

LOCAL TAXES IN BULGARIA- A SOURCE OF REVENUES IN THE MUNICIPALITY BUDGETS

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Abstract

Amendments to the Constitution of the Republic of Bulgaria were adopted in 2007 and Article 141 empowered the municipal councils to determine the amount of local taxes under the conditions and within the limits established by law. In practice, with this change, municipalities were given real tax powers for the first time. At the end of 2007, the relevant changes were made to the Local Taxes and Fees Act, which laid down these powers of the municipalities. The following years were extremely turbulent for municipal budgets and for fiscal policy in the country at large. Serious revenue growth in 2007 and 2008 was followed by a decline since the 2009 crisis. It was the crisis that challenged the new powers of the municipalities and revealed the lack of sufficient tools for conducting an adequate fiscal policy at the local level. Municipal budgets inevitably shrank during the difficult years and remain heavily dependent on state transfers. Meanwhile, within their limited powers, municipalities have started to pursue their own tax policy and compete on the level of local taxes.

The present article examines the different local taxes according to the tax system in Bulgaria, their rates and their influence in formation of municipality budgets revenues in the Republic of Bulgaria. In the conclusion, the idea of fiscal decentralization is considered and are made recommendations for effective allocation of local tax revenues.

Keywords: local taxes, fiscal decentralization, budget.

1. Introduction

1.1. Introduction

In the Act amending and supplementing the Constitution of the Republic of Bulgaria, published in issue 12/2007 of the State Gazette, was made an important change concerning the powers of the legislative body - the National Assembly. This change concerned the organization of taxes. In the amended Article 84, point 3 of the Constitution has been provided that the National Assembly shall establish the taxes and determine the amount of the state taxes. In Art. 141 was created a new paragraph 3, which stipulates that the municipal council shall fix the amount of local taxes under the terms, procedure and within the limits established by law. The amendment of the Constitution is a subsequent step in the implementation of the idea of decentralization of the financial resources to municipalities.¹

2. Content

According to Local Taxes and Fees Act, the following local taxes enter into the municipal budgets:

1. real estate tax;
2. succession tax;
3. donation tax;
4. tax on acquisition of property for consideration;
5. transport vehicle tax;
6. license tax (in force as of 01.01.2008);

7. tourist tax (in force as of 01.01.2011);
8. tax on the carriage of passengers by taxi (in force as of 01.01.2017);
9. any other local taxes as determined by legislative statute.

Real estate tax is levied on the buildings and land located within the territory of Bulgaria, located within the spatial planning areas of settlements, as well as the lands outside such areas, which, according to a detailed plan, have the purpose under Article 8, pt. 1 of the Spatial Planning Act; and after change of land's purpose where that is required by special legislative statute.

From the scope of taxation are excluded sites occupied by streets, roads of the national and municipal road networks, and the railway network, up to the limiting construction lines, any lands occupied by water basins which are state and municipal property, agricultural land and forests, with the exception of land with buildings and only for the built area and the adjoining it land.

According to Art. 11 from Local Taxes and Fees Act, the taxable persons are the owners of taxable real estates. Tax is due regardless of the fact if the real property has been used or not and the tax is determined on the basis of the value of the real property.

In Art. 22 from the same Act, the Municipal Councils have been ordered by an ordinance to determine the amount of the tax within the limits specified by the law. These limits are from 0.1 to 4,5 per mille of the tax value of the real estate. Therefore, every Municipality has different amount of real estate tax.

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¹ See S. Penov, Constitutional changes in the organization of local taxes and the amendment in Local Taxes and Fees Act, Administrative justice issue 2/2008

Succession tax is levied on the estate of any Bulgarian citizen succeeding located within Bulgaria or abroad property, as well as on the estate located within Bulgaria succeeded by foreign citizens. The estate of any succeeding stateless person is taxed as estate of Bulgarian citizens, if the person has been permanently resident within the territory of Bulgaria.

According to Art. 31 from Local Taxes and Fees Act, succession tax is paid by heirs, beneficiaries and legatees. The Municipal Council determines the amount of the tax separately for each heir or legatee, as follows:

1. brothers, sisters and their children: from 0.4 to 0.8 % for a succession over BGN 250,000.
2. for persons other than those under point 1: from 3.3 to 6.6 % for a succession over BGN 250,000.

