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## INTERBUDGETARY TRANSFERS AS AN TOOL OF FINANCIAL EQUALIZATION OF REGIONS

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Interbudgetary transfers in modern realities occupy an extremely important place in the system of budgetary regulation. Therefore, first of all, it should be done a theoretical analysis of this category. It should be noted at once that the terms «official transfers» and «interbudgetary transfers» are synonymous. The adoption of the Budget Code of Ukraine in 2010 began to use the term «interbudgetary transfers», but the theory still uses another as well. In addition, modern statistical reporting still uses the term «official transfers».

The most complete idea of the concept under study can be obtained by analyzing its definition of different scientists. Thus, the definitions of «interbudgetary transfers» are given in Table 1.

Table 1 – Definitions of «interbudgetary transfer»

Author	Definition
Paragraph 32 of Article 2 of the Budget Code of Ukraine	«Funds that are transferred free of charge and irrevocably from one budget to another» [1].
Sidor I. P.	«Budget funds that are transferred from one budget to another free of charge and non-refundable in order to prevent discrepancies between the amount of budget funds and the powers assigned in the process of division of competencies and responsibilities» [2].
Bondaruk T. G.	«Form of implementation of the principles of interbudgetary regulation; a tool for formulating budget policy and process in the framework of the transfer of powers between budgets in terms of resource use» [3].
Kazyuk Y. M.	«Component of relations between budgets, which is an element of stabilizing the economy of regions by equalizing the budget and the implementation of various programs» [4].

Marshuk L. M.	«Financial mechanism implemented to avoid disparities in the resource provision of regions, maintain their balance and create favorable conditions for development through the instrument of interbudgetary relations» [5].
Tsipura V. L.	«An instrument of financial relationships between economic entities» [6].
Kravchenko V. I.	«A tool for organizing state regional policy. At the same time, certain types of interbudgetary transfers (dotation, subsidies, subventions) act as instruments of interbudgetary relations aimed at regulating local budget revenues»[7].

A systematic analysis of these definitions suggests that interbudgetary transfers are a financial mechanism, which is a free and non-refundable transfer of funds from one budget to another, in order to ensure the financing of expenditures in the declared amount and for socio-economic development of territory.

Like any institution, interbudgetary transfers exist to perform specific tasks and the functions assigned to them. «Thus, among the functions of interbudgetary transfers are:

- allocation (consists in the implementation of financial support of powers, by financing public needs in a particular territory);
- redistributive (implementation of financial equalization by redistribution of financial resources between territories);
- regulatory (ensuring the practical implementation of the economic potential of the territory);
- administrative (instrument of influence on local governments) [8];
- equalizing (creation of more equal financial support of different territories regardless of their potential);
- stimulating (creation of a message aimed at improving the activities of local authorities to increase their budget revenues);
- economic independence of local budgets (approaching the situation of independence of local budgets from transfers by being able to independently finance expenditures);
- optimal implementation of budget allocations;
- stability in obtaining resources.

Simultaneously with the study of the category of interbudgetary transfers, it may be suggested that, in fact, their existence is a manifestation of inefficient fiscal policy in the state as a whole. That is, if you ensure a more rational distribution of revenues between different budgets and in certain amounts, you can get rid of the institution of interbudgetary transfers.

At the same time, in our opinion, the existence of interbudgetary transfers, even in the context of decentralization policy development, is necessary. This is due to the fact that the redistribution of revenues within the state and the provision of minimum standards in all regions is more effective if it is done by the central government (government and parliament), given that local budget revenues are in

many cases insignificant and unstable, in particular due to the constant internal (seasonal) and external migration of taxpayers.

On the other hand, for example, the provision of public services at the local level is more effective if they are provided by local authorities (for example, through the operation of Centers for the provision of administrative services at local governments). However, such efficiency requires significant financial costs. Therefore, the combination of good governance by delegating certain functions and ensuring adequate funding is done through interbudgetary transfers.

That is, the main reason for using this institution is the purpose of covering the imbalance of the budget system. It is necessary to note that interbudgetary transfers should not be an end in themselves of fiscal policy, which is manifested in the refusal to reduce expenditures or increase the rates of certain taxes. On the contrary, interbudgetary transfers should be used for a specific purpose and to maximize fiscal policy outcomes. Otherwise, it will create even greater gaps between revenues and expenditures, as well as discourage effective management of local government.

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