

ESTIMATION OF LOCAL TAXATION OF FOREIGN COUNTRIES

Problem statement. The effective functioning of local taxation always remains up to date, because of it largely depends on local budget revenues, which in turn is a prerequisite for sustainable economic development of cities, regions and the state as a whole.

Analysis of recent research and publications. Among those who studied overseas experience of formation and development of local taxation should be noted the work of scholars such as Kirilenko A.P. [1], V. Vishnevsky [2], L. Staretska [4] V.S. Dmitrov [11], J.M. Kazyuk [14], T. Bondaruk [20] and others. However, despite the significant contribution of scientists to study the characteristics of the functioning of local taxation of foreign countries, require further research into the possibility of introducing foreign experience in domestic practice.

Formulation of the problem. The aim of the study is to develop proposals for improving the Ukrainian system of local taxation based on the analysis of foreign experience.

The main material of research. Classic principles of taxation and the development of national tax systems involve not only the collection of taxes, they have to work at the local level. Local governments in many countries have the right to impose their own taxes, set tax rates or allowances to national taxes. Therefore, the activities of local authorities must meet generally accepted criteria of optimal taxation, as well as the main priority of the national policies on the economy, social security and improve living standards [1, p.199].

The system of local taxation in countries with a market economy marked by great diversity. This could be explained by historical reasons (especially the formation of regional and local authorities in a given country), and the desire of local authorities to increase the degree of financial autonomy by finding new sources of revenue at a time when the most significant tax bases occupied by the central government and locally available [2, p.11].

In most developed countries local taxes and duties account for 5-30% of all tax revenues of the consolidated budget. In Japan, local taxes account for 35 % of revenues of local authorities in the UK - 37% Germany - 46 %, France - 67 % in the U.S. - 66 % [3, p.114]. Also, a high level of own revenues in total current revenues of local budgets are Sweden (61%), Denmark (51%), Switzerland (46%) [4, p.60]. From local taxes generated 72 % of municipal revenues in Austria, 43% in Norway, 31% - in Spain [14, p.74].

Local governments in many countries (USA, France, and Italy) have the right to set local taxes and fees. Such independence can manifest itself in different, most appropriate for the specific conditions of each country forms corresponding system of government (federal or unitary state) and the division of powers between the central government and local government. Local authorities can have unlimited rights in local taxation, choose the form of taxation and its size [5, p.120].

In most developed countries, characterized by the multiplicity of local taxes. Among them are:

- A group of real direct taxes: the real and personal property, land, owners of vehicles per capita, industrial, to the profession, to residents, environmental;
- A group of direct taxes on income: income, income tax, inheritance and gifts from;
- Indirect taxes on Sale at retail, the sale of alcoholic beverages by the glass, the consumption of electricity, gas , excise taxes on gasoline, tobacco and alcohol;
- Fees and taxes: tax on garbage collection and its removal, the construction of office buildings, parking cars for the use of sport and recreation facilities and cultural institutions for hunting and fishing, entertainment, services cemeteries of dog owners for the issuance of various licenses and registration certificates for participating in the run, with the opening of taverns and inns; fees to offset the increased cost of land as a result of construction and other works [2, p.11 -12].

Regarding the adaptation of foreign experience in Ukrainian perspective. Domestic scholars agree that one should thoroughly study the international experience of the organization and functioning of local taxation in order to improve and develop the system of local taxation in Ukraine.

In the UK, according to Law 1987 "On the financing of local government's financing system of local councils (municipalities) based on four sources, namely the tax on economic activities, municipal taxes, government subsidies, sales, contributions and fees. The main ones are (approximately 75 % of revenues) - a tax on economic activities and facilities council tax [7].

In Switzerland locally levied tax on personal income tax, income tax and capital tax, inheritance and gift tax, real property gains tax, the tax on car tax, dog license tax, entertainment, cantonal government tax, tax on billboards and property taxes [8]. In addition, some cantons have the authority to levy a tax on the value of the property sold (Handänderungssteuer / impôt sur les mutations / Tassa di mutazione) and thus counteract speculation in the property market . Also common are taxes on spending the night in some tourist areas [9].

