



Iryna Tsymbaliuk

PhD, Associate Professor, Department of Finance, Banking and Insurance, Lesya Ukrainka Eastern European National University (Lutsk, Ukraine)

** Corresponding author: e-mail: tsymbaliuk_i@ukr.net
ORCID: <https://orcid.org/0000-0001-7224-2365>*

FINANCIAL DECENTRALIZATION AND ITS IMPACT ON LOCAL BUDGET INCOME FORMATION: INTERNATIONAL EXPERIENCE

DECENTRALIZACJA FINANSOWA I JEJ WPŁYW NA FORMACJĘ DOKONANIA BUDŻETU LOKALNEGO: DOŚWIADCZENIE MIĘDZYNARODOWE

ФИНАНСОВАЯ ДЕЦЕНТРАЛИЗАЦИЯ И ЕЕ ВЛИЯНИЕ НА ФОРМИРОВАНИЕ ДОХОДОВ МЕСТНЫХ БЮДЖЕТОВ: МЕЖДУНАРОДНЫЙ ОПЫТ

Abstract

The public governance decentralization requires the redistribution of financial resources for the powers implementation delegated to local authorities. The purpose of the article is to determine the essence of financial decentralization and the peculiarities of its implementation in Ukraine and some other countries. The article reveals the essence of financial decentralization and related concepts defining the financial autonomy of local authorities. The features of the revenue part of local budgets formation in different countries of the world in the conditions of financial decentralization are revealed. A comparison of the main elements of the intergovernmental tax distribution in some unitary countries of Europe has been made. The dynamics of tax revenues to budgets of different levels in Ukraine is determined. The distribution of tax revenues between budgets of different levels is presented in the context of financial decentralization in Ukraine. The obtained results of the analysis made it possible to determine that for a successful decentralization reform, local authorities should be given sufficient financial resources to fulfill their responsibilities for solving local problems and ensuring regional development.

Keywords: *decentralization, financial decentralization, foreign experience, local taxes, local budget.*

Streszczenie

Decentralizacja zarządzania publicznego wymaga redystrybucji środków finansowych na realizację uprawnień przekazanych władzom lokalnym. Celem artykułu jest określenie istoty decentralizacji finansowej i specyfiki jej wdrażania na Ukrainie iw kilku innych krajach. Artykuł ujawnia istotę decentralizacji finansowej i związanych z nią pojęć okre-

ISSN 2450-2146 / E-ISSN 2451-1064

© 2018 /Published by: Międzynarodowy Instytut Innowacji Nauka-Edukacja-Rozwój w Warszawie, Polska

 This is an open access article under the CC BY-NC license (<http://creativecommons.org/licenses/by-nc/4.0/>)

Tsymbaliuk I., (2018) Financial Decentralization and its Impact on Local Budget Income Formation: International Experience.. *International Journal of New Economics and Social Sciences*, 2(8)2018: 161-172

[DOI 10.5604/01.3001.0012.9934](https://doi.org/10.5604/01.3001.0012.9934)

ślających finansową autonomię władz lokalnych. Przedstawiono cechy dochodowej części tworzenia budżetów lokalnych w różnych krajach świata w warunkach decentralizacji finansowej. Dokonano porównania głównych elementów międzyrządowego podziału podatków w niektórych krajach unitarnych w Europie. Określa się dynamikę dochodów podatkowych do budżetów różnych poziomów na Ukrainie. Podział wpływów podatkowych między budżetami różnych szczebli przedstawiono w kontekście decentralizacji finansowej na Ukrainie. Uzyskane wyniki analizy pozwoliły ustalić, że dla pomyślnej reformy decentralizacji władze lokalne powinny otrzymać wystarczające środki finansowe, aby wypełnić swoje obowiązki w zakresie rozwiązywania lokalnych problemów i zapewnienia rozwoju regionalnego.

Słowa kluczowe: decentralizacja, decentralizacja finansów, doświadczenia zagraniczne, podatki lokalne, dochody budżetu lokalnego.

