Abstract: This article deals with specificity of inter-budget policy of foreign countries and possibility of its implementation in Ukraine under modern conditions. The theoretical basis of inter-budget relations development and the role of inter-budget transfers in foreign relations have been considered. Attention was also paid to financial support provision to the authorities and inter-budget balancing in different countries of the world. The conclusions were made concerning foreign experience implementation into the inter-budget policy of Ukraine.

Keywords: inter-budget relation, budget policy, inter-budget transfers, Ukraine.

Introduction

Foreign experience of inter-budget relations shall be considered an important basis for searching the ways of improvement of such relations in Ukraine. It is necessary to note that great attention has been paid to this matter, in particular by T.Oliynyk, V.Zhuravel, A.Maliarchuk, A.Gaponka, S.Slukhai, Y.Chaban, A.Tkachuk, O.Suntsova.

Important role in theoretical development of budgetary federalism at local level of inter-budget relations was played by American economist Charles Tiebout (1924-1968) who became the classic of finance due to his 8-pages article “A Pure Theory of Local Expenditures” published in 1956 (Tiebout, 1956,). Tiebout’s study was strongly supported by Nobel Prize winner James M. Buchanan due to indisputable proofs for spreading competitive principles of the free market economy in the sphere of inter-budget relations. Tiebout’s concept of financial relation at level of individual—local budget relation is studied by the future economists in Western, in particular, American Universities as an integral part of the corresponding curriculum (Rosen, 1995, p. 516–521).

However, it is not always possible to speak about the necessity to implement foreign experience of inter-budget policy in Ukraine. Firstly, it is related to the difference in political and development of the countries. Despite this, however, it is necessary to analyze, study and explore both positive and negative foreign experience and search for the reasonable ideas, approaches, methods of budgetary regulation as well as to reveal the possibilities of their implementation in our country for development of efficient model of budgetary relations.

Method. Methodological basis is presented by the analysis of labours of the Ukrainian and foreign economists on questions interbudgetary relations. In the process of realization researches drawn on such methods of scientific research as theoretical and logical generalization, and comparison.

Results

Each country has individual, unique budgetary system. Despite the diversity and number of the local budgets in foreign countries they may be somehow systematically grouped. For example, in Sweden there is three-level budgetary system: central government budget, budgets of lands and budgets of municipalities; in Great Britain there are central budget, the budgets of counties and districts; in Japan there are central budget, prefecture and municipal budget. Three-level budgetary system was formed in Norway and Finland. In Eastern Europe countries, for example in Poland there are also three budgetary level including central government level, province and gmina levels. Four-level system of budget functions in France including central budget, regional budget, departmental and municipalities budgets. Four-level system is also specific for Germany (federal, land, district and municipality) and the USA (central, state, county and municipal as well as a number of additional budgets related to operation of targeted administrative authorities, for example school and other districts) (Myrhorodksa, 2008, p. 11-12).
In Belgium, Denmark, Italy, Norway 70-90% of local budgetary incomes is provided in the form of income tax for entrepreneur structures and natural persons. As a rule, in majority of these countries along with general income tax for the enterprises there are analogical local taxes or the local surtaxes to this tax are established.

In Ireland, Holland, Great Britain and the USA estate taxes constitute 70-100% of local budgetary incomes. The rest of the local budgetary incomes in these countries is provided in the form of indirect taxes for goods and services.

France may be considered separately as up to 35% of local budgetary incomes constitute estate taxes, 20% are the entrepreneur structures and natural persons income tax, over 10% constitute indirect taxes for goods and services and almost 35% are the other types of local taxes.

In the countries of Western Europe as well as in the USA and Canada there are as a rule no more than three or five local taxes including only one, or maximum two taxes providing majority of incomes to the local budgets. Local authorities establish their amounts, order of payments, taxation basis and privileges.

In comparison with other forms of local taxes these taxes have a number of benefits. All the property of natural persons and legal entities is located in the territory subordinated to the local authorities. These taxes are fixed, easily calculated and collected.

In 2012 in Ukraine taxation incomes constituted 85.2% of the local budgetary incomes (excluding inter-budget transfers). The most valuable is the income tax of natural persons (Zubchenko, Samchynska, 2013, p. 50).

On the basis of the data provided herein it is possible to conclude that in the course of solving the problem of local budgetary incomes in different countries the following factors were considered including the necessity of financial resources reallocation between some regions and territories with the help of budgetary system, level of development, taxation traditions and the democracy level in the state i.e. level of solution of social matters under jurisdiction of the local authorities.

