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TAX MANAGEMENT OF UNITED TERRITORIAL COMMUNITIES ПОДАТКОВИЙ МЕНЕДЖМЕНТ ОБ'ЄДНАНИХ ТЕРИТОРІАЛЬНИХ ГРОМАД

Summary. The directions of tax management of the united territorial communities are analyzed in the context of the budgetary decentralization. It is determined that the basis of a financially-economically developed and socially stable country is independent and financially independent territorial communities. After all, only they have all the necessary resources to create a high-quality and full-fledged provision of public services to the population and business. The administration of local taxes and fees is an important issue that needs to be addressed at the legislative level in order to increase the fiscal efficiency of the budgets of territorial communities.

It is substantiated that the priority in creating an effective tax management of territorial communities in the context of decentralization and ensuring their financial sustainability lies in the plane of improving tax policy in order to form a stable revenue base for local budgets, delineate powers between the center and regions, and justify the costs of territorial communities.

It has been established that the introduction of a policy of budgetary decentralization laid the foundation for strengthening the financial independence of territorial communities and increasing the financial self-sufficiency of local government budgets at the primary level.

It has been established that the achievement of the efficiency of tax management of territorial communities in the context of decentralization requires a review of problems at the state level through equalizing inequality in budgetary regulation, stabilizing the market environment, improving the quality of life and activating the activities of the territorial communities themselves in order to ensure the solution of problems of a socio-economic nature, to determine real opportunities for financial and economic support, distribution and use of income.

Key words: tax management, budgetary decentralization, local budget, local taxes and fees, local governments.

Анотація. Проаналізовано напрями податкового менеджменту об'єднаних територіальних громад у контексті бюджетної децентралізації. Визначено, що основою фінансово-економічно розвиненої та соціально стабільної країни є самостійні та фінансово незалежні територіальні громади. Адже тільки вони мають усі необхідні ресурси для створення якісного та повноцінного надання комунальних послуг населенню та бізнесу. Адміністрування місцевих податків і зборів є важливим питанням, яке потребує вирішення на законодавчому рівні з метою підвищення фіскальної ефективності бюджетів територіальних громад.

Обґрунтовано, що пріоритет у створенні ефективного податкового менеджменту територіальних громад в умовах децентралізації та забезпечення їх фінансової стійкості лежить у площині вдосконалення податкової політики з метою формування стабільної дохідної бази місцевих бюджетів, розмежування повноважень між центром та регіонів, обґрунтувати витрати територіальних громад.

Встановлено, що запровадження політики бюджетної децентралізації заклало основу для посилення фінансової самостійності територіальних громад та підвищення фінансової самогостатності бюджетів місцевого самоврядування на первинному рівні.

Охарактеризовано, що досягнення ефективності податкового менеджменту територіальних громад в умовах децентралізації потребує перегляду проблем на державному рівні шляхом вирівнювання нерівності у бюджетному регулюванні,

стабілізації ринкового середовища, підвищення якості життя та активізації діяльності самих територіальних громад з метою забезпечення вирішення проблем соціально-економічного характеру, визначення реальних можливостей фінансово-економічного забезпечення, розподілу та використання доходів.

Ключові слова: податковий менеджмент, бюджетна децентралізація, місцевий бюджет, місцеві податки та збори, органи місцевого самоврядування.

Formulation of the problem. The sustainable development of the country depends on the level of filling of its budget through various payments, the largest share of which is tax revenues. In the face of challenges, Russia's military aggression against Ukraine, it becomes clear that the financial issues of local self-government require significant clarification and adjustment. This is due, in particular, to the fact that the revenue side of the budgets in territorial communities has not been reviewed since the process of decentralization began. Instead, the spending authority had an annual increase. Financial and economic decentralization is one of the most successful reforms that have been fairly effectively implemented in Ukraine. Since budgetary decentralization is designed to strengthen the viability of territorial communities and increase the level of socio-economic development of regions, the legislation of Ukraine provides for an increase in the income and powers of territorial communities united under this reform.

Taking into account the current crisis situation in the country and with the growth of the level of the shadow economy, the problem of filling the budget becomes the most important. In the process of budgetary decentralization, it is important to ensure a clear delineation of powers, responsibilities of authorities at different levels and increase the volume of own revenues of the budgets of territorial communities, and the main strategic task of implementing budgetary decentralization should continue to be the economic development of administrative-territorial units. But, at the same time, a significant number of problems regarding the vision of the further development of the tax management of territorial communities in the context of decentralization remain insufficiently disclosed.