Art. 44 from Local Taxes and Fees Act says that with Donation Tax and Tax on Acquisition of Property are taxed properties acquired through donation, as well as acquired real estates, limited rights thereto, and motor vehicles. Subject to taxation are also properties acquired without consideration in any manner other than by donation, as well as any obligations remitted. Tax charge on acquisition of property and is due to the acquisition of real estate and limited real rights over them on prescription

According to Art. 45 from Local Taxes and Fees Act, the tax is paid by the person acquiring the property under Article 44, and in the case of exchange, by the person acquiring the property of higher value, unless otherwise agreed. In case that it has been agreed that the tax is due by both parties, they are solidary obliged. If the parties have agreed that the tax is due by the transferor, the other party is a guarantor. If the person acquiring the property is abroad, the person delivering the property is obliged for payment of the tax.

The base for calculation of the tax is the value of the property in BGN at the time of the transfer, a limitation on the acquisition - at the time of issuance of the order certifying the right of property subject to registration.

The value of the property is calculated as follows:

1. real estates and limited rights thereto: at the price negotiated or at a price as set by a state or municipal authority or, if the said price be lower than the tax value, at the tax value under Annex 2;
2. any other properties: under the terms of Article 33 (1) pts. 2, 3, 4 and 5.

From tax are exempted the following:

1. property acquired by:
 - a) the State and the municipalities;
 - b) any budget-financed educational, cultural and scientific organizations, as well as specialized social services institutions and institutions providing medical – social care for children;
 - c) the Bulgarian Red Cross;
 - d) the nationally representative organizations of people with disabilities and for people with disabilities;
 - e) any funds providing relief to victims of natural

- f) disasters and financing the conservation and restoration of historical and cultural monuments;
- g) healthcare institutions under Article 5(1) of the Healthcare Institutions Act.
2. any donations for medical treatment of citizens of member – states of the European Union, or other state party to the European Economic Area Agreement, as well as of technical assistance for people with disabilities;
3. humanitarian donations to persons who have lost between 50 and 100 % of their working capacity and to socially disadvantaged individuals;
4. donations for non -profit legal entities which receive subsidies from the central budget, and any non-profit legal entities, registered in the Central Register for Not-Profit Legal Entities designated for pursuit of public-benefit activities, in respect of the donations received and provided;
5. customary gifts;
6. any property transferred for free under statutory obligation;
7. donations in favour of cultural centers (chitalishte);
8. properties acquired under the Privatization and Post-privatization Control Act;
9. contributions in kind to the capital of a company, cooperative or a non-profit organization;
10. foreign States in respect of acquisition of real property: on a basis of reciprocity.
11. assistance provided under the terms and conditions the Financial Support for Culture Act.

According to Art. 47 from Local Taxes and Fees Act, upon donation of property, tax shall be calculated on the value of the transferred property in rates determined by the Municipal Council ordinance as follows:

1. from 0.4 to 0.8%: in case of donations between brothers and sister and their children;
2. from 3.3 to 6.6%: in case of donations between any persons other than the persons referred to in point 1,

If property is transferred for consideration, the tax is determined by the Municipal Council at a rate of 0.1 to 3 % of the value of the transferred property, and in the case of exchange, of the value of the more valuable property.

Upon partition of property resulting in an increase of the part owned before the partition, tax is calculated on the increase.

With the amendment of Art. 50 from the Local Taxes and Fees Act from 2018, in force from 2019, judges, notaries, regional governors, municipality mayors and other public officials execute the transaction or the act whereby rights are acquired, created, modified or terminated after ascertaining that the donation Tax and Tax on Acquisition of Property has been paid. From 2019, the notary's assessment of the tax paid on the vehicle subject to the transaction is made with:

1. verification by automated exchange of data with the information exchange system, maintained by the Ministry of Finance pursuant to Art. 5a mediated by the information system of the Ministry of Interior, or with
2. provision of a document issued or certified by the municipality, provided that the respective municipality has not provided the continuous automated exchange under point 1.

Transport vehicle tax is settled in Art. 52 from Local Taxes and Fees Act and shall be levied on:

1. motor vehicles registered for operation on the road network in the Republic of Bulgaria;
2. ships registered in the Bulgarian ports;
3. aircrafts recorded in the state register of civil aircraft of the Republic of Bulgaria.

