

JEL classification H72

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IMPORTANT PROBLEMS IN THE FIELD OF FORMING AND EXECUTION OF LOCAL BUDGETS

У статті аналізуються зміни до порядку формування та виконання місцевих бюджетів відповідно до норми нового Бюджетного кодексу; розглядаються основи формування доходів місцевих бюджетів України відповідно до діючої законодавчо-нормативної бази. При цьому робиться акцент на існуючі проблеми, які виникають при розподілі бюджетних ресурсів.

Ключові слова: місцеві бюджети, дотація вирівнювання, місцеві податки, закріплені доходи місцевих бюджетів.

В статье анализируются изменения к порядку формирования и исполнения местных бюджетов в соответствии с нормами нового Бюджетного кодекса; рассматриваются основы формирования доходов местных бюджетов Украины согласно действующей законодательно-нормативной базе. При этом делается акцент на существующие проблемы, которые возникают при распределении бюджетных ресурсов.

Ключевые слова: Местные бюджеты, дотация выравнивания, местные налоги, закрепленные доходы местных бюджетов.

In the article changes are analysed to the order of forming and implementation of local budgets in accordance with the norm of the new Budgetary code; the principles of the formation of the local budgets of Ukraine with the accordance of the present legal basis are studied here. The stress is laid on the existing problems which arise during the distribution of the budget resources.

Keywords: local budgets, smoothing grant, community charges, fastened profits of local budgets.

The institute of local self-government began to be formed in Ukraine with proclamation of independence of the state. A right on existence of this institute is fastened in European Charter of local self-government, to which Ukraine joined in November, 1996. Becoming of institute of local self-government in Ukraine testifies to electing of course on the leadthrough of process of decentralization of financial relations. Realization of the indicated step laid on the state of obligations from re-erecting of the in-plant financial systems.

By a basic question, which appears before territorial societies on this time there is the financial providing of implementation of the programs, attributed to plenary powers of organs of power of local level. For the system of local finances of Ukraine there was characteristic insufficiency of profitable base of local budgets and presence of substantial problems which brake its increase as a result of imperfection of budgetary legislation and insufficient uregulation of interbudgetary relations.

In direction of decision of the indicated failings the row of substantial steps is already done by realization of budgetary reform in Ukraine. Considerable payment in the study of questions of budgetary process, in particular, implementation of local budgets was done by the domestic scientists of Y.Beskid, S. Bukovynskiy, O.Vasilik, A.Epifanov, O.Kirilenko, V.Kravchenko, I.Lunina, V.Oparin, I. Radionova, I.Suncova, M.Romaniv. In connection with the subsequent passing of budgetary reform in Ukraine and origin of new mutual relations in the budgetary system, there is a necessity of the subsequent deepening of study of the indicated questions.

The studies of scientific publications on questions a fiscal policy in the sphere of local finances gave us possibility to examine it as a policy which characterizes development of local finances, providing of recreation of financial resources, fixing of the attained rates of the economy growing, creation of favourable terms, status for the improvement of investment climate.

The purpose of the article is an analysis of problems of forming and implementation of local budgets and determination of basic directions of their reformation.

For today a main problem in a budgetary sphere is a considerable concentration of financial resources at central level, which are in future passed to the local budgets as transferts. Providing of development of infrastructure of regions largely depends on the receipt of grant from the state budget [6].

The analysis of indexes of local budgets enables to come to the conclusion, that at present terms there is a tendency to the increase of part of interbudgetary transferts in the profits of local budgets.

A smoothing grant is the basic type of interbudgetary relations, its volume and specific gravity in the structure of interbudgetary transferts is constantly increased, that transferts from the state budget remain the ponderable instrument of the financial distributing and basic source of forming of profits of local budgets. That touches grants from the state budget of social orientation (on privileges, subsidies, compensative payments a population), they provide realization of obligations of the state, their growth, carries objective character and it is related to the increase of social standards. Considerable dependence of local budgets on subvency of investment character specifies on financial insolvency of local authorities, organs of local self-government, independently to decide questions, related to development of territories [7].

