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Oksana Desyatnyuk

D.Sc. in Economics, Professor, Rector,
 West Ukrainian National University,
 Ternopil, Ukraine;
 ORCID: [0000-0002-1384-4240](https://orcid.org/0000-0002-1384-4240)

Andriy Krysovaty

D.Sc. in Economics, Professor of the
 Department of Finance named after S.
 I. Yuriy, West Ukrainian National
 University, Ternopil, Ukraine;
 ORCID: [0000-0002-5850-8224](https://orcid.org/0000-0002-5850-8224)

Bohdana Shuliuk

D.Sc. in Economics, Associate
 Professor of the Department of Finance
 named after S. I. Yuriy, West Ukrainian
 National University, Ternopil, Ukraine;
 ORCID: [0000-0001-8692-1983](https://orcid.org/0000-0001-8692-1983)

Fedir Tkachyk

D.Sc. in Economics, Associate
 Professor of the Department of Finance
 named after S. I. Yuriy, West Ukrainian
 National University, Ternopil, Ukraine;
 e-mail: tkachyk.fp@gmail.com
 ORCID: [0000-0002-4783-6919](https://orcid.org/0000-0002-4783-6919)
 (Corresponding author)

Vadym Maslii

Candidate of Economy Sciences,
 Associate Professor of the Department
 of Finance named after S. I. Yuriy,
 West Ukrainian National University,
 Ternopil, Ukraine;
 ORCID: [0000-0002-9672-9669](https://orcid.org/0000-0002-9672-9669)

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EMPIRICAL ASPECTS OF THE INFLUENCE OF THE COOPERATION OF FISCAL INSTITUTIONS ON PROPERTY TAX ADMINISTRATION

ABSTRACT

The purpose of this research is to develop scientific and pragmatic approaches to optimize the interaction of fiscal institutions in the process of administering property taxes to local budgets in Ukraine, considering contemporary realities and international experience.

Results and Conclusions. The article addresses current issues concerning the interaction between government and local authorities in enhancing property tax administration procedures. It substantiates the theoretical determinants of property taxes and highlights their fiscal role within the tax revenue architecture of local budgets in Ukraine and the European Union. An organizational-methodological framework is improved to ensure the administration mechanism of property taxes in Ukraine across key dominants. Using an empirical approach and comparative analysis, the study reveals a positive trend in the share of property tax elements within the structure of local budget revenues in Ukraine. This trend is attributed to fiscal decentralization and cooperative efforts of fiscal institutions in achieving planned property tax revenue targets. First identified the synergistic fiscal effect of further active collaboration among tax authorities, local governments, and taxpayers in the context of forming and updating property registers in Ukraine for taxation purposes based on a value-based approach.

Theoretical and methodical approaches to forecasting property tax revenues to local budgets of Ukraine have been further developed, taking into account fiscal policy trends under martial law and using the «forecasting» module of the SPSS statistics package. This approach made it possible to identify the limited fiscal impact of the real estate tax (excluding land), which does not align with global practices and indicates the incomplete fiscal and regulatory function of this tax in Ukraine.

Based on the research results, measures are proposed to optimize property tax administration procedures in Ukraine, grounded in principles of cooperation, transparency, compliance, digitalization, and the use of fiscal registers (cadasters).

Keywords: fiscal policy, local budget revenues, intergovernmental relations, property taxation, property register, property tax administration, tax revenue forecasting, sustainable development of the state and regions

JEL Classification: E62, H70, R11

INTRODUCTION

A fundamental element of the processes of European integration is the establishment of efficient local government institutions capable of creating and consistently upholding a conducive living environment within communities. This is essential for fostering diverse development, ensuring personal fulfilment, protecting human rights, and safeguarding freedoms. Achieving this necessitates a robust institutional and legal framework for the allocation and delegation of authority between state and local government entities, which should be accompanied by appropriate resource support to facilitate the effective functioning of these territories.

In European practice, the authority to tax property may belong to the central government, regional or local authorities, or both. Typically, a country's constitution or corresponding fiscal regulatory law establishes the main tax powers regarding property tax administration. In most countries, the right to tax property lies with the central government. However, a greater portion of property tax revenue is allocated to local authorities. At the same time, central authorities may grant municipalities certain powers to set tax rates, decide on the approaches used in taxation, and provide property tax exemptions, apart from matters under the national level's jurisdiction.

In the context of ongoing tax policy reforms in Ukraine, significant attention is focused on modifying property tax administration, including transforming the approach to defining the property tax base. Property taxes are generally considered an effective fiscal tool for increasing local budget financial resources in most developed countries, with minimal adverse impact on economic development. However, to ensure optimal and fair property taxation, certain dominant factors must be considered, among which the efficiency of forming and updating public property registries is crucial. In this regard, it is important to regularly update the tax base in line with housing market price developments so that the regular tax accurately reflects the value of assets or consumption services.

An effective process of filling and updating property registries to enable rational approaches to property taxation will be supported by active interaction between tax institutions and local government bodies, as well as their cooperation with taxpayers, leveraging modern information and communication technologies.

LITERATURE REVIEW

In the current search for optimal approaches to property taxation aimed at strengthening the financial potential of local budgets, the activation of scientific research in improving property tax administration plays a significant role (Adeosun, Adebowale, 2022; Bacho et al., 2021; Brunori, 2019; Chugunov et al., 2018; Glushchenko, Kozhalina, 2019; Patytska, 2020; Turley, 2022). These and similar publications address important aspects of enhancing the fiscal role of property taxes through the transformation of tax components (rates, exemptions, tax base, etc.). On the other hand, it is essential to give due attention to international practices in forming property registers and cadasters for the effective and fair taxation of property (Barrios et al., 2019; Caldeira, Ehr, Moreira, 2023; Ionascu, 2020; Propheter, 2024; Unel, Yalpir, 2023; Contribution of The Cadastre to The Welfare State, 2023). Since the effectiveness of tax policy at the regional level depends on the accuracy and timeliness of data contained in real estate registers and land cadasters, this will positively impact the fiscal capacity of local authorities to meet the essential needs of the territorial communities' population.