Аннотация

Осуществление децентрализации публичного управления требует перераспределения финансовых ресурсов для выполнения органами местной власти возложенных на них полномочий. Целью статьи является определение сущности финансовой децентрализации и особенностей ее осуществления в Украине и странах мира. В статье раскрыта сущность финансовой децентрализации и связанных понятий, определяющих финансовую автономию местных органов самоуправления. Раскрыты особенности формирования доходной части местных бюджетов в разных странах мира в условиях финансовой децентрализации. Проведено сравнение основных элементов межбюджетного распределения налогов в некоторых унитарных странах Европы. Рассмотрены особенности финансовой автономии органов местной власти в различных частях Европы. Проанализирована структура доходов местных бюджетов Украины. Определена динамика налоговых поступлений в бюджеты различных уровней в Украине. Приведено распределение налоговых поступлений между бюджетами разных уровней в контексте проведения финансовой децентрализации в Украине. Полученные результаты проведенного анализа позволили определить, что для успешной реформы децентрализации нужно наделить местные органы власти достаточными финансовыми ресурсами для выполнения возложенных на них полномочий по решению местных проблем и обеспечению регионального развития.

Ключевые слова: децентрализация, финансовая децентрализация, зарубежный опыт, местные налоги, доходы местных бюджетов.

Article history: Received: 13.11.2018 / Accepted: 15.12.2018 / Published: 30.12.2018

JEL Classification: H 61, H 71

ISSN 2450-2146 / E-ISSN 2451-1064

© 2018 /Published by: Międzynarodowy Instytut Innowacji Nauka-Edukacja-Rozwój w Warszawie, Polska

 This is an open access article under the CC BY-NC license (<http://creativecommons.org/licenses/by-nc/4.0/>)

Tsybaliuk I., (2018) Financial Decentralization and its Impact on Local Budget Income Formation: International Experience.. *International Journal of New Economics and Social Sciences*, 2(8)2018: 161-172

[DOI 10.5604/01.3001.0012.9934](https://doi.org/10.5604/01.3001.0012.9934)

Statement of the problem in general outlook and its connection with important scientific and practical tasks.

Worldwide practice demonstrates the inextricable link between the effective functioning of local self-government and the availability and ability to dispose of adequate financial resources. The decentralization of public administration requires the redistribution of financial resources for the implementation of the powers delegated by local authorities. In the context of this, the issue of effective financial decentralization, which should be aimed at providing

regions with sufficient financial resources, the fair distribution of tax revenues between administrative and territorial units in order to stimulate regional development, is actual. For the definition and analysis of regional development in conditions of decentralization, the characteristic of foreign experience is important in relation to the formation of financial resources of administrative and territorial units and ensuring their independence.

Analysis of latest research where the solution of the problem was initiated.

In general, decentralization is understood as a system of governance in which part of the functions of central government goes to local self-government bodies; extension of the rights of grassroots governments (Bilodid, 1980, p. 60).

In foreign studies, the object of scientific interest is mainly fiscal decentralization. The fundamental theory of the study of the problem of financial resources decentralization was the work of American scholar C. Tiebout "Economic theory of fiscal decentralization". In this work, the scientist argued that in the conditions of fiscal decentralization, public expenditures of the regions are most in line with the individual preferences of consumers according to their needs. If public goods provided within the community do not meet the needs of the population, then it can move to the territory of those communities where public goods are provided better (so-called kick-offs) (Tiebout, 1961).

In the future, the ideas of C. Tiebout have developed in the writings of other foreign scholars. In particular, Oates considered decentralization as the right to independent decision-making by decentralized units (Oats, 1999). Oats decentralization theo-

rem became the second and most influential classical theory that establishes a compromise between centralized and decentralized provision of public goods in favor of centralization in the event that the average preferences of inhabitants of different regions are the same, while consumption of public goods causes side effects (side effects are additional the consequences of a certain phenomenon, for example, the smell from the plant is additionally unpleasant for neighbors, at the same time, the presence of a well-groomed flower garden is for the neighbors a positive side effect or overflow effect). At the same time, a decentralized approach to providing public goods maximizes social welfare if preferences between regions are different and there are no overflow effects. It is worthwhile, however, to note that the theorem is based on the premise that the government cares for an increase in public welfare and, in the event of centralization, the state ensures the unity of the approach to the provision of public services.