The considerable volumes of transferts in Ukraine testify to the insufficient own profits of local budgets. Swinging majority of administrative-territorial units, which form the budgets of base level, helpless independently to provide the minimum social necessities of the habitants even.

A budgetary code is inculcate dividing of all receipts and charges into such which are taken into account, and such which are not taken into account at determination of interbudgetary transferts. Two is in practice created separate basket.

The size of the first basket is controlled by the higher organ of power. If the amount of the monies accumulated there exceeds a requirement in them, other are subject an exception; when present in this basket money not enough for financing of the planned measures, the budget of the proper administrative-territorial unit has a right on the receipt of smoothing grant.

In accordance with the Budgetary code the state can pass to the organs of local self-government a right on realization of charges only on condition of the proper transmission of financial resources. For today we have a very low level of material well-being of the plenary powers delegated the state the proper financial resources [1].

Thus, the today's state of local budgets of Ukraine is characterized low part of profitable sources which are not taken into account at the calculation of volumes of transferts and which local authorities can dispose of independently, coming from priorities of development of administrative-territorial unit.

There is also a question, related to the grant of tax deductions which diminish the profits of local budgets the state. A release to 2015 year of subjects of space activity and aircraft construction is so foreseen from land-tax on lot lands of the production setting [3].

That touches the grant of subvency from the State budget of Ukraine local budgets, for today the characteristic sign of planning of the proper charges of the state budget is absence of approach of the systems to determination of list of grants, their volumes, order of their use, transparent not enough is and distributing order between regions.

At claim of Law of Ukraine "About the State budget of Ukraine on the proper year" annually grants of capital character remain not up-diffused between regions, the orders of their use do not become firmly established. After the settlement of afore-mentioned questions a money to the local budgets begin to act only in III-IV quarter which does impossible them taking into account the timely use the protracted procedure of bringing of the proper changes to the local budgets in part of claim of charges due to proper grants, leadthrough of tender procedures, making, project-estimate to the document. As a result a money is so needed for development of regions go back into the State budget of Ukraine in connection with completion of fiscal year.

The substantial failing determination in quality the sources of financing of charges is, also, on a grant the local budgets of grants of such profits of the State budget of Ukraine, the planned indexes for which from year to year are not executed.

Coming from the above-mentioned, it is possible to draw conclusion, that considerable dependence of local budgets on transferts from the state budget is a substantial lack of interbudgetary relations, that is why clear legislative determination of permanent and real sources of filling of local budgets is a necessity by own financial resources. The policy of expansion of own profitable base on places will stipulate the general decline of level of transferts, as independent local budgets will be able to do without the centralized support, but will get it only those, who indeed needs herein. Interbudgetary transferts must not level, but only to soften a difference in the budgetary profits of regions [5].

With the purpose of decision of afore-mentioned problems it is necessary how quick all to conduct reformation of local budgets. Budgetary reform must become component part of economic reform, which came to a head today in a country. One of key tasks of budgetary reform there are perfections of interbudgetary relations, which will be instrumental in strengthening of financial bases of local self-government [8].

Basic directions of reformation of local budgets is:

- expansion of profitable base of local budgets by the redistribution of profits between state and by local budgets, to the revision of composition of profits I and II baskets of local budgets, expansion of list of community charges and collections or increase of them, specific gravity in the lump sum of receipts of local budgets;

- indemnifications of losses of receipts of local budgets, related to the grant of privileges the state on payment of taxes;

- stimulation of socio-economic development of territories is by the increase of investment constituent of local budgets (there is an increase of amount of sources of entering budget of development), improvement of order and terms of grant of subvency, from the State budget of Ukraine local budgets: forming of the unique going near distributing of financial resource of the state taking into account the level of material well-being of that or other administrative-territorial unit the objects of social'no-kul'turnoy sphere, infrastructure and priority directions of develop-

ment, foreseen the local programs; their use simultaneously with claim of Law of Ukraine about the State budget of Ukraine on the proper year; realization of financing of charges on the grant of subvency not later than a III quarter here due to those sources which are really executed;

- forming of stable normatively legal bases taking into account afore-mentioned directions of reformation of the system of interbudgetary relations.

