

Revenue Analysis of Self-governing Regions in the Slovak Republic

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Abstract

Management process and decision-making processes are at the regional level strongly bound to the volume and structure of regional income sources. This fact is so an important determinant in terms of regional government spending policies. Budget revenues play an important role in the region's economic and social development. Decline in countries' economic performance due to exogenous factors, such as the crisis, do represent a threat to the regional budgets as the decrease in the volume of funds received. Therefore analysis of the income development is still actual research topic. The main subject of this paper is the development analysis of Slovak HTUs revenues during the period 2007 – 2012. The analysis focuses on the Slovak HTUs' revenue volume and structure changes identification using of the analytic and synthesis methods. Tax revenues with the highest share on total regional income play an important role in the public budget system, therefore are the main and sub objectives of this paper aimed on the analysis of the tax revenues development, in particular revenues from personal taxes and motor vehicle taxes. This paper has been prepared as part of the project VEGA 1/1195/12 "Strategic Interaction of Slovak local governments in determination of the tax rates."

Key words: Higher Territorial Unit (HTU), Revenue Analysis, Tax Revenues, Crisis Period.

JEL Classification: H70, H71

1 Introduction

The financial and economic crisis had significant affect to all EU countries, regardless of their economic maturity. Several studies carried out to identify the impact of the crisis (Nuti, 2009; Koyama, 2010; Koopman a Székely, 2009; Furceri a Mourougane, 2009; Barlett and Prica, 2011 and other) have confirmed that the consequences of the crisis are manifested in all areas of the real economy and have a significant negative impact. Decline in countries' economic performance due to exogenous factors, such as the crisis represents a non-marginal threat to the public budget system by the reduction in the volume of received funds and by an increase in expenses related to economic growth support. Increased financial demands enrolled to cover the needs of all government levels' public budgets can increase even more, or end in deepening of fiscal imbalances. Therefore analysis of the budgets' revenues development is an actual research topic.

The negative impact of the crisis in the Slovak Republic (SR) has spread through all levels of government, at its peak level in 2009. The emergence and forthcoming deepening of the crisis affected the economic development at the regional level and has led to changes in the volume and

structure of territorial units' revenues budgets. Even though the development of tax revenues, that have the highest share on regional revenues, has been affected by the economic cycle at a much lesser extent had the crisis a significant impact on the regional performance, self-financing ability and economic stability.

The analysis examines the development of self-governing regions' revenues in the Slovak Republic during the period 2007 - 2012 with an emphasis on the crisis period. The analysis is also focused on budgets' tax revenues, which represent the most important source of budget revenues to any level of government. Based on the Nomenclature of Territorial Units for Statistics (NUTS) has been the subject of the analysis territorial units of NUTS 3 regional level, which are in the Slovak conditions represented by 8 self-governing regions. Analysis has assessed the situation in the fiscal management and development trend of self-governing regions on the revenue side, allowing to compare revenues development in the pre-crisis period with the crisis years, with identification of changes in the budgets' revenues volume and structure. The analysis has highlighted the impact of government revenues consolidation efforts on regional government.

The structure of the paper is as follows: after the introduction the second chapter presents the theoretical aspects of self-governing regions and its budgetary management according to existing legal framework. The third chapter describes the data and methodology that has been used in the analysis and the fourth chapter presents revenue analysis of self-governing regions in the Slovak Republic in logical order. Given the importance of tax revenues in the public budget system, the fourth part of the research provides quantitative analysis and an overview of self-governing regions tax revenues development structured according the Act No. 582/2004 Coll. (Motor vehicle tax) and the Act No. 564/2004 Coll. (Tax on individual income). Finally, the fifth chapter of the article summarizes the research findings.

2 HTUs' Revenue Analysis in the Slovak Republic

2.1 Data and methodology

Subject of this research has been the self-governing regions' revenues development in the SR during the period 2007 - 2012 with an emphasis on the crisis period. The analysis was focuses on the total revenues' volume and structure changes identification. Given the importance of tax revenues in the public budget system has been the development of self-governing regions' budget tax revenue volume and structure during the period 2007 – 2012 examined.