The tax is paid by the owners of the transport vehicles.

The owners of transport vehicles shall declare the transport vehicles owned by them before the municipality where their permanent address or registered office is located, within two months after acquisition of the vehicles. With regard to transport vehicles, which have not been registered for operation within Bulgaria, the two-month time limit begins from the date of registration operation. Upon acquisition of a transport vehicle by succession, the declaration shall be submitted within 6 months after the opening of a succession.

For passenger cars and commercial vehicles with a technically permissible maximum mass not exceeding 3.5 tonnes, the annual tax consists of two components - property and environmental, and is determined by formula.

For other kinds of vehicles, such as passenger car trailers, commercial vehicles trailers, motorcycles, buses etc., the Municipal Council determines the amount of the tax by ordinance.

Local taxes and Fees Act provides tax exemption for transport vehicles owned by state and municipal bodies and by budget-financed organizations which enjoy special traffic privileges, as well as ambulances and fire trucks belonging to other persons; vehicles owned by diplomatic missions and consulates, on a basis of reciprocity; vehicles owned by the Bulgarian Red Cross, where used for the purposes of the organization; passenger cars owned by disabled persons who have lost between 50 and 100% of their working capacity, of an engine capacity not exceeding 2 000 cubic centimeters and engine power not exceeding 117, 64 kW; electrical automobiles.

License tax is an annual tax which is due by any natural person, including a sole proprietor, conducting an activity specified in Annex 4 (License Activities), with regard to the income from any such activity, provided that:

1. the turnover of the person for the preceding year does not exceed BGN 50,000, and
2. the person is not registered under the Value Added Tax Act, with the exception of registration for

intra-Community acquisition under Article 99 and Article 100 (2) of that Act.

According to Annex 4, license activities are: collective tourist accommodation establishments or supplementary tourist accommodations of not more than 20 rooms; Mass-catering and entertainment establishments; Paid parking facilities; Carpenter services; Tailor, currier, furrier and knitting services; Trade in, manufacture of, and services involving Articles of precious metals; Cobbler, hatter and milliner services; Metalworker services; Hairdresser and barber services, pet beauty parlour services; Typing and/or photocopying services; Cosmetic and tattooing services; Manicure and chirology; Watchmaker services, etc. In respect of the license activity carried out, the persons mentioned in point 1 and 2 shall not be taxed under the Natural Persons Incomes Taxes Act. These persons apply the provisions on taxes withheld at source and on taxation of expenses under Article 204 pt. 2 of the Corporate Income Tax Act.

A **tourist tax** is applied on accommodation. Taxable persons are those persons offering accommodation. These persons pay the tax in revenue to the budget of the municipality according to the location of the places of accommodation within the meaning of the Tourism Act. The tax must be disclosed separately in the document issued by the taxpayer to the person using an accommodation.

The Municipal council determines with an ordinance the amount of the tax in the range from BGN 0.20 to BGN 3.00 per night according to the settlements in the municipality and the category of accommodation.

Tax on the carriage of passengers by taxi. This tax is a new one, it is adopted and is in force from 01.01.2017. The taxable persons subject to a tax on the carriage of passengers by taxi for the activity of taxi-transport for passengers carried out by them or on their behalf. For all other activities taxable persons are taxed by the procedure of the Corporate Income Tax Act, respectively the Income Taxes of Natural Persons Act. Taxable persons are carriers with a certificate of registration issued by the Executive Director of the Automobile Administration Executive Agency and a taxi transportation permit issued by the mayor of the respective municipality under the Road Transport Act. The municipal council determines with an ordinance a year tax rate for taxi transportation of passengers for the respective year in the range from BGN 300 to BGN 1,000 until October 31 of the previous year. The tax due for the taxi transportation of passengers shall be paid to the revenue of the respective municipality, for whose territory a taxi transport authorization has been issued.

As it was mentioned, local finances have been a subject of many changes over the past 10 years. In 2007, amendments were adopted to the Constitution of the Republic of Bulgaria, which gave more powers to municipalities to determine the amount of local taxes within certain limits, which subsequently expanded. This step towards more tax powers was followed by allocating of some taxes to municipalities - a license

(patent) tax (2008), tourist tax (2011) and last tax on taxi transport (2017). However, these steps had a limited effect on the revenue structure of the municipal budget.