The main taxes in Germany is an industrial tax and property tax. When using industrial tax subject to income tax and capital (in the form of fixed assets), pay its legal and natural persons - entrepreneurs. Property Tax introduced in Germany back in 1278 [10, c. 104]. Also, local taxes include income tax, inheritance tax and gift tax and VAT. Local taxes are not so much a fiscal nature as regulating business activity in the region [11].

In the Netherlands, locally collected: municipal tax, maintenance of dams, pollution levy a tax on water and waste management [12]. Homeowners pay a yearly property tax, the amount of which is based on the valuation of the property. Municipalities reassesses every two years. Payment for municipal taxes and charges depending on the municipality [13].

In Austria, local taxes are levied as a tax on employment, land tax, beverage tax, advertising tax, entertainment tax, advertisement, tourist tax, dog license, payment of services provided at the local level vary parking [14, p.74].

Canada has a decentralized three-tier tax system, which consists of federal taxes, provincial and local taxes. The main local tax is a tax on immovable property which is payable by owners of real estate and is a percentage of its value, set by the municipality [7]. Also in Canada, local (provincial) is the income tax, which is calculated as a percentage of the federal tax (rates range from 43% in the Northwest Territories and 60 % in the provinces of Newfoundland, New Brunswick and Saskatchewan), corporate tax, and retail sales tax (flat rate is 7%) [15]. Betting municipal tax varies depending on the municipality, such as 45 municipalities in the province of British Columbia, it is 4 % in the municipalities of Alberta and Prince Edward Island - 2%. Also, different municipalities have the right to levy their own taxes, for example in Banff (Alberta) is a tourist tax in Vancouver, the city of Halifax, Montreal, Laval - hotel tax [16].

In Japan, the types of taxes that may charge local authorities, as well as objects of taxation and standard rates defined by the Law on local taxes. On some local taxes are entitled to the extent necessary to apply the tax rate exaggerate standard. However, the list of such taxes is limited to the list that is provided in the Act. In addition, they can introduce and taxes not covered by this law, but only on condition that the Secretary of the Interior approves the following: he must give his consent in the event that the new compulsory fees not impede trade between the administrative-territorial units not duplicate other local and national taxes. In general, the Japanese charged over 20 local taxes, including 12 - at prefectural and over 10 - municipalities. The largest of the municipal council tax is for people (50.6 % of total taxes received municipalities), property tax (37 %) and municipal tobacco excise tax (3.6 %) [11].

In Italy, the local authorities are entitled to impose and abolish local taxes authorized by law, but the maximum rate of tax established by the central government. The main source of own funds of the local government is local income tax. Under the tax reform, he's going to the central government. But the central financial institution fully transfer its local authorities. The tax paid by both individuals and corporations. No taxable income from employment, interest on securities and savings, profits generated outside the country [17]. Also plays an important role tax on advertising. Advertising tax levied on advertising and other forms of advertising placed in public and open to public access. Tax rates in different cities are different. They depend on the financial condition of the municipality, as well as differentiated depending on the type and purpose of promotional activity [11].

France has considerable experience of local taxes and fees. Local government is entitled to impose other taxes and fees for the installation of electric lighting, the exploration for and more. Local tax rates, which are in their jurisdiction shall be determined by the authorities themselves, in determining the budget for next year, but within the limits set by the Act of the National Assembly (Parliament of France) maximum level [18].

The basis of the system of local taxation are: land tax on built-up areas, land tax on vacant land tax (duty) to clean areas, tax shelter, tax professional, tax on Agriculture of maintenance, the maintenance of the collection chamber of commerce, collection on hold Chamber of crafts, local development tax on mines, local fee for installing lighting, fee for use of the equipment, the tax on the sale of buildings, collection of motor vehicle tax for exceeding the limit integrity of the structure, the tax on the excess restrictions on superficial things square, tax landscaping [19, p.109]. Also in France, some local taxes are optional, that is established only in cases where local authorities cannot provide non-deficit budget. It is a tax on entertainment for the maintenance of local roads, streets, to domestic workers, registration fees, etc. [14].