Investigating financial decentralization, J. Buchanan in 1980 (Buchanan, 1980) developed the "hypothesis of Leviathan", which considers budget decentralization as

a deterrent to maximizing government revenues. That is, how does the government act in the interests of maximizing its own revenues, so horizontal and vertical competition between different levels of government determines their budget size, limiting the overall size of the budget to the public administration sector.

Thus, foreign scholars view financial (fiscal) decentralization as the transfer of financial resources and powers from the central to the local level. Scientists also analyze the actions of citizens and business entities in the framework of decentralization, pay special attention to the economic and social efficiency of the relevant decisions.

Aims of paper. Methods.

In the process of research, methods commonly used in economic science were used: historical-logical, theoretical generalization – to reveal the essence of financial decentralization; comparative analysis – in identifying features of financial decentralization in Ukraine and other countries of the

In the studies of Ukrainian scholars, the term financial decentralization has a number of synonymous concepts. In particular, the concepts of “fiscal decentralization”, “fiscal decentralization”, “financial decentralization” are used in parallel. However, in our opinion, financial decentralization, in comparison with fiscal and fiscal, is a broader concept that covers the whole system of financial interactions between the state and local governments. Consequently, the concept of financial decentralization in the works of modern scholars remains inadequately defined and requires further study of its essence, the study of domestic and foreign experience in this process.

world; economic-statistical analysis – with the structure of incomes of local budgets of Ukraine and the ratio of the share of tax revenues between budgets of different levels.

Exposition of main material of research with complete substantiation of obtained scientific results. Discussion.

Financial decentralization encompasses a set of relationships for the transfer of financial resources from central government to local self-government. It provides an opportunity to accumulate in local budgets such amount of financial resources that ensures the independence of local governments in solving the problems of the development of the territory.

The main source of local budget revenues in many foreign countries is local taxes, fees and payments, the total number of which in some cases is quite significant. All local taxes, depending on the object of taxation, can be divided into four groups (Krylenko, 2006, p. 569):

– local income taxes (corporate and personal). These tax payments, in particular, are significant in the tax revenues of local budgets in the Baltic States and Scandinavia;

– local sales taxes. They acquire a variety of forms, but in essence they are taxes on goods and services sold. Due to this tax group, tax revenue from local budgets of the USA, Japan, Korea, the Netherlands, Austria is formed;

– real estate taxes. Particularly significant role these tax payments play in federal countries.

– other local taxes. Displays local government policies in the field of environmental

protection, employment, taxes that are collected in the form of fees for services provided by local authorities (use of electricity, gas, sewage, etc.).

On average, in unitary countries of the European Union (without post-socialist), local taxes and fees provide 42% of total local budget revenues and 77% of tax revenues. On the whole, according to the OECD countries, personal income taxes are 33.5% in the tax revenue structure of the local budgets and the taxes on real estate are 28.6% in the second place. The important changes in the formation of local budgets of many countries (Hungary, Iceland, the Netherlands, Portugal, and also at the local level of Spain) should include the shift from unlimited powers in determining the tax rates to the powers to determine them, taking into account restrictions imposed by the central authorities. When using national taxes as sources of local

budget revenues, local governments do not have the right to change tax rates or to adjust the tax base (at the expense of tax privileges), but may initiate changes to the conditions of the intergovernmental tax distribution. Quite often, adjustments to such a division are aimed at solving the tasks of horizontal financial equalization. The systems of inter-budgetary distribution of taxes most often include the tax on personal incomes, corporate income tax and VAT. These taxes are highly profitable and therefore attractive to local budgets. At the same time, quite often that part of the revenues from these taxes is credited not only to the local budget but also to the central budget of one or another country (Table 1). The procedure for amending the terms of the intergovernmental distribution of taxes is determined by the relevant laws, changes are rarely made (Lunina, Kyrylenko, Luchka, 2010).