After the country's entry into the EU, European funds have also begun to play a leading role in local finances. Their burden has increased greatly after 2011/2012, as European taxpayers practically financing the capital expenditures of municipalities in Bulgaria almost entirely. Although the flow of this resource from outside is felt by local communities - whether through a new treatment plant or renovated urban spaces, the increasing dependence of municipal authorities on European aid also brings negatives to the financial autonomy and sustainability of municipal finances.

In the last 5 years, we have also seen attempts to direct additional resources to the municipalities, but in a form that puts local authorities in dependence with the state. The most striking example was the public investment program "Growth and Sustainable Development of Regions" in 2014, which revealed extremely heavy political dependencies in the allocation of funds and was not repeated². On the other hand, in recent years, we have witnessed the largest regional program in the country's new history - the "National Energy Efficiency Program for Multifamily Residential Buildings", which in 2016 and 2017 directed a huge resource to the municipalities behind which is the state.³

All these developments in recent years - steps towards more tax powers for municipalities, an enhanced role for EU funds, state regional development programs, and the municipal financial recovery procedure are key for understanding the attitude towards financial decentralization over the past 10 years. The last decade has been a period in which extremely limited results have been achieved in terms of both the financial autonomy and sustainability of the municipal budget, as well as the possibilities for influence of the municipal budget on regional development outside the state transfers and the European funds.

The constitutional amendments in 2007 allowed municipalities to set local tax levels within certain limits, which gradually expanded. It should be noted that new local taxes have emerged - the transfer of the license (patent) tax to municipalities in 2008, the introduction of the tourist tax in 2011 and the establishment of the tax on taxi transport in 2017. Over the years, we see a relatively active tax policy of the municipalities, but without extremes - municipalities avoid shock increases in tax rates and stay away from the maximum levels. However, especially in 2016 and 2017, there is a clear upward trend in local taxes.⁴

Nevertheless, municipalities continue to rely mainly on transfers from the state budget. In 2017, for

example, transfers from the state to the municipalities (we only comment the municipal budgets, excluding EU funds) are in the range of BGN 3.5 billion, and the municipal own revenues amount to only BGN 2.2 billion. The breakdown of these BGN 2.2 billion shows that most of them are non-tax revenues - nearly BGN 1.3 billion, compared to only BGN 925 million tax revenues. This structure of municipal revenues and transfers has been relatively constant over the years, which means that all steps for more tax powers and small new municipal taxes have had a limited effect.⁵

The breakdown of own revenues clearly shows that they are focused on several specific items. The leading position in municipal tax revenues (BGN 876 million for 2016) are the real estate tax (BGN 306 million), the vehicle tax (BGN 281 million) and the property tax (253 million levs) million). These property taxes carry over 95% of all tax revenues, while other local taxes remain far behind - patent (BGN 17 million) and tourist (BGN 19 million). Non-tax revenues (BGN 1.2 billion in 2016) are dominated by the household waste tax (BGN 553 million), followed by revenues and income from municipal property (BGN 260 million). In practice, the municipalities' own revenues are heavily dependent on property taxes and fees - property taxes and property transactions, as well as the household waste tax, which is again tied to the property.

The structure of revenues in municipal budgets also reveals certain dependencies, mostly from the real estate market. While at macroeconomic level municipal tax revenues are within 16-17% of their budgets, the breakdown by municipalities shows large differences. While in the largest municipalities - for example, the municipality of Sofia, the tax revenues can reach 20-25% of the total budget of the municipality, then in the others, incl. smaller district centers, the share of tax revenues is often within 10-15% of the municipal budget. In smaller municipalities, incl. cities that are not regional centers, the share of tax revenues can be within 5% of the municipal budget. Exceptions are resort municipalities where tax revenues reach 30-40% of the municipal budget.