In implementing local taxes have greater autonomy in local countries with a federal structure. For example, in the U.S., each state has its own, separate from the federal, tax system. In the state budget constitute the largest share of income taxes of corporations and individuals, as well as sales tax [20, p.58]. Cities across the U.S. have their own tax sources and get almost half of the proceeds, using his powers to impose taxes and charge for their services [11]. In the U.S., there are three to five major local taxes (taxes allocated to the state budget management) such as income tax on corporations, which differentiated rate of 3% (Mississippi) to 12 % (CT) and tax on business activity that involves two elements: tax the total annual turnover of the company (in the range of 1 to 2.5 %) and the tax on payroll (1 - 4%) [15, p.3].

It is interesting to study also have experience in Sweden. Business municipalities mainly financed by local income tax rates in the right introduction is endowed with the municipal government. This tax is differentiated rates ranging from 28.9 % to 34.2 %. The lowest rates are mostly used in larger, more affluent

cities, while their maximum level achieved in the rural north and in the municipalities affected by the slowdown in industrial production [21]. The Swedish system of relations between the central government and local authorities rather paradoxical. On the one hand, the constitutional guarantee of providing municipal authorities sufficiently high political and financial autonomy. On the other hand, the principles of fairness and uniformity of public services within the entire state means that the standards set by the central government, it is possible to argue that the system is quite centralized. The price paid by a citizen of Sweden for the high level of service it needs - is very high taxes [22].

Findings from this research. Ensuring the effectiveness of the local authorities of their functions and the maintenance of quality of life at a high level requires just under higher taxes. Analysis of foreign experience has shown that in countries where municipalities have available their own tax revenues, has the highest quality of life. A striking example of this is countries such as Switzerland, Sweden, Denmark, Norway and Austria.

Acceptance and entry into force of the Tax Code deprived the Ukrainian system of local taxation fiscally unreasonable taxes, administration costs are higher than revenues. Instead of 14 local taxes and fees, in Ukraine they are now 5. However, the problem remained unsolved for local budgets own financial resources. Therefore, Ukraine is advisable to learn, adapt and implement in practice the experience of those countries whose municipalities have the optimal level of fiscal autonomy and interest in improving the standard of living for their subject's areas.

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Purpose. The aim of the study is to develop proposals for improving the Ukrainian system of local taxation based on the analysis of foreign experience of the system of local taxation.

Methodology of research. Variety of modern scientific methods was used during the study. General scientific methods of analysis and synthesis, induction and deduction were used to identify features of the functioning the systems of local taxation in foreign countries, generalization of information and literature sources to explore the experience of formation and development of foreign local taxation. The systematic approach and the method of analogy were used to define the areas of improvement the Ukrainian system of local taxation.

Findings. Analysis of the experience of the system of local taxation in some countries of Europe, USA, Canada and Japan allowed studying the mechanisms and patterns of operation, to identify their characteristics and features, and to identify areas for further optimization of the national system of local taxation.

It has been found that most local governments in developed countries are not dependent on the central government, those have sufficient fiscal autonomy. The presence of the required number of own financial resources (which is provided by local taxes) allows municipalities to efficiently carry out their functions. Analysis of foreign experience has shown that the ability to be independent from the center promotes the interest of local authorities in finding their own financial resources.

Originality. Scientific novelty of the study is the further development of theoretical propositions regarding the operation and the further development of the system of local taxation not in a stable institutional environment of Ukraine. Studies need to study and implement foreign experience of developed countries; municipalities are marked by a high level of fiscal autonomy and are able to direct the proceeds to the development of their subject's areas, thus contributing to improving the living standards of people.

Practical value. The practical significance of the study is that the results can help in solving the actual problem of local budgets of their own financial resources. The article can be used in the process of improvement of the Ukrainian local taxation because, despite the adoption of the Tax Code, the institution of local taxes and charges are unable to provide local authorities the necessary number of own revenues for efficient performance of their functions.

Key words: local taxes, the system of local taxation, local government, municipality.