by -68.0% or -2.0 billion UAH.

Analyzing the state of implementation of local budgets for 9 months of 2022, a slight decline in growth rates can be observed in August and a significant increase in September (+28.1%). Overall growth is still consistently high.

Of course, the situation in individual communities differs significantly, which requires an immediate response. But the communities have shown that they are able to effectively manage and increase the financial resources received, to respond appropriately to unforeseen challenges and to ensure a high level of service provision in any conditions, as well as to quickly adapt to new conditions. Communities have shown that local self-government budgets form the basis of the sustainability of local financial resources.

Examining the dynamics of local budget revenues on a monthly basis, it can be observed that in April there was a bottom in the rate of increase in the revenue of the general fund of local budgets, and in May the recovery began. In August, the rate of growth slowed somewhat to 7.7% due to a relative decrease in the rate of receipts of local taxes and fees. So far, September has shown an increase of almost +30.0%, which is the largest monthly increase since the beginning of the year for the general fund.

The largest potential losses of the general fund were experienced by local budgets in April (-2.4 billion UAH (-8.5%), compared to April 2021). But already in May there was a positive increase in the amount of +3.5 billion UAH (or +11.9%), compared to the corresponding period last year. In July, the increase in revenues of the general fund of local budgets was +4.9 billion hryvnias (+17.1%). In August, the increase amounted to UAH 2.6 billion (+7.7%). In September +7.2 billion UAH (-28.1%). In the cross-section of the regions, the peculiarities of individual areas and the change in business activity in the regions are immediately visible. There is a noticeable decrease in income in the regions where hostilities are (were) taking place. On the other hand, in the regions where a large number of internally displaced persons are located and business activities have been resumed, there is a significant increase compared to the corresponding period last year.

Tax innovations this year caused a change in the dynamics of revenues, in particular the single tax. At the same time, since May, tax revenues of local budgets have been in positive growth.

Personal income tax receipts to local budgets during January-September 2022 were always positive. This is due, firstly, to the growth of deductions from the salaries of military personnel, and secondly, the increase in the rate of inclusion of personal income tax in local budgets from 60% to 64% from the beginning of 2022 played its role.

Personal income tax in September shows a significant increase (+35.0% or +6.4 billion UAH, compared to September 2021), which is due to an increase in cash payments to military personnel, whose number has increased significantly.

Last year, on the contrary, in September, a relative decrease in the rates of income tax from the income of individuals was observed. And the peak payments for this period fell on June. On the other hand, in September 2022, the income of the Personal Income Tax Department reached a record level of 24.6 billion hryvnias per month.

Of course, this is due to a significant increase in cash payments to military personnel. Looking at the monthly dynamics of personal income tax receipts from stipends, monetary rewards and other payments received by military personnel and non-commissioned officers and officers in the 2018—2022 period, a record growth of such receipts starting from March 2022 is noticeable. It is clearly demonstrated how significant the growth is compared to the corresponding months of previous years. And in August 2022, this indicator reached almost 10 billion hryvnias per month.In contrast, income tax on personal income, which is paid by tax agents on the taxpayer's income in the form of wages, has decreased significantly, starting in March 2022. Such receipts are still below the level of 2021, but at the same time they have not fallen to the level of 2020. The same applies to personal income tax on the taxpayer's income other than wages.

The situation is much worse with the payment for land, the increase in income for which has not yet returned to a positive value. In March, potential losses were at the level of -38% (-1.1 billion hryvnias of uncollected revenues in just one month). I would like to remind you that according to the amendments to the tax legislation (Law of Ukraine dated 15.03.2022 No. 2120-IX) for the period from March 2022 to December 31 of the year following the year in which martial law was suspended or abolished, no land tax is charged or paid (land tax and rent) in the territories where hostilities are (were) taking place. At the same time, the list of such territories has not yet been defined by the Cabinet of Ministers of Ukraine, which makes it impossible to clearly define and grounds for charging a fee for land.

In September, the loss of local budgets in terms of payment for land amounted to -9.2% or -0.27 billion hryvnias, compared to the corresponding month last year. In general, since the beginning of the year, local budgets have not received more than 5.3 billion hryvnias in payment for land.