Analysis of recent research and publications. The study of the problems of decentralization of the united territorial communities and issues of tax management has become the subject of research in the works of many scientists, in particular: Adamov D. V. [1], Vozniak H. M. [4], Melnyk O. I. [6], Polzikova H. V. [8], Storonianska I. Z. [14], Uliutin D. [16]. Nevertheless, this topic continues to be relevant and requires further research from both theoretical and practical points of view.

Formulation of the objectives of the article (statement of the problem). The purpose of the article is to study the tax management of the united territorial communities in conditions of decentralization.

Presentation of the main material. The decentralization reform, launched in Ukraine in 2015, involves the creation of united territorial communities (UTC), which are formed and developed in difficult economic, legal and organizational conditions. This necessitates the involvement of scientists to identify and generalize current problems and obstacles, develop proposals on ways and methods for their effective solution, prevention and timely elimination.

The Law of Ukraine "On Local Self-Government in Ukraine" provides for the existence of an alternative form of state taxation: self-taxation — a form of attracting on a voluntary basis, by decision of a meeting of citizens at the place of residence, the funds of the population of the corresponding territory to finance one-time targeted social and domestic activities [13]. As G. Polzikova notes, the purpose of the reform of local self-government is, first of all, to ensure its ability to independently, at the expense of its own resources, solve issues of local importance. We are talking about endowing territorial communities with more resources and mobilizing their internal reserves [9]. It is worth noting that the revenues of the general fund of local budgets are formed from tax revenues, administrative services, etc. This fund is also filled by communal property enterprises founded by the relevant councils. Separate fines and penalties for violations committed on the territory of a particular administrative-territorial unit fill local budgets — rural, settlement, city or the budgets of the united territorial communities" [7].

General indicators of the budget of the territorial communities of Ukraine are presented in Table 1.

The above financial indicators reflect the most significant areas of financial and budgetary activities of communities and provide an opportunity to analyze financial indicators, identify cause-and-effect relationships between the level of development of social and industrial infrastructure, the entrepreneurial and resource potential of the territory, demographic factors, etc. [7].

It should be noted that the visualized indicators of the implementation of the budgets of territorial communities in terms of income, expenditure and transfers are a new tool for budget analytics at the local level.

In turn, in the context of decentralization, it is advisable to consider tax management as a system for organizing tax relations, implementing certain steps to ensure budgetary autonomy, financial independence of territorial communities in order to

Table 1

Indicators of the combined budget of territorial communities of Ukraine

Income	
Articles	Units
Income (general and special fund)	245,62 billion hryvnias
Receipts (General Fund)	242,87 billion hryvnias
Local taxes and fees (general fund)	72,52 billion hryvnias
Land fee (general fund)	30,01 billion hryvnias
Profitability of community lands (general fund)	54,09 thousand hryvnias
Fiscal return of the territory (general fund)	431,81 thousand hryvnias
Area of communities (s)	554,74 thousand sq. km
Population of communities (s)	36,13 million people
Income per 1 inhabitant (general fund)	6,72 thousand hryvnias
Expenses	
Expenditure (general fund)	307,29 billion hryvnias
Housing expenses (general fund)	39,55 billion hryvnias
Education Expenditures (general fund)	178,99 billion hryvnias
Cultural spending (general fund)	10,38 billion hryvnias
Sports expenses (general fund)	4,91 billion hryvnias
Capital expenditures (special fund)	61,87 billion hryvnias
Costs per resident (general fund)	8,51 thousand hryvnias
Transfers	
Basic grant (general fund)	13,67 billion hryvnias
Reserve grant (general fund)	8,99 billion hryvnias
Official transfers (general fund)	112,23 billion hryvnias
Basic subsidy per 1 resident (general fund)	378,26 hryvnias
Reverse grant for 1 resident (general fund)	248,89 hryvnias
Transfers per 1 resident	3,11 thousand hryvnias

Source: [2]

redistribute financial resources, as well as provide stable sources of formation of the revenue side of local budgets.

The priority in creating an effective tax management of territorial communities in the context of decentralization and ensuring their financial sustainability lies in improving tax policy in order to form a stable revenue base for local budgets, delineate powers between the center and regions, and justify the level of expenditures of territorial communities. One of the directions of its solution is the development of a system of control measures, which will be based on the methods of tax control, allowing the tax authorities to control the level of payment of taxes and fees by payers.