Modernization trends encourage scientists to explore ways of implementing information systems and technologies in the practice of real estate identification for taxation purposes (Blinova, 2023; Desyatnyuk et al., 2024; Safarov, 2023; Senawi, Osmadi, 2024; Krysovaty et al., 2024). This practice will facilitate the digital transformation of the functioning of state and municipal institutions in the process of optimizing property taxation.

In this context, the cooperation of state authorities, especially tax administrations, with local governments and taxpayers is relevant for streamlining processes of property accounting, calculation, declaration, and payment of property taxes into the corresponding budget. This aspect is reflected in the scientific contributions of both Ukrainian and international scholars and experts (Grover, Walacik, 2019; Horton et al., 2024; Maior, 2004; Lunina, Bilousova, Frolova, 2020; Markuts, Zadorozhny, 2023) as well as in informational and analytical materials (Diagnostics of the Local Taxation System, 2023; Guide to Taxes on Real Estate in Central and Eastern Europe, 2021; Taxation trends in the European Union, 2022; State budget web portal for citizens, 2024).

The informational and factual basis of this article includes official resources from state authorities, regulatory documents, and reference sources on property tax administration by tax institutions and local authorities.

Despite the existing theoretical, methodological, and practical advancements, it is necessary to note that issues of fiscal interaction between state and regional authorities with taxpayers (particularly property owners and users) in the field of property taxation under institutional changes, decentralization of powers, and mitigation of wartime risks in Ukraine remain insufficiently covered. In our time, it is essential to highlight the multifaceted role of fiscal cooperation in building the financial capacity of local budgets through property taxes to strengthen municipalities' competitiveness, improve the investment climate, activate innovative research, raise citizens' quality of life, and create safe living circles for all residents.

AIMS AND OBJECTIVES

The objective is to outline a new paradigm of interaction among fiscal institutions in the process of optimizing property tax administration for local budgets in Ukraine, taking into account international experience.

The main tasks of the scientific research are as follows: to outline the key dominants of property tax administration in Ukraine and the countries of the European Union; to substantiate the specifics of the functional interaction of state authorities and local governments in the process of property tax administration; to determine the projected trends in property tax revenues to local budgets of Ukraine; to deepen regulatory and institutional approaches in the context of updating state registers of property rights for the purposes of effective and fair property taxation.

METHODS

To address the outlined tasks, this study utilizes the following general scientific and specialized methods:

1. Functional Analysis – for examining the fiscal and regulatory roles of property taxes.
2. Structural Method – for evaluating the structure of property tax revenues.
3. Statistical Methods – to analyze the dynamics of property tax revenues within the architecture of budgetary resources and for forecasting purposes.
4. Comparative Method – for studying international experience in property taxation, as well as the formation of real estate registers and cadasters.
5. Generalization, Observation, Induction, and Deduction – for analyzing the causes and factors influencing the effectiveness of fiscal institutions' interaction in the administration of property taxes for Ukraine's local budgets.

RESULTS

Modern trends in the administration of property taxes require modernization solutions in the context of effective implementation of their regulatory and fiscal functions. Property taxes play one of the key roles in increasing the fiscal potential of local budgets in most developed countries of the world. Almost all member states of the European Union tax residential and commercial real estate, as well as land, but now always at the same rate or using an identical approach to determining the tax base or applying preferences. However, in some countries the tax base is more extensive as other types of movable and immovable property are also taxed: vehicles, equipment and facilities, intangible assets, and luxury items (Maior, 2004).

Institutional oversight has revealed that local governments frequently establish rates and gather property tax revenues throughout nearly all phases of their budgetary administration. In the majority of EU member countries, the ultimate rate for at least one standard property tax is established by the municipality responsible for its administration, which also oversees the payment process to the appropriate budget. In such instances, national tax legislation typically stipulates maximum and/or minimum tax rates. The local disposition of property taxes is also demonstrated by the fact that in almost all EU member states the majority of revenues are provided by local authorities, while tax institutions contribute to this process at the stages of accounting, control and working on debt obligations.

Property taxes are primarily a payment for the right of ownership, that is, their existence is determined by the need to tax property. Accordingly, the subjects of taxation should be property owners, but in practice, it is quite popular to define both owners and users as subjects of tax relations. The system of taxation of real property in EU countries, based on the tax classification approaches of the International Monetary Fund (IMF) and the Organization of Economic Cooperation and Development (OECD), includes periodic taxes on real estate and other taxes on property. It is worth noting: «property taxes are paid regularly, annually by the owners of real property, while other property taxes include taxes on the transfer of property and transactions directly related to its rental or sale. In the EU periodic property taxes tend to dominate with 61% of total property taxes in 2022, which is around 1.5% of GDP and 4% of total taxation» (Taxation trends in the European Union, 2022). E. Ionascu appropriately observes «that because real estate taxes are reflected in housing prices, they can play a significant role in stabilizing the housing market and, consequently, contribute to macro-financial stability» (Ionascu, (2020)), which directly depends on the effectiveness of the specialized institutions responsible for the legality of declaring and paying property taxes.

The architectonics of the property taxation mechanism in the domestic practice is generated by such basic elements as goals, tools, subjects, objects, methodological, institutional, regulatory and legal basis etc. (Figure 1).