Table 1. The main elements of the intergovernmental distribution of taxes in some unitary countries of Europe

Country	National taxes coming to local budgets	Procedure for making changes to the distribution formula	Frequency of making changes to the distribution formula	The presence of elements of horizontal alignment
Greece	Transaction tax and specific service tax	The government	Rarely	No
Denmark	Income tax, income tax	Government through the law on the distribution of taxes	-	No
Italy	Income tax, VAT, excise taxes	Finance Act	-	No
Spain	VAT, excise taxes	Parliament	Rarely	No
Hungary	Real estate taxes	Law on Local Taxes	Rarely	Yes
Finland	Income tax	Government through the law on the distribution of taxes	-	No
Czech Republic	Income tax, income tax, VAT	Government through the law on the distribution of taxes	Irregularly	Yes

Source: compiled by the author.

Let's consider more features of the financial autonomy of local authorities in differ-

ent parts of Europe. Thus, in Poland the basis of financial resources of the municipality is local taxes and fees, which include

the property tax; agricultural tax; forest tax; transport tax; tax on dog owners; charge for a place on the market; local and administrative fees. Income from these taxes and duties is the personal income of the gminas, which also includes income from the tax on individuals engaged in economic activity, inheritance tax and donation, and the royalties. The main source of tax revenues in Poland is real estate tax. Amounts of tax rates are set for a separate tax year by the council of the commune by adopting the relevant resolution. For individuals, the amount of the tax liability is determined by the decision of the relevant tax authorities. Legal entities calculate the amount of the property tax on their own and pay according to the terms specified in the local taxes and fees act (Karlin, 2011; Novikov, Haiko, 2018).

The Government of Slovakia approved the Concept of Decentralization in 1998. As a result of fiscal decentralization, the budgets financial base of settlements has been considerably expanded. Due to this, the formation of financially self-sufficient administrative-territorial units, financing their functions at the expense of their own income. During fiscal decentralization in Slovakia, the system of local taxation was expanded. Local taxes include property taxes, tax on dog owners, tax on public use, housing tax, tax on automatic machines for sale, tax on non-profit gaming machines, tax on entry into the historical part of the city, tax on atomic energy installation. The municipalities themselves decide on the appropriateness of the use of certain taxes, determine the tax rates, the procedure of accrual and payment, tax breaks, etc. The most fiscally effective among local taxes, as in Poland, is a real estate tax. In addition, the tax is very promising for the use of public space, which is being used for the temporary use of the territory of settlements (for concerts, placement of tents, etc.). This

tax accounts for almost a quarter of local tax revenues.

Also, during the fiscal decentralization, the state transferred the personal income tax to the level of local self-government. In Slovakia, the personal income tax is collected by the central government, which subsequently redistributes it on the basis of formula calculations. According to the current norms, 70.3% of the tax belongs to local self-government bodies, 23.5% remains the budget of higher territorial units and only 6.2% goes to the state treasury (Zhalilo, 2010, p. 59).

Germany is a federal state, where local self-government has broad powers to impose certain taxes, set their rates. Among the tax revenues of local budgets in Germany can be divided into three groups:

1. Local taxes: property tax, business tax, local taxes on consumption (entertainment tax, drink tax), luxury taxation (tax on the second dwelling).

2. Local taxes: administrative fees, charges for the use of public utilities, tourist fees, fees for fire protection. The share of fees in the total amount of local incomes is approaching 25%.

3. Share of income from taxes established by law. Territorial communities have a guaranteed share of revenues, which constitute a source of federal and land budgets. Income taxes include income tax (Einkommensteuer) and turnover tax.

According to Article 6 (7) of the German Constitution, the law of the land determines the possibility of transferring to territorial communities and other income from land taxes, as well as establishing the amounts of such transfer (Boryslavska, Zaverukha, Shkolyk, 2012, pp. 159-160).

