

LEGAL REGULATION OF LOCAL TAX ADMINISTRATION

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ABSTRACT. Administration of local taxes is an important aspect of financial decentralization and strengthening of local self-government in Ukraine. This topic examines legal acts regulating the process of setting, calculating, paying and controlling local taxes, as well as analyzes existing problems and prospects for improving legal regulation in this area. The basis of the legal regulation of the administration of local taxes in Ukraine is the Tax Code of Ukraine, the Law of Ukraine „On Local Self-Government in Ukraine”, the Budget Code of Ukraine and a number of by-laws that provide detailed administration procedures and mechanisms. The establishment of local taxes is carried out by local councils, which determine tax rates, payment procedures and benefits within the limits set by national legislation. Analysis of current legislation reveals key aspects and problems of legal regulation of this topic. In particular, there is a need to increase the flexibility of local authorities, improve transparency and accountability of the use of tax revenues, simplify administration procedures and reduce the bureaucratic burden on taxpayers. Thus, the legal regulation of local tax administration is a key factor of financial decentralization, which requires constant improvement to ensure a stable and transparent flow of funds to local budgets and strengthening of local self-government.

Keywords: administration of local taxes, local self-government, tax code of Ukraine, transparency of tax revenues, automation of tax processes.

INTRODUCTION

In modern conditions, the effective administration of local taxes becomes an important component of financial management at the level of local communities. With this in mind, scientific research devoted to the analysis and assessment of the local tax administration system has great theoretical and practical significance.

The relevance of the topic is due to the need to optimize tax collection mechanisms at the local level, which in turn will contribute to increasing the financial stability of territorial communities, ensuring their needs and development. Further development of the relevant field of law, both theory and practice, requires systematic analysis and improvement of local

tax administration mechanisms (Beskrovny, 2016).

Recent studies and publications directly related to the topic focus on analyzing the effectiveness of current administration systems, identifying problems, and proposing improvements. At the same time, previously unresolved aspects, which are important to highlight in this article, include the analysis of the possibilities of involving local communities in the process of tax administration and their active participation in making financial decisions at the local level (Ryzhiy, 2021).

MATERIALS AND METHODS

The following materials and methods were used to implement the research objective:

Materials:

Normative and legal acts. The Tax Code of Ukraine, the Law of Ukraine „On Local Self-Government in Ukraine”, the Budget Code of Ukraine and other relevant legal acts related to the administration of local taxes were analyzed.

Scientific articles and publications. Scientific works, publications in specialized magazines and other scientific sources containing information on the legal regulation of local tax administration in Ukraine and abroad were studied.

Statistics and reports. Official statistical data and reports of ministries and other authorities were used regarding the volume of local tax collection, their structure and efficiency of administration.

Methods:

Documentary analysis. A detailed analysis of regulations, scientific articles, publications and statistical data on the administration of local taxes was carried out.

Comparative analysis. A comparative analysis of the legal regulation of local tax administration in Ukraine and in other countries was conducted in order to identify features and best practices.

Synthesis and generalization. Methods of synthesis and generalization were used to systematize and analyze the obtained data, identify patterns and establish conclusions.

These materials and methods made it possible to carry out a comprehensive analysis of the legal regulation of local tax administration in Ukraine and to identify the main problems and prospects for improving the system (Maidannik & Zhuravel, 2020).

RESULTS AND DISCUSSION

The legal regulation of the administration of local taxes in Ukraine is based on a number of legislative and normative legal acts that determine the types of local taxes, the procedure for their establishment and administration, as well as the rights and obligations of payers and controlling bodies. Here are the main aspects and analysis of the current legislation (Constitution of Ukraine, 1996):

Basic legislative acts

Tax Code of Ukraine

- Article 10: Defines the types of local taxes and fees that can be established by local self-government bodies, in particular:

- Property tax (tax on immovable property other than land; transport tax; land fee).
- Single tax.
- Tourist tax.
- Fee for parking spaces for vehicles.
- Articles 265-290: Regulate the procedure for calculation, payment and administration of each type of local taxes.

Law of Ukraine „On Local Self-Government in Ukraine”

- Article 26: Defines the powers of local councils to set local taxes and fees, as well as approve local budgets.

- Article 69: Establishes that local budget revenues are generated from local taxes and fees, among other sources.

Budget Code of Ukraine

- Article 64: Determines local budget revenues, including local taxes and fees.
- Article 71: Establishes the procedure for distributing revenues from local taxes between budgets of different levels.