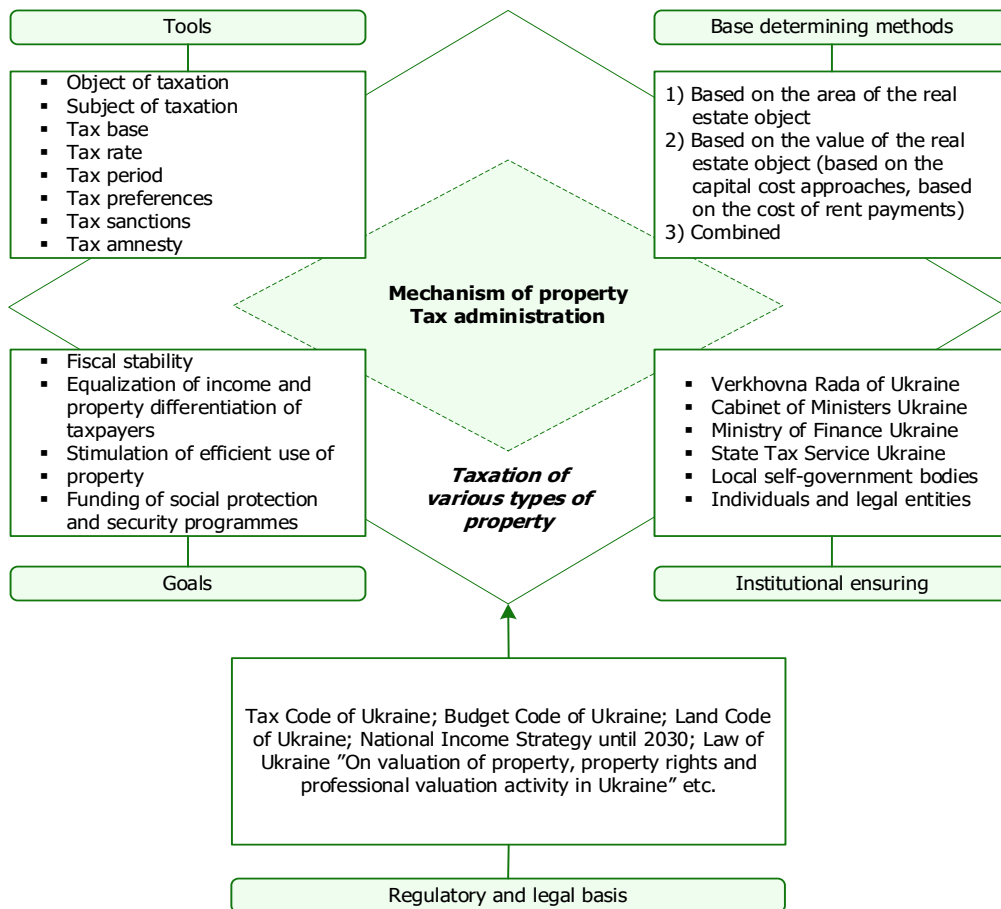


Figure 1. Dominants of property tax administration in Ukraine. (Source: formed by the authors with partial use Desyatnyuk, Tkachyk, Sachenko, Severynenko, Novosad, 2024)

Bodies that perform property assessment and accounting, coordinate and control tax collection process act as economic subjects of the property taxation mechanism. Objects (tools) of the property taxation mechanism are taxes and fees, as well as their elements.

In Ukrainian practice, the property tax consists of a tax on immovable property other than land, a transport tax and land fees (including rent payments). During the period from 2016 to 2023, certain changes took place in the structure of property tax revenues to local budgets in Ukraine (Figure 2).

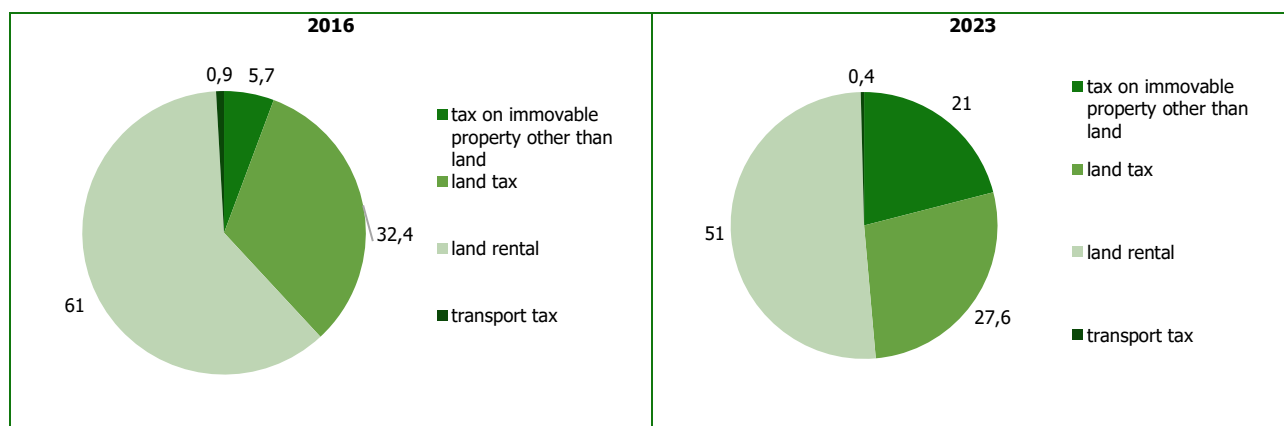


Figure 2. Structural elements of property tax in the context of revenues to local budgets in Ukraine in 2016 and 2023, %. (Source: State budget web portal for citizens, 2024)

Land rent has the largest share, despite a certain decrease from 61% in 2016 to 51% in 2023. Land tax has the same trend: 32.4% in 2016 and a slight decrease in 2023 – 27.6%. The specific weight of the tax on immovable property other than land has increased by almost 4 times: from 5.7% in 2016 to 21% in 2023. The specific weight of the transport tax is insignificant in the overall structure, however, it has decreased by more than 2 times during the studied period: from 0.9% in 2016 to 0.4% in 2023, which does not characterize such dynamics on the positive side, since there is an increase in volumes of purchased passenger cars as objects of taxation of this tax in Ukraine in the last period.