For processing of the theoretical definition of regional self-government within the public budget system in the SR, were secondary information sources as the scientific literature of domestic and foreign origin and basic legal standards in the field of regional self-government, used. The information gathered was reviewed and systemized using methods of comparisons and synthesis. For changes in the volume and structure of self-governing regions' budget revenues identification, were secondary data from the financial accounts of the public administration of the Slovak Republic gathered. The analysis was based on actual implementation of the of the HTUs budget policy. In the period of 2005-2010 it deals with consolidated results According to ESA 95. The structure of Slovak final budgetary accounts has changed since 2010 and according to §

29 of the Act No. 523/2004 Coll. on budgetary rules of public administration, the exact information of HTUs tax revenues are not subject of this document. For years 2011-2012 the analysis presents cash budgeting system of the higher territorial units.

The main method of this research had been analytic-synthetic methods. Statistical analysis of secondary data has been secured using mathematical and statistical methods supported by statistical programs and software such as MS Excel and SPSS Base. For fulfilling the research objectives general research methods as analysis, comparison, induction, synthesis, statistical methods, in the form of descriptive statistics, and other graphical and numerical methods were used.

2.2 Theoretical aspects of regional government and its budgetary management

Theoretical definition of self-government is in a broad spectrum of works of domestic and foreign experts such as Peková, Klimovský, Sedláková, Nižňanský, Žárský, Hamalová, Jílek, Hamerníková and Maaytová, Provazníková and other defined. According to these authors, local self-government can be defined as a separate and independent management of its own affairs, governance in a territory smaller than state based on the statutory scope and economic conditions (Grůň, Pauličková and Vydrová, 2005). Structure of local government may differ in countries and takes into account several factors like type of the state system, historical traditions, and countries' efforts for public administration systems' modernization (Provazníková, 2007). The system of public administration in the Slovak Republic include three subsystems: general government, local government and public corporations subsystem (Klimovský, 2008). Local government structure consists of two activity levels; the local one and regional one (Šofrancová, 2007).

Regional government in the Slovak Republic is one of the youngest forms of government. Its scope and structure is closely linked to the management and guidance of territorial units of hierarchically higher level as the local one, but at a lower level than the national (Hamalová, 2008). The emergence of regional government has been mainly influenced by efforts for better utilization of public resources according to local requirements and population preferences. The aim was to educate citizens, create conditions for the emergence of regional governments and confer on them the responsibility for economic and social development of the area (Hamalová, 2007).

According to Act No. 302/2001 Coll. on the self-governing regions, the Higher Territorial Units (HTUs) are the main actors at the regional level that are responsible for the development of its territory. HTU represents the interests and preferences of the regions' citizens, acts in regional public interest, defends those interests against the state, against other regions, border regions and coordinates the activities of municipalities (Peková, Pilný and Jetmar, 2008). The role of the regional government is to ensure the fulfillment of various tasks, original and transferred competencies in the region and provide public goods to its citizens. Its relative autonomy and independence from the state provides its own budget, through which it pursues its activities (Act No. 302/2001 Coll.). Funding of HTU is governed by § 9 of the Act. No. 302/2001 Coll. and Act No. 583/2004 Coll. In accordance with existing legal rules Autonomous Region fund their activities from their own revenues, subsidies from the state budget and from other sources such as money market funds, income from the business activities, from repayable sources of financing and associated resources (Grůň, Pauličková and Vydrová, 2005). The main instrument for

financial management is its budget, in accordance with the Act No. 583/2004 Coll. internally divided into the current budget, capital budget and financial revenue operations. In line with the aim of the article, which is to analyze the development of HTUs' revenues is to be noted that according to Act No. 416/2001 Coll. on the transfer of certain responsibilities from state administration to municipalities and Higher Territorial Units led to a differentiation of local government competencies to original competencies and transferred competencies, which has to be financed from at least two different revenue sources. Original competencies are financed from HTU's own budget, in particular through its own revenues according to § 6 par. 3 of Act No. 583/2004 Coll.