France has great experience in taxing local taxes and fees. In this country, the system of local taxes and fees includes: land tax on built-up areas; land tax on unbuilt land;

housing tax; professional tax; tax on cleaning the territories; the fee for holding the agricultural chamber; fee for the maintenance of the Chamber of Commerce; fee for the maintenance of the Chamber of Crafts; local charges for the development of mines; charges for the installation of electric lighting; duty on equipment use; building sales tax; duty on motor vehicles; tax on exceeding the limit of building density; tax on exceeding employment restrictions; a greenhouse tax (Bondaruk, 2011, p. 63).

In Scandinavian countries, financial systems are highly decentralized, meaning that local governments are required to provide basic types of public goods and services. For example, Denmark ranks first among the unitary states of Europe by the level of tax revenues of local budgets, which is about 17% of GDP, or roughly one third of the state's tax revenues (including compulsory contributions to social insurance). And counties and municipalities of Denmark impose a tax on land at rates ranging from 0.6-2.4% of the value of land. Almost a quarter of the municipalities set the rate at practically the minimum level. In addition to the land tax, a municipal property tax is levied. His rate is the same for all municipalities and changes with the decision of the central government. In Denmark, equalization of local budgets is carried out at the level of municipalities and districts and takes place both on incomes and on expenditures of corresponding budgets.

In Norway, as in Ukraine, the basis for local budget revenues is the personal income tax. Local authorities have the right to reduce the rate of this tax, but in practice almost all regions use the highest rate provided by the current legislation. The corporate income tax was split between central and local budgets until 1998, but since 1998 it came solely to the central budget. In Norway, local governments have the

right to independently establish a property tax and determine its rates within the established limits. For tax purposes, the estimate of the cost of housing occupied by the owner is 25% of its market value in the country. Local budgets also receive a portion of the net wealth tax, the distribution of which between central and local budgets is determined annually (Lunina, Kyrylenko, Luchka, 2010, pp. 24-135).

In the composition of Spain, there are several autonomous entities. In richer regions of the country there are pronounced centripetal trends, therefore in Spain, starting in 2009, more than 90% of the financial resources of autonomous entities is formed at the expense of tax revenues. Autonomous entities receive 50% of personal income tax, 50% of VAT, and 58% of excise taxes. Since January 2012, a temporary surcharge applies to a property tax. In addition to real estate taxes, local budget revenues are generated through inheritance tax and donation, registration fees, lottery taxes and gambling taxes (Novikov, Haiko, 2018).

Fiscal decentralization in Ukraine, in the form of increasing the powers of local authorities to access to local budget resources, has been going on for several years now and every time it is declared in the main lines of fiscal policy. In practice, the process of decentralization determines the peculiarities of the formation of the revenue part of local and state budgets. Analyzing the structure of distribution of tax revenues between state and local budgets, one can assess the effectiveness of the decentralization process taking place in Ukraine (Tsybalyuk, Pidtserkovnyy, 2014). Thus, according to the distribution of tax revenues between budgets, the highest level of decentralization was at the beginning of the surveyed period in 2010, when local budgets concentrated 28.8% of accrued taxes and fees in the consolidated budget. In all subsequent years, despite the

ISSN 2450-2146 / E-ISSN 2451-1064

© 2018 / Published by: Międzynarodowy Instytut Innowacji Nauka-Edukacja-Rozwój w Warszawie, Polska

 This is an open access article under the CC BY-NC license (<http://creativecommons.org/licenses/by-nc/4.0/>)