Normative and legal acts

Orders of the Ministry of Finance of Ukraine

- For example, orders on the approval of tax declaration forms, the procedure for their filling and submission, related to local taxes.

Resolutions of the Cabinet of Ministers of Ukraine

- Regulates the details of local tax administration, such as methods of valuing real estate for tax purposes (On local self-government in Ukraine, 1997).

Basic aspects of local tax administration

Setting taxes:

- Local councils have the right to establish local taxes and fees, approving the relevant decisions, which must be made public and subject to execution in the subordinate territory.
- Tax rates can be set within the limits defined by the Tax Code.

Tax payment procedure:

- Payers of local taxes are obliged to submit tax declarations within the established terms, in accordance with the forms approved by the Ministry of Finance.
- Taxes are paid to the accounts of local budgets specified in the relevant decisions of local councils.

Tax payment control:

- Controlling bodies (mainly local tax inspectorates) check the correctness of calculation and timeliness of payment of local taxes.
- In case of detection of violations, control bodies have the right to apply sanctions provided for by law.

Problems and prospects for improvement

Problems:

- Insufficient flexibility of local authorities in setting tax rates and benefits.
- Insufficient transparency and accountability in the use of tax revenues.
- Complexity of administration procedures and high level of bureaucracy.

Prospects for improvement:

- Giving greater autonomy to local communities in setting and administering local taxes.
- Implementation of modern information technologies for automation of tax administration processes.
- Increasing the level of transparency and public involvement in the decision-making process regarding local taxes.
- Simplification of declaration and tax payment procedures for taxpayers, reduction of administrative burden.

Thus, the current legislation of Ukraine provides the basis for the administration of local taxes, but there is considerable potential for its improvement in order to increase efficiency, transparency and involvement of local communities in this process (Bandurka, 2014).

Reforming the system of local tax administration is an important task for ensuring the financial autonomy of local communities and improving the efficiency of tax collection. Here are some suggestions for legislative and regulatory changes that could facilitate this process:

1. Improvement of the Tax Code of Ukraine

- Simplify administration procedures. Amend the Tax Code to simplify the procedures for calculating and paying local taxes, which will reduce the administrative burden on taxpayers and local governments.
- Differentiation of tax rates: Allow local governments to set tax rates more flexibly, taking into account local economic conditions and social needs.
- Automation of processes. Enshrine at the legislative level the mandatory implementation of modern information systems for the automation of tax administration.

2. Increasing transparency and accountability

- Mandatory publication of decisions. To demand from local self-government bodies, the mandatory publication of decisions on the establishment of local taxes and fees, as well as reports on their use.
- Public discussions. Introduce mandatory public discussions before making decisions on changes in local taxes, which will increase the level of trust of citizens in local authorities.

3. Extension of the rights of local communities

- Introduction of new local taxes. To grant local self-government bodies the right to introduce new types of local taxes that correspond to the specifics of their territories.
- Local tax initiatives. Develop mechanisms for initiating and approving tax innovations by local communities through local referenda or citizen meetings.

4. Increasing the efficiency of administration (Savchenko, 2018)

- Professional training. Provide regular training and advanced training of local government employees on tax administration issues.
- Cooperation with the private sector. Implement public-private partnership mechanisms for tax administration, which may include outsourcing some functions to improve efficiency.

5. Changes in the Budget Code of Ukraine

- Fixation of the share of tax revenues. Ensure that the share of tax revenues remaining at the local level is legislated for the guaranteed financing of local needs.

- Stimulation of community development. Implement financial incentive mechanisms for local communities that achieve high rates of local tax collection and effective use of budget funds.

6. Integration with state information systems

- Data exchange. Ensure the integration of local tax administration systems with state information systems for data exchange, which will increase the accuracy of accounting and reduce the number of errors and abuses.

- Electronic document management. Implement electronic document flow between taxpayers and local self-government bodies to simplify the process of submitting and processing tax returns.

7. Development of public control mechanisms

- Public councils. Create community councils under local authorities to oversee the administration of local taxes and ensure transparency in their use.

- Performance indicators. Introduce public indicators of the effectiveness of local tax administration, which will allow communities to evaluate the work of local authorities and make informed decisions.

These proposals are aimed at increasing the efficiency of local tax administration, ensuring transparency and accountability of the process, as well as expanding the rights and opportunities of local communities in the field of financial management (Brown, S., & Smith, J. 2020).