The subject of research have been the tax budget revenues, which are one of the most important sources of revenues to any level of government (Salami, 2011). Tax revenues are key revenues of Higher Territorial Units. They are considered also as an economic instrument to control its area (Sedláková, 2012). Under the Act No. 582/2004 Coll. on local taxes and fees for municipal waste and construction waste its local taxes that constitutes the real, own income of the local self-government. Local authorities are responsible for their implementation, the tax base, rate, exceptions and their management.

Since 2005 it has been local self-government itself who has been deciding on distribution and usage of funds coming from proportionate tax and motor vehicle tax income.

Personal income tax is crucial to the tax burden of taxpayers in the field of direct taxation. This tax is applicable to almost all income of the taxpayers (individuals and corporations under general law) either cash or non-cash. The personal income tax is regulated by Act No. 595/2003 Coll. on income tax. This tax belongs to proportionate tax group. It is considered as appropriate to use proportionate taxes as regional self-governing budget revenues. Application of these taxes contributes to the growth of financial independence and elimination of differences in tax revenues among smaller territorial units. The advantage of proportionate taxes is their ability to ensure the stability of the tax revenues of local self-governments, increase financial independence of local self-government's budgets and to increase competency powers of self-governments when deciding on tax revenues usage. Taxes of this type provide independence in the field of tax collection and their centralised collection and administration can decrease administrative costs on managing and collection of these taxes. The state does not allow local self-governments to set their own rates for these types of taxes i.e. it cannot decide on incomes and expenses, because increase of expenses of the individual self-government does not have direct impact on the amount of taxes in its territory. Concerning these taxes local self-governments do not have any powers, since tax rates as well as share on the revenues are determined by the central government (Nižňanský, 2009).

Motor vehicle tax is a local tax, which is a tax with direct income into the local higher territorial unit's budget. Tax is regulated by the Act No. 582/2004 Coll. on local taxes and fees for municipal waste and construction waste, as amended. It is a facultative tax which may be introduced by generally binding regulation of the HTUs. Tax rates on motor vehicle taxes are reviewed and determined on a yearly basis and Higher Territorial Units declare them in their generally binding regulations. Tax administration is carried out by tax authorities. Higher Territorial Units may not alter the terms and rates on motor vehicle tax during the tax year. In addition to the introduction of this tax, Higher Territorial Unit has the legal competence to

determine conditions for exemption or reduction to the extent provided in § 86 of the Act on local taxes and determine tax rate for commercial vehicles and passenger vehicles separately.

2.3 Development of total and tax budget revenues of self-governing regions in the SR

Slowdown in the growth of total public revenues, which at the end of the pre-crisis years (2000-2007) amounted to 11% dropped in 2009 and reflected a significant decrease of 6.05% (Mihóková and Jakubíková, 2013). During the crisis period (2008-2012) there was a reduction in government's total tax revenues in their absolute value and a reduction in their share of the total revenues by more than 1.32 billion Euro (4.13% of total revenue). There was a decrease in the field of direct taxation (reduction in the proportion of tax revenues by 3.61%) and indirect taxes (reduction in the proportion of tax revenues by 4.15%) (Mihóková, 2013).

Negative impact of the crisis is visible also at the state government level. Analysis of the state budget revenues development confirmed that significant changes in the revenue's amount were recorded mainly in 2009. In the given year, comparison to the previous growth period (2007 - 2008) a decrease of total revenues by 7.1% (10,541 mil. Euro) is present. Between years 2009 and 2010 there was a decline in tax revenues (at the level of 7,962 mil. Euro in 2010) (Dráb and Mihóková, 2013).