For today Verkhovna Rada of Ukraine is accept new the Internal revenue code of Ukraine and in 08.07.2010 the Budgetary code of Ukraine is accepted in a new release (both entered in an action from 01.01.2011).

The new Budgetary code of Ukraine is foreseen by the row of norms, directed on an assistance the regional economy growing taking into account balancing of national and regional interests, to introduction of new instruments of stimulation of regional development and perfection of interbudgetary relations. But, without regard to positive acquisitions, some questions remained unsolved, that is why there is the field for their subsequent study and decision [1].

Achievement of considerable level of efficiency needs from the leadthrough of budgetary reform, foremost, in equipping with modern amenities of the system of administrative-territorial device, taking into account the level of development of infrastructure of territories, presence, naturally resource to potential and others like that.

As experience of the European countries testifies, territorial societies, capable to provide the proper quality of management and development, must unite 3-5 thousands of inhabitants.

To take into account even circumstance that charges are taken into account Ministry of finance on maintenance of local advices not provided in full financing even of etlings. In this connection on maintenance of vehicles of advices profits which must head for financing of the regional programs are outlaid. The leadthrough of administrative-territorial reform will be instrumental in reduction of quantity of managers on places, that will enable to free considerable part of facilities which can it will be be pointed at development of region [2].

A budgetary code in a new release is foresee a number of measures on the improvement of interbudgetary relationships with the purpose of diminishing of dependence of local budgets from transfertiv from the state budget, creation of the proper terms for implementation of local self-government organs and by the local organs of executive power of the functions laid on them [1].

In particular, with the purpose of increase of financial independence of local budgets by subsequent decentralization of management budgetary facilities first to the local budgets the profits of the state budget are passed, namely: for 50% paying is for using the bowels of the earth of national value, collection, for the special use of water resources of national value, collection, for the special use of forest resources of state value; paying for licenses and certificates, state registration (6 kinds) and others like that.

To the charges of local budgets which will be taken into account at determination of volume of interbudgetary transferts, financing of measures is included on out-of-school education, centers of social rehabilitation, financing of which is presently carried out due to profits which are not taken into account at determination of transferts. A resource is the same disengaged on implementation of own plenary powers of organs of local self-government.

But, it is here necessary to pay regard to that increase of profitable part of local budgets at financing of existent network of budgetary establishments without the increase of financial norms of budgetary material well-being, which are used at the shortchanging by formulas of charges on

the proper industries, will result in the increase of exception of surplus of profits from separate local budgets. A necessity is an increase of norms of budgetary material well-being, which will enable to provide assignments not only financing of the protected items of expenses but also development of material and technical base of budgetary establishments [4].

The new Budgetary code is also foresee the increase of resource of local budgets on implementation of own plenary powers, sources are extended formings of profits, which are not taken into account at determination of interbudgetary transfers. To such profits it is foreseen in full to set off:

- paying for earth, united tax for small business entities (in the budget of development);
- paying for a point-of-sale patent on realization of some types of entrepreneurial activity;
- the fixed tax is on the profits of physical persons from entrepreneurial activity;
- receipt of administrative fines;
- part of income tax enterprises (except for communal enterprises);
- a tax property [1].

Next to it, the put of paying for earth is foreseen only to the budgets of local self-government, in an area and district budgets the indicated receipts absent.

Without regard to a positive change in the Budgetary code in relation to the transmission of profits state to the local budgets, on the profits of regional budget, which are taken into account at determination of transfers, the substantial diminishing of indexes is expected. A regional budget will be adjusted due to the increase of smoothing grant from the state budget, a money, which can it would be pointed at financing of the regional programs, measures of development of territories, will be distracted on financing of the delegated charges.

In addition, the new Budgetary code is foresee diminishing of deductions in a regional budget on collection for contamination of natural environment from 50% to 20%, that will result in diminishing of receipts [1].

