

РОЗДІЛ V

Гроші, фінанси та кредит

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Ways to Improve the Financial Viability of the Regions in the Context of the Reform of Fiscal Decentralization Policy in Ukraine

The article deals with the problems of forming the financial base of Ukrainian regions, which have negative impact on the overall socio-economic development of the country. The basic methods and tools address these problems, which are aimed at creating financially capable and independent communities. The authors argued that the process depends primarily on tax revenues to local budgets. Taking into account the difficult political and economic situation there is offered to make free economic zone in the Donbass, which will attract foreign investment in this region and ensure its reconstruction.

Key words: fiscal decentralization, financial capacity, local communities, local budgets, fiscal policy, Donbas, Ukraine, Spain.

Formulation of Scientific Problem and its Significance. The necessity of fiscal decentralization in Ukraine has been discussed for a long period. Application of the main provisions of fiscal decentralization in practice will eliminate the disparity of social and economic development, and will strengthen the responsibility of local and regional communities in the development of their own areas and more efficient use of local resources that can eventually strengthen the internal integration and economic integrity of Ukraine. However, the current policy of the government in this direction has not given the expected results, characterized by non-systematic and chaotic decision-making, which further strengthens the processes of centralization and reduces the financial autonomy of the regions. Therefore, there is necessity for Introduction of Changes and corrections to the Concept of reforming the local self-government and territorial power in Ukraine.

Analysis of Research of this Problem. In the context of the local government reform domestic scientists paid more attention to research on fiscal decentralization. Different aspects of the tools of fiscal decentralization and its impact on the socio-economic development of the country revealed in the research of V. Andrushchenko, A. Bondarenko, I. Vahovycha, M. Derkach, A. Crook, A. Kulai, S. Luchkovskoyi, G. Makarova, G. Odintsov, N. Prots, I. Storonyanskoyi, V. Fedosov, V. Shcherbakova, S. Yuriya and others.

Ensuring the effectiveness of fiscal decentralization in Ukraine makes it necessary taking into account international experience in reforming local government. In this regard, there were studied research of foreign economists, such as: M. Baron, A. Bohachova, I. S. David, B. Kimatura, J. Litvask, R. Musgrave, W. Oates, W. Thirsk, W. Thiessen, Ch. Tibu and others.

The aim of Research is to develop a conceptual basis of coordination of fiscal policy at the state and local levels to ensure the formation of financial able communities and to offer solutions to the main problems of fiscal policy at the local level.

Presentation of Main Material and Argumentation of the Research Results. The main problem that needs urgent attention is the settlement of issues related to increasing the revenues of local budgets through taxes. The most budget-form tax that needs special attention in context of reform of local budgets is a personal income tax. It is advisable to change the system of distribution of personal income tax between the budgets – not pass by the

place of the employee (as it is today), but by the residence of the taxpayer. Today, it applies only to part of the tax paid by results of filling annual tax declarations. The main argument in favor of this approach is that the local authorities in the forming budget should focus on the needs of local people in social benefits, which, like the need for private benefits, vary with income.

If the personal income tax goes to local budgets on a «place of residence», and differences in tax burden identify differences in volumes providing local public goods, it acts as payment for the use of local infrastructure [3, p. 35].

In recent years, many experts have expressed proposals to change norms of enrollment to the local budgets part of personal income tax profit. So, today there is 10 % of personal income tax in local budgets, which is a very small amount and is unlikely to encourage local management to fight for the employer (investor) and, consequently, to create for him better conditions than in other regions or cities. For example, 10 % of the budget of Kyiv is averaged only 1,2 bln. UAH., or about 7 % based on the average size of the annual city budget is 18 bln. UAH. Therefore, it would be logical to use a slightly different principle of redistribution of corporate income tax to stimulate regions of Ukraine to increase the efficiency of enterprises on their territory.

Thus, to the proposal of the mayors of the largest cities in Ukraine, it is advisable to leave in the local budgets about 50 % of this tax. The argument in favor of this proposal can serve that in 2002, when there was a reallocation of tax revenue between the state and local budgets, the efficiency of its administration was higher than in future periods when the tax is fully counted in the state budget [1, p. 64].