The crisis had a significant impact on the HTUs' economic performance and their self-financing ability. The decrease of regional GDP was present in all regions in 2009 (with an average decrease of 7.2%). In line with an unemployment rate of an average 12.5% for all regions there were significant changes present in HTUs' budgets. The biggest changes were in current budget components, in tax and non-tax revenues, as well as in grants and transfers. The decrease of non-tax revenues (a fall by 1,030 mil. Euro) was not as serious as a decrease of tax revenues. This was a consequence of an increase in administrative fees (a raise by 1,265 mil. Euro), a slight decline in business revenues and revenues from property ownership (a decrease by 594 thousands of Euro) and an interests from domestic and foreign loans (a decline by 1,881 mil. Euro). The increase of grants and transfers significantly contributed to the current budget revenue's growth, which increased in year 2010 and reached the highest level during the monitored period (445,110 mil. Euro).

Tab. 1 Budget revenues of self-governing regions in the SR (in mil. Euro)

Revenues of HTU	2005	2006	2007	2008	2009	2010	2011	2012
CURRENT BUDGET REVENUES	751,179	839,7874	899,073	949,443	1010,652	961,732	1016,73	1019,186
Tax revenues	388,232	437,453	477,697	508,3549	529,297	451,432	523,985	535,727
Non-tax revenues	42,24656	49,12954	56,054	61,28592	60,256	65,19	71,902	72,972
Grants and transfers	320,6996	353,2042	365,3223	379,8015	421,0993	445,11	420,843	410,487
CAPITAL BUDGET REVENUES	35,16385	17,909	21,40344	46,07316	23,809	67,816	72,026	81,698
REVENUE FINANCIAL OPERATIONS	28,68771	45,368	115,632	199,6847	144,323	93,503	226,496	84,366
TOTAL REVENUE	815,031	903,064	1036,108	1195,201	1178,784	1123,051	1315,252	1185,251

Source: authors; based on the National accounts of Public Administration of the Slovak Republic

Tab. 2 illustrates descriptive statistics of individual components of current budget revenues: tax revenues, non-tax revenues and grants and transfers, which indicate the variability rate of each tax using its corresponding variation spread and standard deviation.

Variability of HTUs budget tax revenues measured by standard deviation represents 52520.586. Given the condition of unimodal near symmetrical distribution fits of interval $481\,522 \pm 52\,520.586$ about 68% of the tax revenue of the current budget. Standard deviation of non-tax revenues is 10 605.87375 and in interval $59880 \pm 10\,605.87375$ is about 68% of non-tax revenue of the current budget. Variability of grants and transfers is 41 821.5289, which means that the range 389570 ± 41821.52 absorbs about 68% of revenues in the form of grants and transfers. Variability of income as measured by standard deviation indicates that income with relative homogeneity of the HTUs budget refers to particular grants and transfers, as well as tax revenues. Low variability of tax revenues may indicate that the development of tax revenues at the regional level is subject to economic impact in a much lesser extent.

Variability of revenues measured by variation range indicates that tax revenues recorded during the analysed period the highest falls and peaks comparing to other tax income sources. Tax revenue variability rate of motor vehicles tax ranged from 80150.04 to 135000. Revenue from personal income tax has a higher homogeneity of variation with a range of 133000. For non-tax revenues resulting values of variation range indicate very low variability especially in income from interest from foreign loans, transfers and deposits as well as interests from domestic loans, deposits and transfers. Much greater differences exist in income from administrative fees and revenues from business and from property title (Tab. 2)