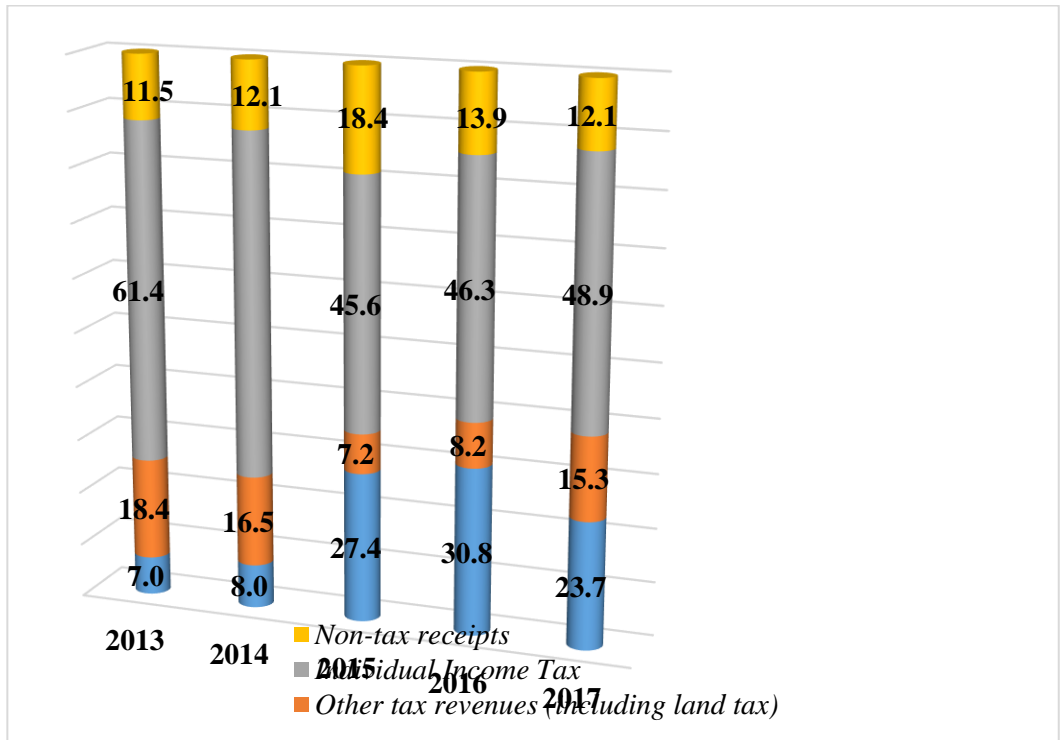
Tsybalyuk L., (2018) Financial Decentralization and its Impact on Local Budget Income Formation: International Experience.. *International Journal of New Economics and Social Sciences*, 2(8)2018: 161-172

[DOI 10.5604/01.3001.0012.9934](https://doi.org/10.5604/01.3001.0012.9934)

government's proclaimed decentralization policy, it has never been backed up by real financial resources. In 2015-2017, reve-

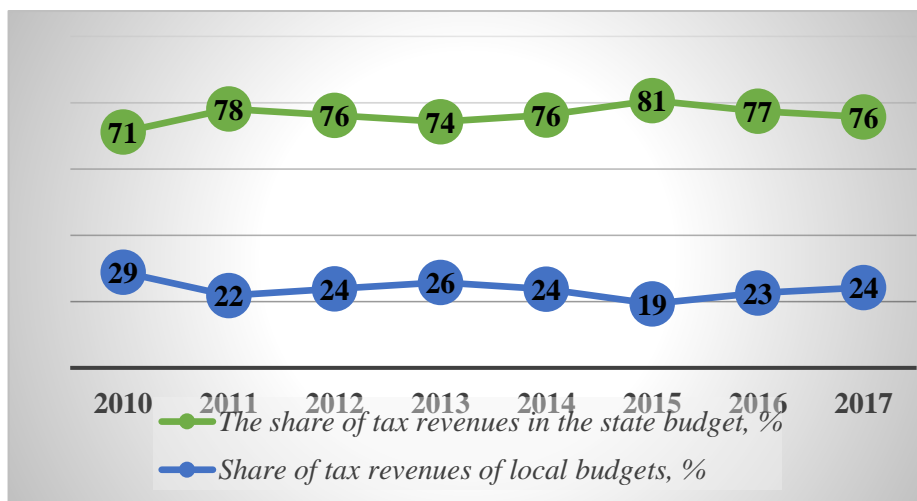
nues from local taxes and fees ranked second in the structure of local budget revenues (excluding intergovernmental transfers) after PIT (Figure 2).

Fig. 1. The structure of incomes of local budgets of Ukraine in 2013-2017, excluding intergovernmental transfers



Source: compiled by the author.