However, it should be noted that the earnings of this tax has huge regional differences and feature significant instability. So, in 2015 they ranged from 2470 UAH. per capita (in Dnipropetrovsk region) to 179 UAH. (Chernivtsi region), that differ by more than 13 times. Consequently, the use of personal income tax as a source of local revenues may cause an increase interregional differences in their financial capabilities. Therefore, there is a need to establish differentiated rates for different local governments. This requires some calculations, but it is clear that for the real stimulate cities to fight for employer personal income tax should take a greater share of revenues to local budgets.

According to the difficult political and economic situation in Ukraine, it is important to identify new approaches to fiscal decentralization with a view to stop centrifugal tendencies in the country. An important issue in this process is to find these redistributive mechanisms that would facilitate fiscal equalization of all Ukrainian regions. One of these mechanisms can be redistribution of a value-added tax (VAT) between regions according to the population of each region. Thus, the bigger number of population in some region, the higher percentage of VAT must pay to the state, because the local police, the army and others benefits is funding by administration of this tax. There is advisable to divide more than planned VAT revenues between the region and the center at a ratio of 50 to 50 % to encourage local authorities to increase it for increasing the share of export industries in targeted areas.

Essential for increasing local budget is to increase rent payments, including the use of recreational resources. For example, Volyn oblast budget loses tens of millions through the free use of business entities recreational resources of Shatsky national park [3, p. 43].

But, except reforming the redistribution of state taxes necessary to pay attention to local taxes. In particular, an important element in increasing the incomes of local budgets are expanding the list of local taxes and fees, as well as giving local authorities real powers in the regulation of their rates.

When speaking about tax revenues of local budgets, we cannot ignore issues of tax evasion. Through systematic tax evasion all parts of the budget system of Ukraine, including local budgets, annually lose at least 30 % of revenues. Therefore, the main priority for the Ukrainian government should be fighting unconscious taxpayers and especially the fight against offshore. Ukraine, like many other countries and organizations, has a «black» list of offshore jurisdictions.

In today there is operating The Order of the Cabinet of Ministers of Ukraine dated 23.02.2011, № 143-p «On the list of offshore zones», which includes only 36 areas from different parts of the world [9]. For comparison, in neighboring Belarus list of offshore zones includes 78 positions, and in most developed countries – at least 60. Ukraine in the fight against tax shadow schemes have already tried to make changes in the Tax Code. Thus, in 2013, there were appeared the article 39 «Transfer pricing», although it did not give good results, because there are many benefits for large businesses [8].

Instead of implementing the existing monitoring mechanism of transfer pricing some reformers propose controversial 50-percent limit (the value of goods and services, including fixed assets) costs for transactions with related parties, non-residents, assuming appropriate to limit the cost of benefits for all offshore jurisdictions [4]. Obviously, adequate resistance to most large-scale tax evasion schemes and the withdrawal of capital from Ukraine needs much more serious and proper control measures and volition of country's leadership to implement these measures.

In order to reduce tax evasion first of all in official documents it should Ukraine expand the list of offshore zones and enhance control, especially financial, of transfer prices for goods and services used by Ukrainian contractors.

Effective local government reform in Ukraine is impossible without resolution of the issue of budgetary powers of local authorities. Over the years of becoming of local government in Ukraine scientists and practitioners think, that the main problems of its development is the absence of sufficient funding and vaguely formulation of powers.

In addition, today local governments have the lack of financial resources not only to perform their own powers, but also delegated. This situation does not improve the financial autonomy of local government in Ukraine [6, p. 224].

In order to eliminate these negative aspects in the activities of local governments and I. Storonyanska, A. Pelehaty propose to strengthen the financial independence of communities and regions, and we support it, in particular: the transfer to local governments the majority powers, which have local character and funds of the State budget as separate taxes and their parts; ensure independence the budget process at the local level from adoption of the state budget, which will waive the local budgeting on a «top-down» and ensure the implementation of the Constitution of Ukraine; full support from the State budget execution delegated powers by local authorities and provide more clear definition for category «delegated powers» that make it impossible assigning them various powers of the state in different budget years. This will avoid destabilization of forecasting revenues and costs of local budgets.

This will make appropriate to make distribution of budgetary resources for different levels of government (municipal, town and village budgets). At the same time, district and regional budgets should provide funds only to implementation delegated states. The source of funding these states basically would be intergovernmental transfers. Additionally, important role for the reform of local government plays stabilizing intergovernmental relations through establishing direct relations between the State Budget and communities with a population of more than 5 thousand. It will encourage people of local communities to unite and enhance the use of horizontal alignment tools that will to redistribute funds between local budgets without state intervention according to common needs of communities [7, p. 233]. All these activities will accelerate the process of voluntary association of communities, which slowed in 2016.