In some countries, and first of all in Canada, financial provision matters of the local authorities are solved with the help of grants. Central authorities provide funds to fully or partially remunerate the expenditure for some services. As a rule, grants are provided for the state-level services (education, health care etc.) and also to balancing the development of some territories. To calculate the amount to be granted for some type of service the expenditures calculation formulae are developed including as a rule a number of limitations and factors. In majorities of the countries the central authorities provide grants directly to the basic local self-government authorities.

In the USA the budgets are regulated through the system of donations and withdrawals. Resources move simultaneously via four channels, namely, from federal budget to the budgets of states and local budgets, from the states budgets to the local budgets, from the local budgets to the states budgets and between the local budgets.

In the base of own incomes of the authorities of the states and local authorities constantly increasing dependency from federal donations is observed. Federal support to the states (23%) and local authorities (6%) is expressly program-targeted nature. Donations and subsidies in the USA are distributed unevenly. Due to this over 500 targeted programs are realized at state level. Such increasing dependency from the federal donations gives the possibility to state that “federal support” (29% from the total amount of state and local authorities income) has become the direct control tool of the federation monitoring the financial policy of the states and local authorities.

Inter-budget balancing in the USA is represented with complex system of grants provided to the budgets of different levels.

In the USA the low-level budgets are provided with conditionally aimed and unconditional financial support. The main type of unconditional financial support is the Inter-budget Income Balancing Program established on the basis of transfers provision calculated according to the legally approved formula considering required expenditures and fiscal potential.

Targeted financial support in the USA is provided in the form of two grants. The first type is block of grants provided for wide-range financing in the course of establishing the limits for funds reallocation between these issues. There are blocks of grants for health care, social provision etc. the other type of financial support to the low-level budgets is so-called categorical grants envisaging funds for the separate expenditures program (Myrhorodska, 2008, р. 123).

In Germany vertical and horizontal financial balancing (lands with over-average per-capita level of taxation incomes make financial contributions to the lands with low per-capita level of taxation income). After taxation incomes distribution between the budgets the collected taxes are redistributed in the form of
transfers from the richer lands of FRG to the poorer ones, namely, first of all to the Eastern lands as they are characterized with financial dependency (75% of total incomes are the transfers from Western Germany).

Main tool for inter-budget transfers is splitting the income tax from the natural persons and the income tax from the enterprises. Distribution of the natural persons income taxes transfers is performed proportionally to the number of population, enterprises income tax constitutes 60% of the incomes prorate with the population and 40% is by the place of residence (Kyzym, 2010, p.7).

Western scientists distinguish several reasons for implementation of the inter-budget transfers namely, vertical fiscal imbalance, renewal of horizontal fiscal imbalance, guaranteed provision of social benefits, neutralization of external effects and municipal “flowing” effects, contribution to the stabilization policy and development and macro aims. At the expense of the transfers the major part of the local budgetary incomes of the foreign countries is formed, including 79% in Romania. 78% in Bulgaria, 66% in Hungary, 68% in Latvia, 67% in Slovenia, 77% in Great Britain, 60% in Netherlands. In some countries the transfers form insignificant part of local budgetary incomes including 19% in Sweden, 24% in Denmark, 25% in France, 35% in Austria.

In Ukraine the part of inter-budget transfers in the structure of local budgets has reached its top for the recent years constituting 55.2% in 2012 that proves the dependency of the local budgets from the inter-budget transfers (Zubchenko and Samchynska, 2013, p. 62).

That is why nowadays an important component of the budgetary policy is balanced inter-budget relations. If the structure of incomes and expenditures of the consolidated budget determines branch directions and priorities of the budgetary policy, relations between the central and local budgets are one of the main tools of the regional policy. Due to significant geographical disproportions in productive powers allocations in Ukraine, the presence of the depressive regions with obsolete branches or the branches survived after the significant decrease in production volumes the importance of balanced regional policy is of no doubts.

Discussion

Inter-budget relations reformation depends on political structure, social-development of the territories and other factors and shall be performed on the basis of the interests protection ideology and strengthening the income basis of the local budgets. Rationalization of inter-budget relations in particular resources distribution between the different level budgets, budgets balancing requires improvement of the models of forecasting income and expenditure of the budgets, correcting standards of budgetary provision with consideration of the administrative-territorial development coefficient. In general the budgets shall be sufficient for performing delegated and own responsibilities and for population provision with social services on not lower than the level of minimal social warranties.

World experience shows that general efficiency of the inter-budget relations system is determined neither with the level of centralization or decentralization of the budgetary system, nor with the presence or absence of regulating taxes, nor the parts of incomes and expenditures of the central government, nor the volume and ways of providing the financial support but with the clearly established and balanced system of all these factors that strictly correspond to the state specificity. That is why the efficiency of the inter-budget relations system shall be the quality and volume of the budgetary services rendered to the population.

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