Involvement of local communities in tax administration is a key element of effective local self-government. Mechanisms and tools for increasing the role of local communities in the process of tax administration can be divided into several main areas:

1. Expansion of powers of local authorities

- Establishment of local taxes and fees. Giving local authorities greater autonomy in setting the rates of local taxes, fees and benefits, taking into account the specifics and needs of the local community.

- Development of local tax policies. Creation of own strategies and plans for the development of taxation at the local level, taking into account the economic and social conditions of the region.

2. Transparency and accountability

- Disclosure of information. Ensuring the transparency of the tax administration process through the regular publication of information on the receipt and use of tax funds.

- Public discussions. Organization of public discussions on the establishment of tax rates and the introduction of new taxes, which allows taking into account the opinion of citizens in the decision-making process.

3. Public control

- Public councils. Creation of public councils or committees on tax administration at local authorities, which will ensure public control over this process.

- Feedback tools. Implementation of mechanisms for collecting and processing feedback from citizens regarding the quality of tax administration, in particular through surveys, public hearings and electronic platforms.

4. Advanced training and education

- Training programs for officials. Organization of regular training courses and seminars for employees of local authorities in order to increase their competence in the field of tax administration.

- Informing citizens. Conducting information campaigns for citizens about their rights and obligations regarding the payment of local taxes in, as well as about the importance of their contribution to the development of the community.

5. Use of modern technologies

- Electronic administration. Implementation of electronic tax administration systems that simplify the process of submitting declarations, paying taxes and accounting.

- Online platforms. Development of online platforms for citizens where they can get information about local taxes, submit declarations and pay taxes.

6. Financial incentives and benefits

- Local tax benefits. Establishment of local tax benefits for certain categories of taxpayers, which will stimulate the development of business and socially significant projects at the local level.

- Financial incentives. Introduction of a system of financial incentives for communities that demonstrate high rates of collection and effective use of local taxes in.

7. Intermunicipal cooperation

- Joint projects. Initiating joint projects between neighboring communities to optimize tax administration, share experiences and share resources (Bondaruk, 2008).

- Advisory groups. Creation of advisory groups from representatives of different communities to discuss and solve common problems in the field of local taxation.

8. Involvement of the business community

- Public-private partnership. Development and implementation of models of cooperation between local authorities and business to improve the administration of local taxes.

- Consultations with entrepreneurs. Regular consultations with representatives of the business community to take into account their suggestions and comments on tax policy at the local level.

These mechanisms and tools will contribute to the more active involvement of local communities in the process of tax administration, increasing the efficiency of their collection and use, as well as the development of financial autonomy and transparency of local self-government (Garcia, M., & Martinez, L. (2018).

The international experience of local tax administration demonstrates a variety of approaches and practices that can be useful for improving the system of local tax administration in Ukraine. A review of models and practices in different countries allows us to identify successful examples that can be adapted to Ukrainian realities (Formation of local budgets: foreign experience, 2011).

1. The United States

- Administration model. In the United States, the system of local taxes is highly decentralized. Local governments (counties, cities, towns) have the right to impose various types of taxes, such as property tax, sales tax, income tax, car tax, etc.

- Administration practice. The use of modern technologies for assessing the value of

property and collecting taxes. There is also a high level of transparency and accountability to citizens through the publication of budgets and reports.

2. Canada

- Administration model. In Canada, local taxes are also administered at the municipal level. The main local taxes are real estate tax and municipal fees.

- Administration practice. Carrying out regular revaluation of real estate to ensure fair taxation. Involvement of citizens in the discussion of local budgets and tax rates.

3. Great Britain

- Administration model. In Great Britain, local councils have the right to set property tax (Council Tax), which is the main source of funding for local services.

- Administration practice. Use of electronic systems for administration and payment of taxes. Development of detailed manuals for citizens explaining the taxation process.

4. Germany

- Administrative model. In Germany, municipalities have the right to set several types of local taxes, including property tax and business tax.

- Administration practice. High level of coordination between federal and local authorities. Implementation of mechanisms to reduce the tax burden on small businesses.

5. Sweden

- Administration model. In Sweden, municipalities have the right to set local income tax, which is the main source of local income.

- Administration practice: High degree of automation of tax collection processes. Active participation of citizens in the budget process through public hearings and electronic platforms.