It should be noted that the specific weight of the tax on immovable property other than land was steadily increasing during the studied period; the specific weight of the land tax in 2019 increased by 2.7 percentage points compared to 2016, but its constant decrease was observed thereafter; the rent for the land was reducing until 2021 and during the next two years its specific weight increased slightly; the specific weight of the transport tax, after a slight increase in 2018, was showing a steady downward trend in the following years (Figure 3).



Figure 3. Dynamics of the specific weight of property tax components, 2016-2023, %. (Source: State budget web portal for citizens, 2024)

In accordance with the norms of the Tax Code of Ukraine: «taxpayers for immovable property other than land are individuals and legal entities, in particular, non-residents who are owners of residential or non-residential real estate objects» (Tax Code of Ukraine, 2010). One of the key aspects here is the determination of taxpayers in the case when real estate objects have been shared or joint ownership by several persons. In this case, the taxpayer is each of these persons for their share. Accordingly, the tax base is the total area of the object of residential and non-residential real estate including its shares.

Transport taxpayers encompass both individuals and legal entities, including non-residents, who possess passenger vehicles, which are subject to taxation in accordance with the norms of the Tax Code of Ukraine (Tax Code of Ukraine, 2010). In our opinion, such a concept is debatable, since transport tax, based on its name, should take into account not only passenger cars, since according to the Resolution of the Cabinet of Ministers of Ukraine «On Traffic Rules» a vehicle is a device intended for the transportation of people and (or) cargo, as well as special equipment or mechanisms installed on it (About Traffic Rules, 2001). That is, it is appropriate to pay attention to the fact that it can be any type of transport, not just a passenger car, which is essential for taxation purposes (Chugunov et al., 2018).

According to the Tax Code of Ukraine, the payers of the land fee are the following categories: «owners of land plots, land shares, land users who in accordance with the law have been granted the use of land plots of state and communal property with rights of permanent use, rent payers – land users (tenants) of land plots of state and communal property on lease terms» (Tax Code of Ukraine, 2010).

In the modern conditions of the development of public finances, the cooperation of fiscal institutions in the context of the administration of property taxes has intensified. In our opinion, the institutional provision of property taxation in Ukraine forms the basis for the functioning of the following main groups:

1. State administration bodies (the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the State Treasury Service of Ukraine, the State Tax Service of Ukraine and their respective territorial units etc.).

2. Local self-government bodies (executive bodies of village, settlement, city, district councils in cities).
3. Individuals and legal entities – property taxpayers.
4. Public, consulting and expert organizations, etc.

At the same time, active interaction of such institutions is important: specialized committees of the Verkhovna Rada of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Development of Communities, Territories and Infrastructure of Ukraine, the State Tax Service of Ukraine, the State Treasury Service of Ukraine, local self-government bodies (regional, district, local, settlement, village councils), consulting organizations, taxpayers etc.

Local self-government bodies in cooperation with tax authorities form certain institutional basis in the field of property tax administration in Ukraine, since in accordance with the Constitution of Ukraine they set local taxes and fees. In addition, the Law of Ukraine titled «On Local Self-Government in Ukraine» stipulates that local budgets must be adequate to enable local self-government bodies to fulfil the legal powers conferred upon them, thereby ensuring that residents of the respective communities receive high-quality public services. In particular, local self-government bodies, guided by Art. 26 of the Law of Ukraine "On Local Self-Government" already have certain fiscal competencies, namely:

- consideration of the local budget forecast, approval of the local budget, making changes to it; approval of the report on the implementation of the budget of the relevant community;
- setting rates of local taxes and fees taking into account the doctrines of Ukrainian tax legislation;
- making relevant decisions on local borrowings;
- making relevant decisions regarding the transfer of funds from the relevant local budget;
- approval of decisions on granting tax benefits at the local level;
- determining and approving the amount of the share of profit that should be credited to the relevant local budget from utility companies;
- approval of rates and other elements of land tax;
- coordination and decision-making on the creation of preferential tax regimes (special economic zones, etc.) (About Local Self-Government in Ukraine, 1997).

In accordance with the norms of the Tax Code of Ukraine, local self-government bodies form local tax policy by exercising powers to set the rates of local taxes and fees (tax on immovable property other than land, land fee) and determining benefits for their payment (TCU). Local self-government bodies in Ukraine have real opportunities to influence the volume of receipts of the specified payments to the respective budgets. Therefore, the formation of a significant part of local budgets' own revenues is directly dependent on how effectively they can organize the entire set of actions for the introduction and administration of property taxes. At the same time, local self-government bodies are not provided with the authority to influence the process of full administration of property taxes, since all stages in this sense are carried out by state authorities, in particular, the State Tax Service of Ukraine. Its competence also includes the formation of approaches (manners, methods) for determining the base, object, rates and other elements of property tax; optimization of the grounds for granting preferences in the field of property taxation; unification and simplification of norms and rules in the process of property tax administration; working off the tax debt (On the approval of provisions on the State Tax Service of Ukraine and the State Customs Service of Ukraine, 2019).

In Ukraine, the tax base for immovable property, excluding land, encompasses the total area of both residential and non-residential real estate, including any shares therein. This presents certain ambiguous elements concerning the taxation of individuals and legal entities. Specifically, the calculation of the tax base for residential and non-residential real estate assets, along with their respective shares owned by individuals, is conducted by the controlling authority (the State Tax Service of Ukraine). This calculation relies on information sourced from the State Register of Real Property Rights to immovable property, which is provided at no cost by state registration authorities for immovable property, and/or is based on the original documents of the taxpayer, particularly those pertaining to ownership rights. Additionally, the tax base of residential and non-residential real estate objects, including their shares owned by legal entities, is determined by these individuals for each object, the total area of which is documented by documents that confirm the object's ownership. In Ukrainian doctrine, the foundation for the purposes of land taxation is the normative monetary value of the land component, plus an indexation factor, otherwise said, the area of the land component, the normative monetary value of which has not been determined (On the approval of provisions on the State Tax Service of Ukraine and the State Customs Service of Ukraine, 2019). The fiscal function of the state land cadaster consists of the formation of a taxable base based on the cadastral value of objects, that is, the normative monetary assessment. The STS authorities use these data to create an

appropriate taxable base, and therefore, the main cadastral prerequisites for achieving fiscal goals have already been formed.