According to the centrifugal trend in the Donetsk and Lugansk regions, it would be appropriate to give these regions bigger opportunities in the formation and use of their budgets than other regions at least during their reintegration into the legal framework of Ukraine.

Another way of settlement of regional conflicts in Ukraine would be a free economic zone (FEZ) in the Donbas. Creating such FEZs in Donbas would help legalize the economic relations between Kyiv and territories, which are not controlled by Ukraine.

In condition of military actions enterprises are working semi-legal on occupied territory, only under private arrangements with the Ukrainian and Russian partners. Therefore, business must enter into the legal field of Ukraine through clear rules. This rules means that business have to pay taxes to the budget of Ukraine working in the occupied territories. Also, it is necessary to solve the problem of crossing the Ukrainian-Russian border and to simplify the procedure for movement on Ukrainian territory to interact with local customers and suppliers. Therefore, the Government of Ukraine should establish a special preferential treatment for European investors. This decision will also be a way for people in the region, because of the influx of investments in the Donetsk and Lugansk regions will create new jobs [5]. In our view, it will be their economic interest to remain within Ukraine. On the other hand, there is necessary to consider the risks that this could arise, because there is the possibility of converting these areas to offshore. Ukraine already has negative experience of FEZ action early 2000s, when they were largely used as a scheme of criminal money laundering or tax evasion.

However, at first it is necessary decide not global, but private problems. There are lots of entrepreneurs who left the Donbas and went to the Central and Western Ukraine. Now these people are faced with a bunch of problems with re-registration of businesses, collective adaptation, and restoration partnerships and so on. The main task of the government in this case is the implementation of the support program, such as the creation of business incubators, allocation of soft loans etc.

In addition, international experience shows that successful work of FEZ possible if there is a hard limit that separates them from the rest of the country. For example, Shanghai and Guangzhou, Chinese regions, in which a business is not levied income tax and VAT, are only rents for land and resource use, so the cost of production is lower than similar, which produced outside the FEZ. But selling goods from FEZ can only outside of China (internally only on a general basis). Entrepreneurial activity involved both Chinese and foreigners, but on temporary contracts [2, p. 203].

Experts believe that this option on the occupied territories of Donbas is unacceptable because they are occupied by militants. Therefore, the main task for the government of Ukraine is to resolve the military conflict and establishing economic relations with the occupied territories in particular Transnistrian scenario.

Despite the risks that may arise, the implementation of the project under current conditions is the best option, according to many experts, which will help resolve many issues in the economic, political, regional and social aspects of further development of our country and the return of the occupied territories of Donbas and Crimea warehouse Ukraine.

Conclusions and Prospects for Further Research. Thus, given the large gaps in the current legislation of our country, there is a need for amendments to existing approaches of fiscal decentralization, such as:

– addressing the issues of low level of software revenue base of local budgets uncertain source by changing the proportions of redistribution between the existing taxes, such as personal income tax, private income tax and environmental tax, increasing the number of local taxes and providing opportunities of local government in the regulation of their rates;

– fight against tax evasion, which involves increasing the list of offshore zones and increased control in the field of transfer pricing;

– clear separation of own and delegated powers of local authorities, as well as expanding the limits of competence in accordance with their financial capacity, which should take place together with the setting up of inter-budgetary relations between state and local budgets;

– creating the Donbas free economic zone, which will resolve the political issue, reduce the centrifugal trends in the eastern regions of Ukraine, as well as create new opportunities for economic recovery and infrastructure in the region.

It should be noted that implementation of the proposed measures aimed at transition to a qualitatively new model of financial management of local government, which aims to promote social and economic development of communities and effective use of their own financial capacity.