Fig.2. Distribution of tax revenues between budgets of different levels in the context of financial decentralization in Ukraine



Source: compiled by the author

As can be seen from the Fig. 2., in 2015-2017 compared to 2013-2014, the share of personal income tax in the local budgets decreased by about 15%. This is explained by the fact that in 2015 new proportions of transferring income from the personal income tax to local budgets were introduced: 15% instead of 25% to regional budgets, 60% instead of 75% to budgets of cities of oblast importance, 40% instead of 50% to the budget city of Kiev. Analysis of revenues to local budgets, as well as changes in the share of own revenues in their structure, is evidenced by the fact that reforms carried out within the framework of the reform, namely the transfer to the local level of 10% of corporate income tax revenues (except for corporate income tax, which are in state ownership), the excise tax on the retail sale of excisable goods, 100% of payment for the provision of administrative services and state duty were not allowed to fully compensate for the removal of per-

sonal income tax, and therefore do not contribute to the strengthening of financial providing local governments and not in line with the proclaimed direction of reforms in the context of the initiated decentralization. In practice, the process of decentralization determines the peculiarities of the revenue part of local and state budgets formation. Analyzing the structure of distribution of tax revenues between state and local budgets, one can assess the effectiveness of the decentralization process that takes place in Ukraine.

Indeed, the proclaimed decentralization course, as measured by data and indicators calculated on the basis of them, has, on the contrary, deepened the centralization process and reduced relative tax revenues to local budgets. On the ineffectiveness of tax reforms in the context of fiscal decentralization, we can conclude on the basis of analysis of the dynamics of changes in the share of local and state budgets. In 2015, there was a significant reduction in the

share of local budgets, reaching the lowest value (19.3%) for the entire period of reforms of the local taxation system, starting from 2010.

In 2015, revenues to local budgets grew, however, their growth rates were at times

less than the state budget. While local budgets received revenue by 12.5% more than in the previous year, the increase in tax revenues to the state budget amounted to 46.1%. This trend continued in 2015 (Table 2).

Table 2. Dynamics of tax revenues to budgets of different levels in Ukraine, UAH billions

Indexes	2012	2013	2014	2015	2016	2017	Growth rate in% to previous year				
							2013 to 2012	2014 to 2013	2015 to 2014	2016 to 2015	2017 to 2016
Consolidated budget	360.6	354	367.5	507.6	650.8	828.2	-1.83	3.81	38.1	28.2	27.3
National budget	274.7	262.8	280.2	409.4	503.9	627.2	-4.33	6.62	46.1	23.1	24.5
Local budgets	85.9	91.2	87.3	98.2	146.9	201	6.17	-4.28	12.5	49.6	36.8

Source: compiled by the author.

Analyzing absolute dynamics, it should be noted that in 2014 the volume of revenues to local budgets decreased by 3.9 billion UAH, while the revenues to the state and consolidated budget increased by 6.6% and 3.8% respectively. By contrast, in 2016, local budget revenues grew by almost 50%, while the state budget grew by only 23.1%. Such a redistribution shifted emphasis towards local budgets, ensuring the reality of the processes of financial decentralization in the country.

Conclusions.

Based on the study of foreign experience, it is concluded that for a successful decentralization reform, local authorities should be empowered to respond to changes in population demand for local public goods and services. The reforms of the local taxation system in Ukraine, on the one hand, increased the share of local taxes and fees,

However, in 2017, such high rates of return on local budgets did not succeed. The revealed fluctuations of the indicators of incomes decentralization indicate that there is no systematic and effective process of transferring financial powers to places and suggest that local self-government bodies have limited influence on the formation of their own financial resources. In fact, the centralized balancing of revenues and expenditures of local budgets continues to be implemented in Ukraine.

and on the other – part of the national taxes that were sent to local budgets, was transferred to the national budget. As a result of these changes, local budget revenues have decreased, and the structure of distribution of tax revenues between budgets has changed in the direction of increasing the share of the state budget.

All this convinces that the reform of the taxation system of local taxes and fees in the direction of decentralization should be aimed at providing the financial base of lo-


cal self-government and increase their financial autonomy, which is one of the conditions for effective activity of territorial communities and formed by them local authorities.