However, in our opinion, this approach is somewhat debatable, as it violates the principles of social justice and fiscal efficiency in property taxation. The cooperation of state institutions is aimed at regulating such trends, in particular through the formation and phased implementation of the National Income Strategy of Ukraine until 2030 (National Income Strategy Until 2030, 2023) which, among other things, regulates the issue of determining the legal basis and mechanisms for property valuation. It will reflect the current market value of real estate objects and it can be used for property taxation purposes, including measures to reduce opportunities for corruption in the valuation process. This approach will take place through strengthening the functions of local self-government bodies in terms of tax administration, which are included in local budgets.

Overall, the nations within the European Union predominantly employ an ad valorem method for real estate taxation; however, a select number of Eastern European countries, particularly the Czech Republic, Poland, Romania (specifically for residential properties owned by individuals), and Slovakia, continue to utilize area-based taxation (Barrios et al., 2019). It should be noted that in many countries of the European Union real estate tax is one of the main sources of income for the local budgets. However, the share of its revenues in total tax revenues varies from 0.8% in the Czech Republic and Estonia to 8.9% in France (Guide to Taxes on Real Estate in Central and Eastern Europe, 2021). Variations occur in the determination of the tax base, the establishment and application of tax rates, and the procedures for declaring and remitting the requisite taxes to the budget (Safarov, 2023). Consequently, the approach to property tax administration has a direct impact on the proportion of property tax revenues within overall budget revenues, particularly at the local level.

Ensuring the functioning of territorial communities in Ukraine at the expense of local taxes and fees is based mostly on the financial receipts of a single tax (more than 50%) as well as elements of land taxation of individuals and legal entities (about 40%) in 2021. We note that in the general structure of local taxes and fees, the specific weight of the single tax increased during 2016-2023 by 15.2 percentage points, and the property tax decreased by 15.3 percentage points respectively (Figure 4). The specific weight of other local taxes and fees (fees for vehicle parking spaces and tourist fees) for the studied period is very insignificant – 0.3%.

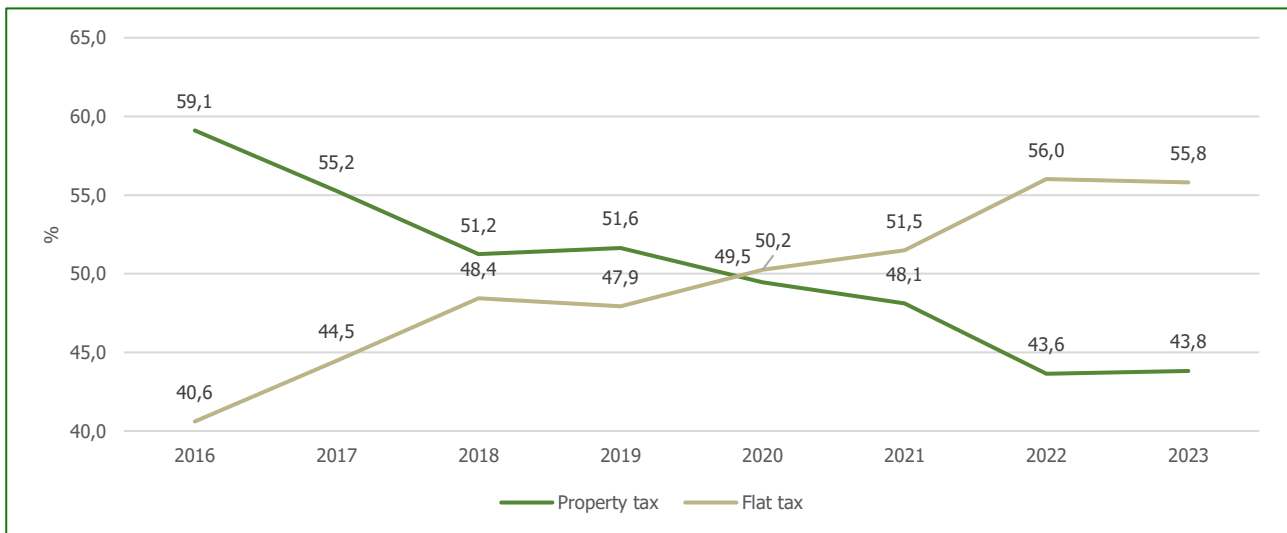


Figure 4. Dynamics of the specific weight of the single tax and property tax in the structure of local taxes and fees in 2016-2023.
(Source: (State budget web portal for citizens, 2024))

Despite the fact that the visualization of the dynamics of the specific weights of the two main components of local taxes and fees indicates an inverse relationship between them, the graphic representation of their absolute dynamics (Figure 5) makes it possible to conclude that the dynamics of the property tax and the single tax coincides with the dynamics of the total volume of local taxes and fees, so these two components have a significant impact on the formation of the latter.



Figure 5. The dynamics of the total volume of the local taxes and fees, property tax and single tax in 2016-2023, UAH million. (Source: *State budget web portal for citizens, 2024*)

Since our research is about property tax which, moreover, in recent years, is the second largest component of the local taxes and fees, we consider it to be appropriate to forecast its volumes for the future.