The increase in the income of the single tax in June-September 2022 fluctuated significantly (from an increase of +50.3% to a decrease of -25.7% and again increased to +40.0%). Changes to the tax legislation served this purpose. First, economic entities with significant incomes (large businesses) were given the right to switch to a simplified taxation system: payment of a single tax of 2% (reduced from 5% to 2%) instead of income tax (18%). (Law of Ukraine No. 2142-IX dated 24.03.2022, draft law 7190 dated 22.03.2022). As a result, many business entities chose a simplified system of taxation and payment of a single tax instead of income tax, which, in turn, ensured an increase in this type of income. At the same time, the terms of payment of the specified tax have changed. Thus, earlier payment was made quarterly (within 50 days after the end of the reporting quarter), currently the single tax is paid monthly according to the new principle (within 30 days after the end of the reporting month).

In terms of regions, the payment of a single tax differs significantly from a +23.4% increase in Lviv region to a significant decrease in such revenues in Sumy, Kharkiv, Mykolaiv, Chernihiv, Zaporizhzhia, Donetsk, Kherson and Luhansk regions.It is clearly visible that these are precisely the areas where hostilities were (are) taking place, as a result of which small and medium-sized businesses were relocated or completely stopped in these regions.

As a result of tax benefits, the excise tax experienced the greatest relative decline. Taking into account that the lion's share of this tax was made up of fuel excise revenue (currently 0 euros per 100 liters) and a decrease in alcohol excise revenue, this type of revenue still remains in a significant negative growth.

Along with this, positive increases in excise duty on tobacco and alcohol, and considering that transfer of excise duty on fuel is significantly delayed (due to a change in the mechanism of enrollment starting from January 1, 2017) (i.e. zero receipts in July, August and September 2021 and in July, August and September 2022) provided a positive increase in excise tax to local budgets.

Revenues from local taxes and fees also show fluctuations due to the single tax. At the same time, the receipt of local taxes and fees in the regional section shows significant differences in receipts depending on the region. Thus, regions where the population increased due to IDPs and where businesses relocated showed a significant growth of +117.3% (Lviv region). On the other hand, in other regions such a high growth is not observed, but on the contrary, a negative growth of this type of income is observed.

From the beginning of 2022 (as of 01.11.2022) The Government of Ukraine, in accordance with the budget legislation, ensured the transfer of interbudgetary transfers to local budgets in the amount of UAH 112.6 billion, which is 78.5% of the allocations provided for in the schedule, in particular:

— the basic subsidy was transferred in the amount of UAH 13.6 billion, or 100% before the breakdown of allocations;

— the educational subvention was transferred in the amount of UAH 81.5 billion, or 100% before payment.

In October 2022, local budgets received UAH 9.9 billion in transfers.

Also, local self-government bodies have a monthly reverse subsidy in the amount of UAH 899 million, which is not transferred to the state budget in wartime conditions.

The balances of funds on the accounts of local budgets and budgetary institutions under general and special funds for January-October 2022 increased by UAH 83.4 billion and as of November 1, 2022, amount to UAH 141.8 billion.

Fund balances increased in all regions of Ukraine [11].

As L.V. Korenyuk notes in his research: "It is advisable to direct the budgetary policy in the field of formation of the revenue base of local budgets to a harmonious combination of budgetary unitarism with elements of budgetary decentralization, reforming the mechanism of filling local budgets and inter-budgetary relations. Taking into account the peculiarities of the development of regions will contribute to the growth of opportunities for increasing the revenue base of local budgets and further stabilization of the socio-economic situation in the state" [12].

CONCLUSIONS

Decentralization is important in modern Ukraine, especially when implementing the processes of unification of communities and territories, where the formation of local budgets and the efficiency of the use of their financial resources are priorities.

The budgetary system of Ukraine needs urgent reforms on the path of decentralization of local self-government with the granting of wider powers to local authorities, improvement of the legislative framework to optimize the mechanism of formation, distribution and redistribution of state revenues.

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