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FISCAL DECENTRALIZATION AS A COURSE FOR STABILIZATION OF PUBLIC FINANCE

Studying the issue of fiscal decentralization is of high relevancy to Ukraine, since today the need for scientific analysis of the effects and certain aspects of decentralization that are taking place in fiscal policy of Ukraine is growing. First of all, due to their impact on the economy as a whole.

In the conditions of thorough reform of the Ukrainian taxation system, it is expedient to analyse the pan-European trends in the transformation of taxation systems under fiscal decentralization, since, taking into account the chosen European integration vector of development, the system of reforming the domestic taxation system shall be consistent with pan-European features.

Important factor of fiscal decentralization in the country is the reorientation of its taxation system in the context of recent market developments from the predominant

service of the public administration level to the regional and local level, this fact confirms the need to analyse the features of tax reforms in the countries that have passed the historical path of decentralized administration development.

Let's notice that according to the results of the World Bank research while making the rating "*Doing Business-2017*", it was recorded that during the period 2015-2016, 137 countries implemented 283 reforms aimed at improving business conditions, which exceeds on 20% the studies of previous year. In addition, since 2006, *Doing Business* has recorded 2,782 reforms in 186 countries around the world. The highest level of reform is characteristic to the countries of Europe and Central Asia. Let's notice that among the whole set of the implemented reforms, the index group in "Taxation" section is ranked 2nd by the number of transformations after the index group in the enterprise establishment section [1].

We will analyse main reforms in taxation in the EU countries and will highlight the quantitative indicators of the taxation transformations. Thus, during the period 2006-2016, the smallest number of reforms (1) among the EU countries is characteristic to Belgium, Denmark, Ireland and Malta, while the biggest (6-8) are characteristic to Greece, Croatia, Hungary and Romania.

Analysing recent trends in decentralization in the OECD countries, it is reasonable to conclude that over the past 20 years, the institutional landscape of the OECD has undergone significant changes, with nearly 138,000 local territorial entities being registered in the OECD in 2015-2016. Let's notice that the degree of decentralization in various OECD countries differs a lot [1].

The analysis of the costs of local territorial entities as a GDP share and total public expenditures in the OECD countries allowed to emphasize countries with high decentralization level and analyse the peculiarities of tax reforms in these countries. Therefore, the most "decentralized" among the OECD countries are the Czech Republic, Denmark, Canada, Sweden, Spain, the USA, Belgium, Finland.

Let us also draw attention to the fact that more prosperous states tend to be more decentralized, this fact confirms the expediency of decentralization reform in Ukraine in combination with tax reform.

Thus, over the past two decades, the OECD countries have become more decentralized, however, only a few countries have undergone radical reforms that have substantially changed the institutional structure of fiscal decentralization. Let's notice that in various countries, the motivation varies considerably. Democratic/political motivation prevailed in the Eastern Europe (waves of decentralization in 2000, 2004 and 2006: Poland, Slovakia, Czech Republic, Estonia, Hungary, etc.), while in Greece, Italy, Portugal were driven by economic/budgetary motivation.

Relevant indicators, in particular, the receipts of own revenues of consolidated territorial communities, say for the efficiency and effectiveness of fiscal decentralization. Due to the amendments to the tax and budget legislation, in the context of decentralization, the receipts of own revenues of local budgets of the consolidated communities grew more than by 3 times (by UAH 3.9 billion) compared to 2015 (UAH 1 billion to UAH 4,9 billion in 2016), in 2017 compared with the previous 2016 – by UAH 4.3 billion (+ 187%) [2; 3].

Therefore, having studied and analysed the experience of the EU member states, we proved that the process of the taxation reform in conditions of fiscal decentralization and, accordingly, the architecture of public finances, should take place based on a set of the proposed specific criteria, namely: minimization of discretion, fiscal sufficiency, economic efficiency and social justice, complementarity and consistency of changes in tax parameters, flexibility, compliance with international standards, consolidation of the implemented reforms.

References:

1. Doing Business 2017 / International Bank for Reconstruction and Development; The World Bank [Online], available at: www.worldbank.org
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