It is known that tax revenues in successive periods reflect the influence of a set of interacting factors, therefore, they can be interpreted as random variables, which in a certain way are regular in dynamics. Therefore, the process of receipt of property tax to local budgets should be considered from the point of view of stochastic characteristics. For input information, we will take its receipt for a certain of time.

For forecasting we use statistical data of annual property tax volumes in UAH million for the period from 2016 to 2023 and the Forecasting module of the SPSS Statistics 29.0.2.0 package, as a result, we get the forecast value of this indicator for 2025 (it is UAH 45,290.99 million) (Figure 6). In the conditions of the legal regime of martial law in Ukraine, we consider short-term forecasts to be more effective and adequate.

A significant problem is the fact that in the process of settling property tax, the fiscal role of immovable property tax other than land ground and transport tax is low. In this sense, the experience of European countries defines the property tax as one of the main sources of income for local budgets and an effective element of the implementation of the principle of justice. Unfortunately, the current property tax in Ukraine does not fulfil these functions. The reasons for such a low fiscal value of the tax on immovable property other than land are the lack of interest of local authorities in setting adequate tax rates, as well as the fact that the amount of the tax depends on the minimum wage and the area of the property, although it would be more appropriate to calculate the amount of the tax based on the market value of the real estate.

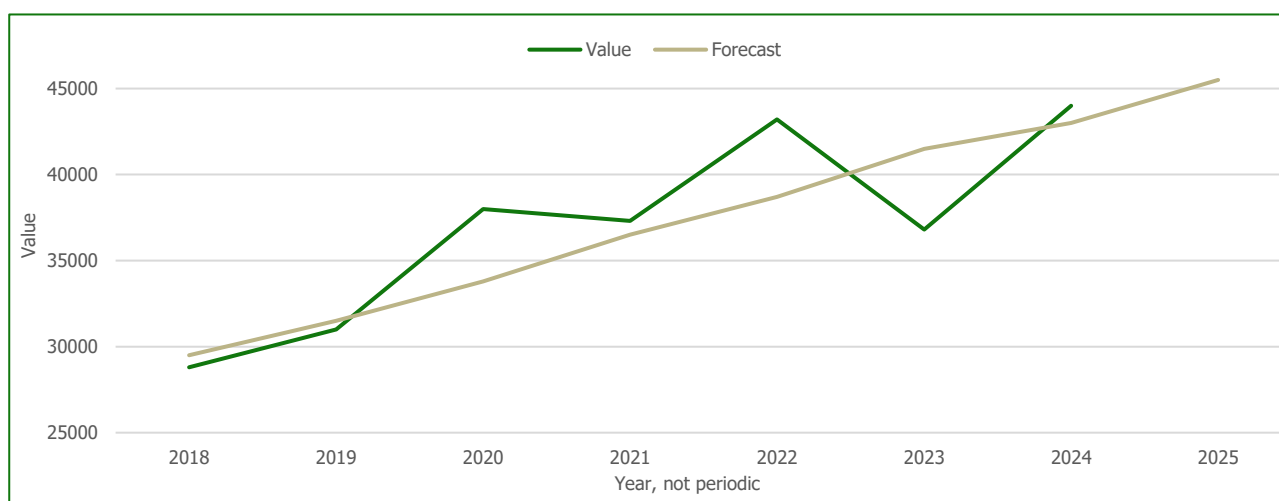


Figure 6. Forecast schedule of the dynamics of property tax volumes for 2025.

The transport tax was created as a payment for the luxury of wealth, but the current payment did not become a tax on the high profits of the relevant tax subjects (with significant property wealth). Moreover, as can be seen from the conducted analysis, income from this type of tax is at a fairly low level (Bacho, Poida-Nosyk, Potoky, 2021).

We agree with F. Unel and S. Yalpir, who note: «Land tax serves as a significant source of budgetary resources across numerous European Union nations. The assessed value of land for taxation purposes differs among countries based on both market value and temporal factors. In Sweden, the taxable value assigned to land must align with 75% of its market value, whereas in Finland, this figure is set at 73.5%. Germany employs a different approach, calculating tax based on a unit value that takes into account the property type and its geographical location. Additionally, in certain nations like Finland, the tax value assigned to land is lower than its market value» (Unel, Yalpir, 2023).

In Ukraine, we consider it appropriate to optimize property taxation procedures by modifying the approaches to determining the tax base for property tax assessment, which requires updating and unifying registers of real property rights. In European practice, such initiatives are implemented through the formation and use of the fiscal cadastre. A well-formed fiscal cadastre includes information (input parameters) not only for the calculation of periodic real estate tax but also for the calculation of real estate transaction taxes (as in Finland) and net wealth tax (as in Austria and Switzerland).

In European countries, fiscal cadastral are usually administered at the central level (Horton et al., 2024). In the countries of the European Union, central authorities tend to either consolidate data obtained through self-assessments or cost assessments carried out locally or collect data independently through their regional units (Figure 7).