6. France

- Administration model. In France, local authorities can impose different types of taxes, including property tax, residence tax, and business tax.

- Administration practice. Use of complex information systems for tax administration. Special support programs for small businesses and startups.

Conclusions

Key aspects for borrowing:

Decentralization and autonomy. Giving local communities more power to set and administer local taxes.

Modern technology. Use of electronic systems for assessment, collection and control of payment of local taxes (Kmit & Vovchansky, 2018).

Transparency and accountability. Ensuring open access to information on the receipt and use of tax funds.

Public participation. Involvement of citizens in discussion and decision-making regarding local taxes (Babin, 2018).

Simplification of procedures. Simplification of tax calculation and payment processes to reduce the administrative burden on taxpayers and authorities.

Adapting these aspects to Ukrainian realities can contribute to increasing the efficiency and transparency of local tax administration, which, in turn, will ensure stable revenues to local budgets and the development of local communities (Johnson, T. (2017).

The results of the study proved that the system of administration of local taxes in Ukraine needs significant improvements. The main results of the study include:

Identification of problems. The main problems faced by the local tax administration system were identified, in particular, insufficient transparency and accountability, high level of bureaucracy, complexity of procedures for taxpayers and insufficient flexibility in setting rates and benefits.

Analysis of legislation. The analysis of the current legislation on the administration of local taxes made it possible to determine the main norms regulating this process and to identify gaps and contradictions in it (Dumchikov, 2018).

International experience. Studying the international experience of local tax administration made it possible to identify best practices and innovative approaches that can be applied in Ukraine to improve the system.

The author's personal contribution consists in a careful analysis of scientific literature, legislation and practice, as well as in the formulation of specific proposals and recommendations for improving the system of local tax administration in Ukraine.

The study of local tax administration is a relevant topic for many scientific studies and publications (Popova, 2018). Previous studies usually focus on aspects such as legal regulation, financial decentralization, the efficiency of the administration system and its impact on the development of local communities.

Some researchers have examined the effectiveness of current local tax administration procedures, in particular, the quality of service to taxpayers and the level of corruption in this area. Others focused on examining the legislative environment and determining its impact on system effectiveness. In addition, some researchers have investigated the relationship between the administration of local taxes and the level of economic development of local communities (Khibok, 2009).

However, an aspect that may not have been sufficiently explored in previous research is the issue of involvement of local communities in tax administration. This means not only consideration of the impact of administration on the local communities themselves, but also the active participation of citizens in the administration process, which may include involvement in budget planning, monitoring of expenditures, and control over the use of tax funds. Such an approach can contribute to increasing efficiency and responsibility in the management of local finances.

CONCLUSION

As a result of the conducted research, the following conclusions can be drawn:

The current state of the local tax administration system in Ukraine: The study found that the local tax administration system in Ukraine has significant problems, such as insufficient transparency and accountability, high levels of bureaucracy and complex procedures for taxpayers.

Analysis of current legislation and regulations. The legal acts regulating the administration of local taxes in Ukraine were analyzed, and gaps and contradictions in the legislation were identified.

International experience. The study of international experience made it possible to identify

best practices and innovative approaches to the administration of local taxes that can be used in Ukraine to improve the system.

Suggestions for improvement. On the basis of the obtained results, specific proposals for changes in legislation and regulations aimed at improving the system of local tax administration were developed.

Final conclusions. The findings of the study indicate the need for further reforms and measures aimed at improving the system of local tax administration in Ukraine, taking into account best practices and international experience.

The obtained results have important practical significance for the development and implementation of effective measures to improve the local tax administration system in Ukraine. Also, they can serve as a basis for further scientific research in this field and contribute to the further development of the scientific base on issues of financial management at the local level.

RECOMMENDATION

These article materials may be useful to a wide range of interested individuals and organizations, including:

State institutions and local self-government bodies. The results of the study can be useful for officials in state administration and local self-government bodies, who are responsible for the development and implementation of policies in the field of local tax administration.

Scientific community. The results of the study can be useful for scientists who are interested in the problems of financial management and administration of local taxes, and can serve as a basis for further research in this field.

International organizations and donor institutions. The results of the study can be useful for international organizations and donor institutions that provide support to Ukraine in the implementation of reforms, including reforms in the field of financial management and tax administration.

Public organizations and the expert community. The results of the study can be useful for public organizations and experts in the field of financial management and anti-corruption, who are working to improve the transparency and efficiency of the tax administration system.

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