The formation of effective tax management by territorial communities can significantly contribute to the improvement of management methods, increase the profitability of production in the context of decentralization, strengthen commercial settlements as the basis for a stable financial and economic condition and stable operation of economic entities and the fulfillment of their obligations [9, p. 50]. Figure 1 shows the structure of tax payments of territorial communities in the context of decentralization.

The main tasks that are supposed to be implemented within the framework of the functioning of territorial communities in terms of their budgetary decentralization:

- revision and definition of the list of own and delegated powers;
- expansion of the financial base of local governments;
- transition to a system of targeted transfers aimed at compensating the expenses of local governments as a result of their performance of delegated functions;
- introduction of the maximum level of transparency in the use of budgetary funds by local governments.

Providing the united territorial communities in the context of decentralization with financial and economic resources occurs by including in the budgets of these communities revenues in the form of mandatory national and local tax payments, which form a significant share of the own revenues of the budgets of the united territorial communities, while a small part is non-tax revenues and proceeds from the implementation of transactions with capital, as well as a significant share belongs to transfers [14].

The institutional subjects of the tax management of territorial communities in the context of

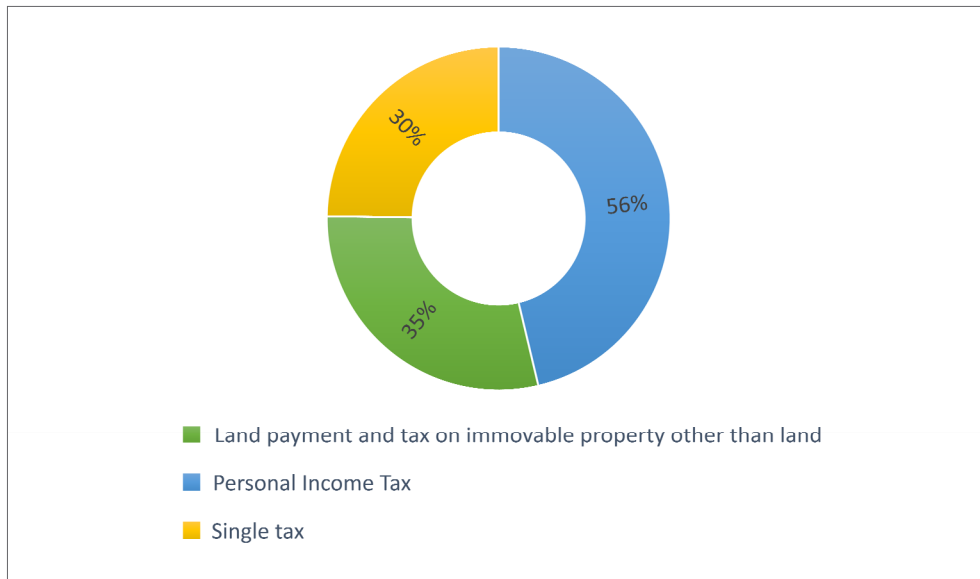


Fig. 1. The structure of tax payments of united territorial communities in conditions of decentralization

decentralization are local governments that establish local taxes and fees [8, p. 237].

The importance of tax management is growing in the context of the adoption of Ukrainian laws on amendments to the Budget and Tax Code of Ukraine in terms of decentralization of finances, strengthening the material and financial basis of territorial communities. Decisions of local governments on issues of local taxes and fees, adopted in accordance with the rules established by the Tax Code of Ukraine, are part of the tax legislation of Ukraine. Local taxes include: property tax; single tax. Local fees include: vehicle parking fee; tourist tax. Local councils must establish a single tax and a property tax (in terms of transport tax and land fees) [10].