Thus, strengthening of profitable base of budgets of villages, settlements and cities, due to poslablennya of financial stability of regional budgets negatively will affect financing in the general lines of the regional programs.

In relation to indemnification of losses of profits of local budgets as a result of grant of tax deductions the state, it should be noted that the Budgetary code is foresee an additional grant on the indicated purpose.

In relation to an order and terms of distributing of grant of subvency it follows notices from the state budget local budgets, that the new Budgetary code provides for:

- basic principles of grant the local budgets of subvency are on implementation of the investment programs (projects): principle of objectivity and openness – the recipient of subvency is determined after transparent procedures; principle of unity – distributing of money must provide realization of the system of national values and instrumental in diminishing of differences in even lives of population of different regions of country; principle of the having a special purpose use of money – grant is used exceptionally on a certain goal, taking into account the programs of socio-economic development of country and proper territory, government having a special purpose programs;

- a list of basic principles of grant the local budgets of subvency is on implementation of the investment programs (projects): economic efficiency of achievement of aims with bringing in of minimum volume of budgetary facilities; level of material well-being establishments of socio-cultural sphere; level of development of travelling and communal economy; possibilities of subsequent maintenance due to

the money of local budgets of objects of community property but other

- realization of distributing of investment subvency is on the basis of the formalized parameters;
- an order and terms of grant subvency which is first certain a law on the State budget of Ukraine becomes firmly established Cabinet Ukraine not later than 30 days from the day of going into effect them.

Observance of afore-mentioned principles in practice, introduction of formul'nikh calculations, forming of sufficient resource of the state budget, on the grant of subvency local budgets will be instrumental in providing of gradual socio-economic development of regions.

For perfection of the budgetary system on all levels, providing of its stability a necessity is perfection and expansion of legislative base on questions a budget, taxation, regional development, methodological base, after all directions of reformation [5].

Realization of foregoing measures will be instrumental in strengthening of financial bases of activity of organs of local self-government, providing of steady socio-economic development of territories, increase of social defence and welfare of citizens.

Thus, basic directions of reformation of local budgets is:

- expansion of profitable base of local budgets by the redistribution of profits between state and by local budgets, to the revision of composition of profits I and II baskets of local budgets, expansion of list of community charges and collections or increase of them, specific gravity in the lump sum of receipts;
- indemnifications of losses of receipts of local budgets, related to the grant of privileges the state on payment of taxes;
- it is stimulation of socio-economic development of territories by the increase of investment constituent of local budgets (there is an increase of amount of sources of entering budget of development), improvement of order and terms of distributing of grant of subvency, from the State budget of Ukraine local budgets;
- leadthrough of administrative-territorial reform taking into account the level of development of infrastructure of territories, naturally resource to potential and others like that;
- it is forming of stable normatively legal bases taking into account afore-mentioned directions of reformation of the system of interbudgetary relations [6].

The new Budgetary code of Ukraine, accepted in 08.07.2010, foresees a number of measures on the improvement of interbudgetary relationships with the purpose of diminishing of dependence of local budgets from transfers from the state budget, creation of the proper terms for implementation of local self-government organs and by the local organs of executive power of the functions laid on them. In particular, with the purpose of increase of financial independence of local budgets by subsequent decentralization of management budgetary facilities first to the local budgets the profits of the state budget are passed, the increase of resource of local budgets is foreseen on implementation of own plenary powers, sources are extended formings of profits, which are not taken into account at determination of interbudgetary transfers.

But, without regard to positive acquisitions, some questions remained unsolved, that is why there is the field for their subsequent study and decision.

Realization in practice of positive innovations and account of remarks in the new Budgetary code, concordance of operating normatively legal acts, which regulate budgetary relations and acceptance of new will provide maximal efficiency of the use of budgetary resources, will be instru-

mental in upgrading grant of public services, steady socio-economic development of regions.

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Надійшла до редколегії 05.05.12

JEL classification F21, F32

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FINANCIAL GLOBALIZATION IMPACT ON THE CEE BANKING STABILITY

Стаття присвячена оцінці умов та тенденцій фінансової глобалізації, її впливу на банківську діяльність. Дається оцінка позитивному та негативному впливу фінансової глобалізації. Досліджуються міжнародні фінансові потоки та банківські зв'язки, що впливають на банківську стабільність країн ЦСЄ та України.