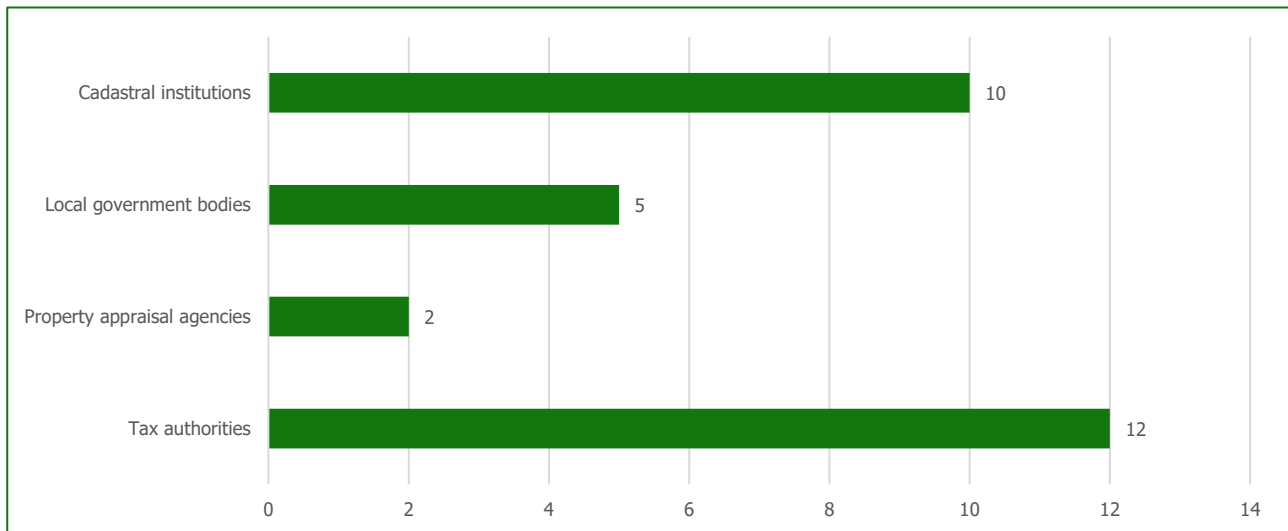


Figure 7. Institutional component of immovable property valuation for taxation purposes in EU countries. (Source: contribution of the Cadastre to the Welfare State, 2023)

As can be seen from this figure, 10 cadastral organizations are responsible for assessing the current property tax in EU countries such as France, Belgium, Cyprus, Estonia, Italy, Lithuania, Latvia, Moldova, Slovenia and Spain. At the same time, in Sweden, the cadastre (Lant materiet) determines the value of the tax base, but the tax authority applies the tax on immovable property (cooperative approach) (Contribution of The Cadastre to The Welfare State, 2023). In addition, Belgium, Denmark, Italy, Latvia, Lithuania, Norway, Slovakia, Spain, Sweden and Turkey have a central agency or department responsible for entering data into the cadastre and maintaining its operation. Germany has a unique system that provides for the management of fiscal cadastral at the land level. In Hungary, both local agencies and central-level ministries are involved in cadastre management. In the Netherlands, municipalities are obliged to constantly update the sales register, which is maintained by the central-level cadastral agency (Glushchenko, Kozhalina, 2019).

That is why the study of the actual pragmatic aspects of the distribution of functional competencies and powers of state and local authorities regarding the maintenance of databases of various types of property subject to taxation in foreign countries (in particular in the EU countries) is an urgent task today in the context of strengthening the fiscal potential of local budget in Ukraine.

The task of state authorities and local self-government bodies is to identify real estate objects and land plots, enter information about them into the relevant registers, and send property tax invoices to payers in a timely manner. The fiscal efficiency of property taxes largely depends on the quality of administration, so it is important to use modern technologies

in this process (Senawi, Osmadi, 2024). Uninventoried land plots or unregistered residential real estate objects reduce the potential income of local budgets. Therefore, in order to strengthen the fiscal capacity of local authorities, they must be endowed with real fiscal autonomy, which is determined by the impact on the tax base, regulation of tax rates and tax administration. The advantage of the immobility of the base is the high accuracy of budget revenue forecasting and planning, which increases the predictability of fiscal policy (Brunori, 2019). The use of digital products can benefit the property tax administration process. For example, the use of Google Maps by the relevant institutions, in particular the State Tax Service of Ukraine or the structural units of local self-government bodies, will help identify unregistered real estate and update the register. The use of Big-data analytics is useful for working with registers and calculating the tax base. It is important for tax institutions and local self-government bodies to use modern software for working with a large array of tax data (Krysovaty, Desyatnyuk, Ptashchenko, 2024), which will minimize time costs and contribute to the growth of the fiscal effectiveness of property taxation.

DISCUSSION

In Ukraine, cooperation between institutions involved in property taxation processes is realized mainly through a tripartite aspect, in which the dominant role is for the State Tax Service of Ukraine, a less pronounced role – for local self-government bodies and specialized (public) institutions, as well as a below-average level of interest – for taxpayers (individuals and legal entities). In addition, the specified institutional cooperation differs significantly in different regions, which affects its effectiveness. In some territorial communities, such cooperation is more active and its direction is recorded in the relevant Memorandums on cooperation between the Main Department of the State Tax Service of the region and individual local self-government bodies (Patytska, 2020). Among the tasks of such cooperation, there is the reconciliation of data from the information systems of the State Tax Service of Ukraine with data available to local self-government bodies regarding land plots which are subject to taxation and residential and non-residential real estate objects for which property taxes are not charged or paid, including those not entered after 2012 into the State Register of Property Rights and those used by owners without being put into operation and entered into the relevant register. We consider this approach debatable in terms of delegating functional responsibilities and fiscal powers to local governments primarily to facilitate property accounting and inventory. In our opinion, cooperation between fiscal institutions and local governments should be more active with the diversification of fiscal powers to city, village and settlement councils regarding monitoring and control of the processes of declaring and paying property tax to the relevant local budget.

In the economic literature, the question of whether local governments should be empowered to administer property taxes remains controversial. The diversity of scientific views is confirmed by research. The work of R. Bacho, N. Poida-Nosyk, G. Potoky (2021) emphasises the need to introduce effective tax management at the local level to create a system of governing bodies in the field of planning and forecasting, analysis, organization, coordination, incentives and control of property taxes. The same position is shared by K. Pastushchenko (2022), A. Senavi and A. Osmadi (2024), who believe that the delegation of such powers will not only increase revenues to municipal budgets and strengthen their financial capacity but also reduce the burden on the state budget. Supporters of this approach include M. Poplavskiy, H. Hulko, T. Yefymenko, V. Pakhl (2023), and H. Blynova (2023), who emphasise the need to provide communities with more effective tools to fill the budget by involving local governments in the administration of local taxes.