The decentralization of budgetary relations has led to an increase in the interest of local governments in increasing the volume of revenues to the budgets of the united territorial communities by searching for and implementing measures to identify reserves for their growth, as well as increasing the volume of revenues to the budgets of the united territorial communities and the effectiveness of administration in the context of national and local taxes and mandatory fees [4]. But the establishment of local taxes and fees that are not provided for by the Tax Code is prohibited. The transfer of local taxes and fees to the relevant local budgets is carried out in accordance with the Budget Code of Ukraine [11]. It should be noted that for the Ministry of Finance, the priority in reforming the public financial management system is budgetary decentralization and the financial viability of territorial communities. Thus, in particular, the new Strategy for Reforming the Public Financial Management System for 2022–2025, approved by the Government at the end of 2021, already provides for a number

of comprehensive changes and new approaches, in particular:

- full implementation of medium-term budget planning and further development of its program-target method at the local level;
- improving the management of local debt and fiscal risks of local budgets;
- clear delineation of powers between central authorities and local governments;
- improvement of the budget equalization system;
- increase in own financial resources of local governments (including revision of approaches to the transfer of personal income tax);
- creation of an effective model of financial control over local budgets;
- definition of clear performance indicators of the State Regional Development Fund [16].

The budgets of local communities are the basic system-forming element of the state system and an instrument for the implementation of social policy. Based on the resources of local governments, concentrated in local budgets, financial and economic support is provided for about 70% of the costs of the social sphere [6]. The budgets of the united territorial communities are essentially identical to local budgets.

Particular attention in terms of an effective solution requires the issue of fair crediting of personal income tax to the budgets of communities, which after the change in 2021. the administrative-territorial system has acquired particular relevance. Today, in the structure of incomes of the general fund of local budgets, personal income tax occupies more than 60% and is the main budget-forming tax for local budgets, and therefore requires a balanced model of its distribution [16].

Significant changes in the use of funds of territorial communities occurred as a result of Russia's

military aggression against Ukraine. Thus, in order to promptly and effectively make managerial decisions during the martial law imposed by the Decree of the President of Ukraine dated February 24, 2022 No. 64 “On the introduction of martial law in Ukraine” [15], “Some Issues of the Formation and Implementation of Local Budgets in the Period of Martial Law” [12], it is determined that, at the suggestion of local financial authorities, the decision to amend decisions on local budgets is made by the executive committees of the respective local councils.

According to the norms of the Law of Ukraine “On Amendments to the Laws of Ukraine “On Central Executive Bodies” [5] and “On the Legal Regime of Martial Law” during the period of martial law, the head of the rural, settlement, city head of the territorial community, on the territory of which hostilities are not conducted and a decision has not been made on the formation of a military administration of settlements, solely for the implementation of measures of the legal regime of martial law, it can make a decision with the obligatory informing of the head of the relevant regional military administration within 24 hours regarding the introduction of changes to the local budget.

The implementation of the decentralized principle in tax management in the context of the development of the single tax institution is associated with the determination of the actual forms and degree of decentralization at each individual stage of its implementation. In the absence of the current correction of the actual state of the implementation of the decentralization policy, a shift in the emphasis on the implementation of the next stages of this process may occur. In this case, there is a possibility of falling into the trap of a discrepancy between the tax base of the territorial community and the public expenditures of the community. Due to the lack of funds, the territorial community may become financially dependent on the state budget, and in the presence of restrictions and procedures, it has every chance to miss the favorable opportunities of the current state of the market for financial and credit support for small businesses. The effectiveness of

the decentralized principle in tax management in the context of the development of the single tax institution is also significantly influenced by the level of qualification and independence of the central government, which has the political will and resources to resist the opportunistic manifestations of the actions of the authorities of the territorial communities. Having received relative freedom of power of territorial communities through the establishment of a system of incentives, benefits and punishments within the framework of the tax legislation of the country, it is advisable to form a tax mechanism for the development of small businesses based on the motivation of their rational fiscal behavior, which within each territorial society will have a unique set of tools for practical implementation [1, p. 36–37].

Summing up the above, it should be noted that the introduction of a policy of budgetary decentralization laid the foundation for strengthening the financial independence of territorial communities and increasing the financial self-sufficiency of local government budgets at the primary level.

Conclusions. As a result, we note that the basis of a financially-economically developed and socially stable country, characterized by a high level of democracy, are independent and financially independent territorial communities. After all, only they have all the necessary resources to create a high-quality and full-fledged provision of public services to the population and business. The administration of local taxes and fees is an important issue that needs to be addressed at the legislative level in order to increase the fiscal efficiency of the budgets of territorial communities.

Achieving the effectiveness of the tax management of territorial communities in the context of decentralization requires a review of problems at the state level through equalizing inequality in budgetary regulation, stabilizing the market environment, improving the quality of life and revitalizing the activities of the territorial communities themselves in order to ensure the solution of problems of a socio-economic nature, to determine real opportunities financially — economic support, distribution and use of income.

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