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Микола Карлін, Наталія Остромухова. Способи підвищення фінансової спроможності регіонів у контексті реформування політики фіскальної децентралізації в Україні. У статті розглянуті проблеми формування фінансової бази регіонів України, які негативно впливають на загальний соціально-економічний розвиток держави. Визначено основні способи й інструменти розв’язання цих проблем, спрямованих на формування фінансово заможних і незалежних територіальних громад. Доведено, що цей процес залежить насамперед від податкових надходжень до місцевих бюджетів. Тому пропонується змінити пропорції розподілу деяких податків між державним і місцевими бюджетами на користь останніх та підсилити механізм боротьби з ухиленням від оподаткування. З урахуванням складної політичної й економічної ситуації в Україні пропонується створити на Донбасі вільну економічну зону, що дасть змогу залучити іноземні інвестиції в цей регіон і забезпечить його відновлення.

Ключові слова: фіскальна децентралізація, фінансова спроможність, територіальні громади, місцеві бюджети, фіскальна політика, Донбас, Україна, Іспанія.

Николай Карлин, Наталия Остромухова. Пути повышения финансовой состоятельности регионов в контексте реформирования политики фискальной децентрализации в Украине. В статье рассмотрены проблемы формирования финансовой базы регионов Украины, которые негативно влияют на общее социально-экономическое

развитие государства. Определены основные способы и инструменты решения данных проблем, направленных на формирование финансово состоятельных и независимых территориальных общин. Доказано, что данный процесс зависит, в первую очередь, от налоговых поступлений в местные бюджеты. Поэтому, предлагается изменить пропорции распределения некоторых налогов между государственным и местными бюджетами в пользу последних и усилить механизм борьбы с уклонением от налогообложения. С учетом сложной политической и экономической ситуации в Украине предлагается создать на Донбассе свободную экономическую зону, что позволит привлечь иностранные инвестиции в данный регион и обеспечит его восстановление.

Ключевые слова: фискальная децентрализация, финансовая состоятельность, территориальные общины, местные бюджеты, фискальная политика, Донбасс, Украина, Испания.

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Необхідність упровадження процесно-орієнтованого підходу як механізму вдосконалення системи бюджетного управління

У статті обґрунтовано необхідність удосконалення бюджетного управління на основі впровадження процесно-орієнтованого підходу. Побудовано концептуальну модель ефективного управління торговельним підприємством при переході до процесно-орієнтованого бюджетного управління. Представлено процес переходу від традиційного до процесно-орієнтованого бюджетного управління.

Ключові слова: вдосконалення, бюджетне управління, упровадження, процесно-орієнтований підхід, система.

Постановка наукової проблеми та її значення. На сьогодні бюджетне управління як управлінська система відіграє значну роль на торговельних підприємствах, оскільки виконує життєво важливі функції управління (визначення завдань, планування ресурсів, оцінка діяльності та мотивація персоналу на основі оцінки, контроль, виконання), а також дає можливість збалансувати надходження й вибуття, доходи та витрати, активи й пасиви.

Проте сучасні умови ринкової економіки характеризуються постійним динамічним темпом розвитку, що потребує відповідної реакції від торговельних підприємств і їхніх систем управління. Як наслідок, більшої поширеності й актуальності набуло бюджетне управління з орієнтацією на процесно-орієнтовані принципи управління. Правильно організована система процесно-орієнтованого бюджетного управління дає можливість вивести на новий рівень якість управлінської роботи, своєчасно виявляти недоліки в роботі підприємства й усувати причини відхилень різних показників його діяльності, що й обґрунтовує актуальність теми дослідження.

Дослідження питань бюджетного управління та оцінку його ефективності виконано в працях багатьох зарубіжних і вітчизняних науковців, серед яких великий внесок зробили І. А. Бланк, Є. Брігхем, Н. В. Наумова, Л. В. Жарикова, В. П. Савчук, А. Ю. Харко, В. Е. Хруцький, Д. А. Шевчук, К. В. Шиборщі й ін. Розгляд питань процесно-орієнтованого бюджетного управління здійснювали такі дослідники, як Брімсон Дж., Антос Дж., В. Зозуля, А. Ваганов та ін. Однак залишаються не повною мірою розглянутими питання механізму переходу до процесно-орієнтованого бюджетного управління, що й зумовило вибір теми дослідження.

Мета статті – обґрунтування необхідності вдосконалення бюджетного управління на основі впровадження процесно-орієнтованого підходу.

Основними завданнями статті виступають:

- обґрунтування концептуальної моделі ефективного управління торговельним підприємством при переході до процесно-орієнтованого бюджетного управління;
- обґрунтування процесу впровадження процесно-орієнтованого бюджетного управління.