At the same time, along with the argument for transferring such powers to local governments, it is worth considering their willingness to implement fiscal functions.

Y. Markuts and L. Zadorozhna (2023) believe that the administration of local taxes and fees should be carried out by the State Tax Service of Ukraine, so local governments can perform only part of these functions (sending a decision notice, developing additional means of influencing debtors), which is due to such disadvantages as: increased local budget expenditures, additional administrative burden on business, complicated interaction with other authorities, etc.

A contentious issue in Ukraine's tax practice is the methodological approach to determining the property tax base, which considers the area of residential and non-residential real estate. At the same time, almost all European Union countries use the ad valorem approach (taxation of the value of real estate and land plots) in this aspect (Unel, Yalpir, 2023; Grover, Walacik, 2019). In our opinion, the use of the value approach in the real estate taxation mechanism in Ukraine will ensure the implementation of such important principles as fairness, fiscal efficiency, and transparency, and will also contribute to the formation of partnership relations between taxpayers and fiscal institutions in the context of European integration.

In our opinion, the subject of further research should be determining the effective distribution of powers between the State Tax Service of Ukraine and local governments in the field of property tax administration in order to ensure the completeness and timeliness of revenues to local budgets.

CONCLUSIONS

The presence of adequate financial resources within local budgets indicates that the territorial community possesses the capacity to deliver a range of quality services to its residents, launch social and infrastructural initiatives, foster an environment conducive to entrepreneurship and investment, execute local development programs, and fund events aimed at enhancing the living conditions of its inhabitants.

Given the complex financial and budgetary situation inherent in the modern development of Ukraine, property taxes, as in most countries of the European Union, can become a source of fiscal potential for the proper restoration and support of the social and economic development of territories. There is a need to delegate fiscal powers to local self-government bodies for the joint administration of property taxes (implementation of fiscal, informational, organizational and methodical work) with tax authorities (implementation of control, monitoring and consultation activities) in order to increase the financial potential of local budgets in Ukraine.

In our opinion, an important task from the strategic perspective is the digital transformation of the effective use of information systems and technologies in the field of monitoring property objects for taxation purposes. Such an approach will make it possible to focus attention on solving urgent problems in property taxation under the conditions of martial law in Ukraine: applying real estate tax rates to objects that are actually available (survived and not destroyed by military actions); clear monitoring of the destroyed property of Ukrainians in order to apply a tax grace period during the full restoration of real estate and the solvency of the owner of such property.

We are convinced that it is precisely the diversification of the fiscal powers of local governments that will contribute to the information update of state registers of property rights to real estate for the purposes of effective taxation based on its value, will improve the interaction of fiscal institutions in the process of administering property taxes, will increase the financial stability of local budgets to the impact of modern risks and threats, will ensure the sustainable development of the state and territorial communities in Ukraine.

Therefore, in modern realities, it is important to improve the efficiency of property tax administration through the cooperation of all relevant subjects of institutional support. It is the property tax that is the least harmful to the growth of the economy and is very promising given the possibility of reducing corruption vulnerabilities. At the same time, unlike capital, real estate does not have the mobility to avoid taxation, especially in the context of the digitalization of the economy.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

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The Authors declare that there is no conflict of interest.

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Десятнюк О., Крисоватий А., Шулюк Б., Ткачик Ф., Маслій В.

ЕМПІРИЧНІ АСПЕКТИ ВПЛИВУ ВЗАЄМОДІЇ ФІСКАЛЬНИХ ІНСТИТУЦІЙ НА АДМІНІСТРУВАННЯ МАЙНОВИХ ПОДАТКІВ

Стаття присвячена актуальним питанням взаємодії органів державної влади та місцевого самоврядування в процесі вдосконалення процедур адміністрування податків на майно. Обґрунтовано теоретичні детермінанти податків на майно й висвітлено їхню фіскальну роль в архітектоніці податкових надходжень місцевих бюджетів в Україні та країнах Європейського Союзу. Побудовано організаційно-методичну схему забезпечення механізму адміністрування податку на майно в Україні в розрізі ключових домінант. На основі емпіричного підходу та компаративного аналізу виявлено позитивну динаміку питомої ваги елементів податку на майно в структурі доходів місцевих бюджетів в Україні. Констатовано, що такі тенденції відбулися внаслідок реалізації фіскальної децентралізації та кооперації зусиль фіскальних інституцій у процесі виконання планових показників акумулювання податку на майно до бюджету. Акцентовано увагу на синергійному фіскальному ефекті від подальшої активної співпраці органів контролю в царині оподаткування, органів місцевого самоврядування й платників податків у контексті формування та оновлення актуальними даними реєстрів майна в Україні для цілей оподаткування на базі вартісного підходу. Такий концепт ураховує світовий досвід, моніторинг якого підтвердив ефективність оподаткування майна на основі двалерного (вартісного) підходу визначення податкової бази. У статті здійснено прогнозування динаміки обсягів надходжень податку на майно до місцевих бюджетів України в короткостроковому періоді, зважаючи на тенденції фіскальної політики в умовах правового режиму воєнного стану та з використанням модуля «forecasting» пакета SPSS statistics. Незважаючи на загальну позитивну динаміку, виявлено незначне фіскальне значення податку на нерухоме майно, відмінне від земельної ділянки, що не відповідає світовій практиці та свідчить про неповне виконання фіскальної й регулюючої функції цього податку в Україні. За результатами проведеного дослідження запропоновано заходи щодо оптимізації процедур адміністрування податку на майно в Україні на засадах кооперації, транспарентності, комплаєнсу, цифровізації, перспектив використання фіскальних реєстрів (кадастрів).

Ключові слова: фіскальна політика, доходи місцевих бюджетів, міжбюджетні відносини, оподаткування власності, реєстр майна, адміністрування майнових податків, прогнозування податкових надходжень, сталий розвиток держави та регіонів

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