References:

1. Bilodid, I. K. (1970-1980). *Slovník ukrajskoi movy*: v 11 tt. [Dictionary of the Ukrainian language in 11 volumes]. Kyiv, Naukova dumka, vol. 2. Retrieved from http://ukrlit.org/slovyk/slovyk_ukrajskoi_movy_v_11_tomakh/%D0%B4%D0%B5~.
2. Tiebout C. (1961). *An Economic Theory of Fiscal Decentralization*. NBER, Public Finances, Needs, Sources and Utilization. Princeton (Univ.Press). P. 79–96.
3. Oats W. (1999). *An Essay on Fiscal Federalism*. Journal of Economic Literature. Vol. 37. P. 1120–1149.
4. Buchanan J. M. (1980) *The Power to Tax: Analytical Foundations of a Fiscal Constitution*. The Collected Works of James M. Buchanan, Vol. 9 Retrieved from: <https://oll.libertyfund.org/titles/buchanan-the-collected-works-of-james-m-buchanan-vol-9-the-power-to-tax>
5. Kyrylenko O. P. (2006). *Local finance*. Kyiv : Znannia. 677 p.
6. Lunina I.O., Kyrylenko O.P., Luchka A.V. (2010). *Diversification of local budget revenues*. NAN Ukrainy; Instytut ekon. ta prohnozuv. Kyiv, 320 p.
7. Karlin M. I. (2011). *Finances of the European Union countries* [Electronic resource]. Library of Ukrainian textbooks. Retrieved from: http://pidruchniki.ws/16400221/finansy/vidi_podatkiv_zboriv_polschi_vplyv_dohodi_pidpriemstv_domogospodarstv
8. Novikov M., Haiko O. (2018). *European experience of administrative-territorial reform: the political aspect. Analytical note*. Natsionalnyi instytut stratehichnykh doslidzhen. Retrieved from: <http://www.niss.gov.ua/articles/844/>
9. Zhalilo Ya. A. (2010). *The New Architecture of Ukraine's Budget System: Risks and Opportunities for Economic Growth*. Kyiv: NISD. 71 p.
10. Boryslavska O., Zaverukha I., Shkolyk A. (2012). *Detsentralizatsiia publichnoi vlady: dosvid yevropejskykh krain ta perspektyvy Ukrainy* [Decentralization of public authority: experience of European countries and prospects of Ukraine]. Tsentr polityko-pravovykh reform. Kyiv, Moskalenko O. M., 2012, 212 [in Ukrainian].
11. Bondaruk T.H. (2011). *Foreign experience of local taxation and possibilities of its application in Ukraine*. Zbirnyk naukovykh prats Natsionalnoho universytetu derzhavnoi podatkovoi sluzhby Ukrainy. №1. P. 56-66.
12. Tsymbalyuk I.O., Pidtserkovnyy B.V. (2014). *The role of taxes in ensuring financial autonomy of local government*, Visnyk Zaporiz'koho natsional'noho universytetu, 2, 179-187.
13. *Biudzhetnyi monitorynh* (2017). Instytut biudzhetu ta sotsialno-ekonomichnykh doslidzhen. Retrieved from: <http://www.ibser.org.ua/publications/monitoring-categories/richnyy>.

ISSN 2450-2146 / E-ISSN 2451-1064

© 2018 /Published by: Międzynarodowy Instytut Innowacji Nauka-Edukacja-Rozwój w Warszawie, Polska

 This is an open access article under the CC BY-NC license (<http://creativecommons.org/licenses/by-nc/4.0/>)

Tsymbaliuk I., (2018) Financial Decentralization and its Impact on Local Budget Income Formation: International Experience.. *International Journal of New Economics and Social Sciences*, 2(8)2018: 161-172

[DOI 10.5604/01.3001.0012.9934](https://doi.org/10.5604/01.3001.0012.9934)

14. Derzhavna kaznacheiska sluzhba Ukrainy (2018). *Vykonannia Derzhavnoho biudzhetu*. Ofitsiyni veb-sait. Retrieved from: <http://www.treasury.gov.ua/main/uk/doccatalog/list?currDir=146477>.