Tab. 2 Descriptive statistics of current budget revenues

Descriptive Statistics						
	N	Range	Minimum	Maximum	Mean	Std. Deviation
TAX REVENUES	8	147495	388232	535727	4,82E5	52520,586
Individual income tax	8	1,33E5	2,95E5	4,28E5	3,6878E5	45300,11115
Tax on motor vehicles	8	5,45E4	80150,04	1,35E5	1,1275E5	19072,64263
NON-TAXES REVENUES	8	3,07E4	42246,56	72972,00	5,9880E4	10605,87375
Revenues from business and from property title	8	5868,39	1982,61	7851,00	5,4255E3	2222,79840
Administrative and other fees	8	2,33E4	37287,96	60570,00	4,8285E4	8482,62778
Interest from domestic loans, transfers and deposits	8	2878,85	331,00	3209,85	1,3665E3	1017,99782
Interests from foreign loans, transfers and deposits	8	226	0	226	45,99	80,023
Other non/tax revenues	8	4241,85	2021,84	6263,69	4,7570E3	1243,06348
GRANTS and TRANSFERS	8	1,24E5	3,21E5	4,45E5	3,8957E5	41821,52589
Valid N (listwise)	8					

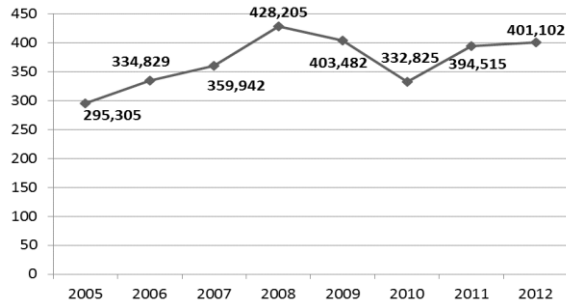
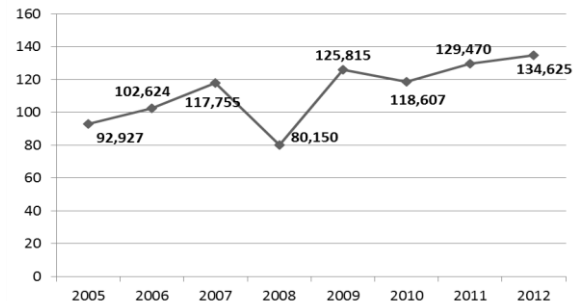
Source: own calculation; processing in SPSS

Development of tax revenues is illustrated on Fig. 1 and Fig. 2 and in Tab. 3. Tax revenues of HTUs during the reporting period (2005-2012) were increasing. The exception was year 2009 and 2010 where there was a fall in tax revenues compared to previous years. In the development of tax revenues: personal income tax and motor vehicle tax among HTUs are some differences, which are analyzed in the next section.

Tab. 3 Tax revenues of self-governing regions in the SR (in mil. Euro)

	2005	2006	2007	2008	2009	2010	2011	2012
TAX REVENUES	388,232	437,453	477,697	508,355	529,297	451,432	523,985	535,727
Individual income tax	295,305	334,829	359,942	428,205	403,482	332,825	394,515	401,102
Motor vehicles tax	92,927	102,624	117,755	80,150	125,815	118,607	129,470	134,625

Source: authors; based on the National accounts of Public Administration of the Slovak Republic

**Fig. 1 Personal income tax of HTUs in mil. Euro****Fig. 2 Motor vehicle tax of HTUs in mil. Euro**

Source: authors; based on the National accounts of Public Administration of the Slovak Republic

Personal income tax (PIT) for HTUs is governed by Act No. 564/2004 Coll. on budgetary determination of income tax revenue to the local self-government. The aim of the Act was to create a legal framework for the implementation of the objectives of fiscal decentralization while ensuring the transparency and fairness. The Act regulates the budgetary remittance dates, method of distribution and remittance of personal income tax excluding income tax, which is levied by deduction, to the budgets of municipalities and higher territorial units. Redistribution of the total income tax revenues between the state, municipalities and higher territorial units provides § 2 of Act No. 564/2004 Coll. According to this act 70.3% of personal income tax revenues are redistributed to municipalities, 23.5% to higher territorial units and remaining 6.2% to state.