Ключові слова: фінансова глобалізація, міжнародні фінансові зв'язки, іноземні банки, національні банки.

Статья посвящена оценке условий и тенденций финансовой глобализации, ее влиянию на банковскую деятельность. Дается оценка позитивного и негативного влияния финансовой глобализации. Исследуются международные финансовые потоки и банковские связи, которые влияют на банковскую стабильность стран ЦВЕ и Украины.

Ключевые слова: финансовая глобализация, международные финансовые связи, иностранные банки, национальные банки.

The paper is to assess the financial globalization conditions, trends and their implications on banking. It evaluates the financial globalization positive and negative impacts. International financial flows and banking linkages which influencing on CEE countries and Ukraine banking stability are studied.

Keywords: financial globalization, international financial linkages, foreign banks, domestic banks.

Introduction.

Financial globalization and cross-border capital flows are one of the key drivers of the international economy. But global financial linkages and interdependence have caused the banking and financial crisis spillovers from the USA to Europe and other countries in 2008-2009. Since 2010 the European debt crisis and Eurozone instability also triggering contagion to international financial markets, developed and emerging economies. It became obvious that financial globalization has played controversial impact on the markets and economies. The financial globalization could not manage current cross-countries asymmetries and instabilities, such as sovereign debt and budget crises, currencies and asset prices volatility, structural changes of international capital flows.

National and international banking systems of transitional and emerging economies have been one of the most dynamic areas of financial globalization in the past decades, especially in the Central and Eastern Europe (CEE), CIS countries. Financial globalization has showed a differentiated impact on the banking systems. Financial linkages with EU and CEE countries are most influential for the Ukrainian banking sector internationalization.

The research aim is to study the interaction between financial globalization and national banking systems. The objectives are to estimate channels of financial globalization influence on the CEE and Ukrainian banking. It requires assess the post-crisis interaction of financial globalization, capital flows changes, current trends on banking markets.

Research methodology and results.

The research methodology is based on the application of international macro- and microeconomic approaches as well as structural comparative analysis. A study is focused on financial globalization structural features and outcomes, its impact on changes in international capital flows and the CEE and Ukrainian banking international linkages with respect of their implications on banking stability.

A nature of financial globalization is related to the expanding internationalization of domestic financial and banking systems, broader access of countries and economic

agents to international financial markets as to A.Greenspan [5] and P.Lane etc [8]. Such processes are leading to the growing integration of different financial markets, interdependence of national and international financial systems. The classical economic approach gives a vision that growing integration and interdependence should pursue effective and stable functioning of financial markets. As have been mentioned by the former chairman of the Federal Reserve System A.Greenspan, financial globalization should enforce "global financial stability and effectiveness of the global financial markets" [5, p.249]. But financial globalization now is demonstrating an integration and differentiation co-movements.

Financial globalization could not be considered as a homogenous process due to the set of systemic and structural differences between markets and countries as studied by R.Calvo [1], M.Kose, E.Prasad and K.Rogoff [7]. Financial globalization in different markets and countries could be explained based on several research approaches such as:

1) A model of the national economy and finance inclusion into global. Researchers are applying different models of interaction of the national and global financial economies. From one side, models based on the dominance of global finance and economy over national could be considered as globalist ones. From the other side, models known as an open-market economy are focusing on interaction of external and internal factors of the countries' trade and finance linkages. The international financial linkages in such models are considering differently.

2) Study of liberalization as financial globalization driving factor. Liberalization means lifting limitations on the cross border capital flows and banking transactions. It plays a different impact on countries. Liberalization is more positive for developed economies which have open access to international financial markets. For developing and emerging economies with less institutional and regulatory strength liberalization often bring negative impact such as capital outflows, domestic banking dependence on foreign capital. Therefore differences in financial liberalization across countries may influence on financial globalization extent.