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## **WAYS OF REFORMING THE SYSTEM OF INTERBUDGETARY RELATIONS IN THE CONTEXT OF DECENTRALIZATION OF THE BUDGET SYSTEM OF UKRAINE**

### *Summary*

*Topicality.* Formulation of the problem. The reform of inter-budgetary relations is aimed at overcoming fiscal imbalances in the budgets of administrative-territorial units. The mechanism of implementation of decentralization reform has led to a change in the structure of local budget expenditures in terms of increasing the share of delegated powers and highlighted the problematic aspects of financial support for local authorities. Insufficient own stable sources of budgetary resources significantly limit the level of financial independence of territorial communities and do not contribute to the quality of tasks and functions assigned to local governments.

*The aim of the study.* The purpose of the article is to study the problematic aspects of the system of financial equalization of the revenue capacity of local budgets and to outline ways to increase the efficiency of the mechanism for regulating intergovernmental relations in the context of decentralization.

*Methodology.* In the process of research the general and special methods of scientific cognition are used: scientific analysis and synthesis - for theoretical generalization of results of researches of scientists on problems of the mechanism of regulation of interbudgetary relations; system - to reveal the conceptual basis for the formation of intergovernmental relations in a decentralized environment; abstract-logical research method - to substantiate proposals for the introduction of an effective model of financial equalization of the income base of local communities.

*Results.* The article investigates the theoretical foundations and practical aspects of the organization of intergovernmental relations in the context of decentralization. The issue of horizontal financial equalization of tax capacity of local budgets in the framework of the reform of intergovernmental relations is highlighted. The author monitored the impact of intergovernmental transfers on the indicators of financial stability of local budgets of Chernivtsi region for 2018-2019. Ways to increase the efficiency of inter-budgetary relations in Ukraine in order to strengthen the financial self-sufficiency of territorial communities are outlined.

*Practical meaning.* The directions of improvement of the system of inter-budgetary relations are offered for the purpose of reduction of dependence of local budgets on transfers from the state budget, creation of appropriate conditions for performance by local governments and local executive bodies of the functions assigned to them.

*Prospects for further research.* Successful implementation of the reform of the public financial management system on the basis of decentralization requires the identification of areas for ensuring the optimal distribution of revenue sources among all budgets and balancing their financial capabilities. The strategy for the development of the system of inter-budgetary relations in Ukraine should be based on the development of an effective model of budget equalization of revenues of general and special funds of budgets at the local level.

**Keywords:** local budgets, intergovernmental relations, budget revenues, intergovernmental transfers, decentralization, budget equalization.

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