In year 2012 the government approved a draft law which amends and supplements Act No. 595/2003 Coll. on income tax, and amends supplements the Act No. 564/2004 Coll. on budgetary determination of income tax revenue to the local self-government. The aim of this Act is to maintain an efficient, simple and neutral tax system of income tax as well as the consolidation of public finances. Main modification in this act is the change of share on personal income tax for HTUs which decreased to 21.9%. The draft law has no impact on the general government budget as this concern mutually offset changes of redistribution of tax revenues between the state budget and budgets of local self-governments (Economic and Social Council of the Slovak republic, 2012). Based on the Act No. 564/2004 Coll., in 2006 HTUs budget receives portion of personal income tax amounting to 23.5% of total tax revenue from personal income tax.

Revenues of HTUs from personal income taxes during the reporting period (2005-2012) were increasing. In 2006 revenues from income taxes transferred to the HTUs budgets accumulated to 334,829 mil. Euro, which is about 39,524 mil. Euro more than in 2005. In 2007, according to HTUs financial statements, 359,942 mil. Euro in personal tax revenues was transferred to HTUs budgets from total tax revenues 477,697 mil. Euro, representing almost 75% share. In 2008,

revenues from personal tax transferred to the HTUs budgets increased by 68,263 mil. Euro to a total sum of 428,205 mil. Euro.

The impact of the crisis was reflected in years 2009 and 2010 mainly by negative influence on labor market (there was an increase of unemployment rate, an average of unemployment rate was 12.5% for all self-governing regions) and by stagnation of wage levels, which form the basis for income. Due to these influences there was a significant reduction in revenues from personal income tax (PIT), that illustrates Tab.3. In 2009, the total tax revenues were 529,297 mil. Euro. Revenues from personal income tax were 403,482 mil. Euro what is a decrease of 24,723 mil. Euro. In 2010, tax revenue accumulated to a total amount of 451,432 mil. Euro. Tax revenues from personal income reached to 332,825 mil. Euro, what represents 73% of total tax revenues. Along with the decline in total tax revenues a significant decrease in income tax revenues of 70,657 mil. Euro was recorded.

In 2011 and 2012 an upward trend in revenues from personal income tax can be traced, with an average annual growth rate of 10%, what contributed to an increase in total tax revenues in HTUs budgets in the SR to 523,985 mil. Euro in 2011 and to 535,727 mil. Euro in 2012. In year 2012 the above mentioned change in the share of the personal income tax revenues has occurred. According to this increase, even if the share on tax for HTUs was set lower in 2012, the portion has been calculated from the higher amount. As a result have the HTUs from year to year slightly higher income. We can predict a similar trend also during the upcoming years in connection with this claim.

Motor vehicle tax is a direct income into the local budget of self-governing regions. Commercial vehicles tax rate is determined by the total weight and number of axles differentiated for motor vehicles and towed vehicles. Passenger vehicles tax rate is determined by the engine capacity in cm³. The HTUs document generally binding regulation is a necessary document, without which it is not possible to calculate the tax liability on the tax declaration, respectively to estimate the tax amount for the next year. Businesses, using their motor vehicles for achieving income and want include those related costs to reduce their tax base, must pay motor vehicle tax.

Revenues of HTUs from motor vehicles tax during the monitored period (2005-2012) were increasing. Revenues from motor vehicles tax increased in 2006 over 2005 by more than 9 mil. Euro. In 2007 according to financial statements revenues from motor vehicle tax accumulated to 117,755 mil. Euro. In 2008 the revenues reached 80,150 mil. Euro. In comparison with the previous year, decrease by 37,605 mil. Euro was recorded. This decrease could be the result of changes in the tax payment method announced in the act amendment. The change in motor vehicle tax was, that since year 2009, the motor vehicle tax is paid retrospectively, not in advance as in previous years. This means that in year 2009 tax for previous tax year 2008 has been paid. HTUs so changed to the system of additional settlement, same as for health insurance charges. The result of the tax clearance is then reflected in the tax declaration, which needs to be submitted every year by the end of January. These substantial changes were brought by the latest amendment to the Act on local taxes and fees effective as of December 1st 2008. Another novelty says, that the tax is not being repaid additionally, however the tax repayments have been replaced by quarterly and monthly advances.

The total tax revenues increase in 2009 for 20,9 mil. Euro that could be the result to a high share of revenues from motor vehicles tax in total to 125,815 mil. Euro. Despite the fact that was 2009 year the crisis year, this increase (an increase by 45,665 mil. Euro compare to previous year 2008) could be the result of legislative changes in the tax payment method in connection with the amendment of the corresponding act. In 2010, behind decrease in total tax revenues by more than 77 mil. Euro and decrease in personal income tax by more than 70,657 mil. Euro, there was a slight decrease by 7,208 mil. Euro in revenues from motor vehicles tax recorded. In 2011 and 2012 an increasing trend in revenues from motor vehicle tax was recorded. In 2011 the revenues increased by 10,863 mil. Euro and in 2012 increased by 5,155 mil. Euro.

After the analysis of HTUs' total budget revenues during the period 2005-2012 can be stated that negative economic development during the crisis years 2009 and 2010 affected budget revenues volume of self-governing regions by a downturn of total budget revenues of 43,92 mil. Euro in 2009. In terms of HTUs' budget structure there were negative changes mainly in components of current budget, which represented the largest share of total revenues (an average of 85%). The decrease of non-tax revenues (a fall by 1,030 mil. Euro) in 2009 was not as serious as a decrease of tax revenues (a fall by 77,865 mil. Euro) in 2010. The decrease in these two mentioned components was compensated by an increase of grants and transfers that significantly contributed to the current budget revenue's growth. Despite the fact that volume of tax revenues decreased during the crisis period, the analysis confirmed that tax revenues are key own resource for HTUs. In the pre-crisis period tax revenues represented on average 45.5% share on total HTUs' revenues and 53% share on current budget revenues. During the crisis period 2009 and 2010 its share decreased to 42.5% on total revenues and to 51% on current budget revenues, but in the next years increased its share almost to pre-crisis level. Detailed development of tax revenues components was presented in this analysis. Among the important factors that influenced the development of own tax revenues during the monitored period can be included, besides of negative economic developments, also determinants that are presented in the conclusion.

3 Conclusion

The main objective of this paper was the analysis of the NUTS 3 level territorial units' revenues development, which are in the Slovak conditions represented by 8 self-governing regions during the period 2007-2012 with an emphasis on the crisis period. The analysis was focused on identifying changes in the volume and structure of self-governing regions' revenues and tax revenues development during the analysed period.

Low variability of tax revenues recorded by descriptive statistics may indicate that the development of tax revenues at the regional level is subject to economic impact at a much lesser extent. Impact of the crisis is reflected in 2009 and 2010. During that period, the impact of negative development of the labor market (unemployment rate (on average 13.2%) and a decrease in vacancies in all regions (annual average decrease of 7,630 jobs)) reduced revenues from personal income taxes in HTUs' budgets.

Other important factors that contributed to the development of HTUs revenues can be based on the analysis included:

- the impact of the criteria set for the redistribution of personal income tax revenues among the HTUs in the Act. No. 668/2004 Coll. on the distribution of income tax revenues to local authorities and legislative changes;
- adopted legislative measures, changes in financing conditions and efforts targeted tax approaches that cause widening of the gap between the scope of responsibilities and objectives of local governments and their funding opportunities from its own resources;
- the impact of anti-crisis measures in an effort to consolidate public budgets, and thus the lack of funds to finance powers conferred by the state (due to the deficit of financial resources);
- the impact of the so-called, political cycle on public budgets and HTUs tax policy consolidation.

The process of decentralized management of regional government is conditioned by the size and structure of HTUs revenues, which is important from the perspective of regional government spending policy. It considers their dependence on the state budget, the tax autonomy and tax policy and the tax profitability. All revenues of regional budgets play an important role in the economic and social development of the region. Analysis carried out in this context could be the basis for further research.

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