It is obvious that we can talk about some tax autonomy only in very large cities and resorts - where the value of properties is high and the property market is strong. Even with these municipalities, however, it is impossible to meet all the costs associated with infrastructure provision in the new neighborhoods - such as the case with the capital where the municipality fails to fully fund its investment program specifically in the new neighborhoods. Even assuming that certain changes in property taxes can be made - in terms of the tax base and valuation of property, this instrument is

² See P. Ganev, Institute for Market Economics, <https://ime.bg/bg/articles/pari-za-regionite-prozrano-i-na-nashi-hora/>

³ See P. Ganev, Institute for Market Economics, <https://ime.bg/bg/articles/saniraneto-vee-struva-2-mlrd-lv-na-danykoplataite/>

⁴ See Y. Aleksiev, Institute for Market Economics, <https://www.regionalprofiles.bg/bg/news/even-higher-local-taxes-in-2017/>

⁵ Ministry of Finance of Republic of Bulgaria

unlikely to play a decisive role in enhancing the financial autonomy of municipalities.⁶

The review of municipal finances confirms that despite the steps taken in recent years for more municipal tax powers, the main problems remain. These include: 1) dominance of state transfers in municipal budgets, 2) dependence on European funds for investment costs, 3) very limited tax revenues and lack of flexibility in terms of own funds, and 4) lack of connection between the economic development of the municipality (excluding the property market) and the municipal budget. These problems are not just a prerequisite for falling into financial difficulties but, more importantly, an obstacle to the potential growth of the regions.

Independence based on a well-functioning financial environment can not be achieved if local authorities continue to be dependent of central government. Whatever mechanism for rescuing and controlling the revenue and expenditure of local authorities is applied, it will not address the causes of problems with the structure of municipal budgets and the incentives it creates. If local authorities are deprived of the ability to raise funds themselves and, accordingly, be responsible for their spending, it is questionable whether they can successfully pursue a policy at municipal level in the interest of their citizens.

The concept of fiscal decentralization contains the way of distribution of financial responsibilities at central and local level in the field of public revenue and expenditure. Analyzing the content of the concept of fiscal decentralization, the following elements can be reached:

- Responsibilities and roles between different levels of government in the vertical structure of the public sector;
- state subsidies and their influence;
- transfers between already established management levels;
- the stabilization of the revenue system at the local level;
- determining the system of delivery of local goods;
- Privatization of local public activities.⁷

Fiscal decentralization is based on two principles - "local self-government" and "subsidiarity". The first concept relates to the right and the real opportunity for local authorities to manage a substantial part of public affairs under their own responsibility and the second with the view that problems are resolved as quickly, easily and efficiently as possible at the lowest possible level at which they can be resolved.

A recent study made by the International Monetary Fund (IMF) states that fiscal decentralization may lead to an improvement in fiscal discipline. One of

the reasons for this is the stronger pressure on local authorities to provide public goods and services through more limited resources.⁸

The practice of local taxation in the EU is similar to that in Bulgaria, with much of the tax revenue being generated by real estate taxation. There are only 7 countries in the EU where more than half of real estate tax revenues go to central government (Czech Republic, Denmark, Croatia, the Netherlands, Finland, Sweden and the UK). Bulgaria ranks among the countries where all real estate taxes are targeted at local authorities, along with Estonia, Latvia, Lithuania, Poland and Slovenia. Over 80% of these funds are directed to local authorities in Portugal, Slovakia, Romania, Italy, France and Ireland. The situation is similar in countries with a two-tier structure of a regional organization such as Germany and Spain, where funds are distributed almost equally between different levels of local self-government.

The transfer of taxation powers to municipalities in relation with income taxation is well known within the EU. Local authorities in Italy, Denmark, Sweden, Finland have such powers, and in all cases this is done within a set boundary. At the same time, in nearly one third of European countries, local authorities are entitled to part of the income from personal income taxes, although they can not affect the amount of the tax rate or tax base. At the same time, in nearly one third of European countries, local authorities have the right to collect a part of the income from personal income taxes, although they can not affect the amount of the tax rate or tax base. Sharing of a part of the incomes from the personal income taxes is the most commonly used method of decentralizing the fisc, followed by sharing a part of the corporation tax and VAT revenues. On average, for the EU in 2016, only 36% of local government revenues are formed by transfers from the central government, while the share for Bulgaria is about 60%.

In 2016, the local government revenues as a ratio to GDP in our country reached only 7%, with an average of 15.6% for the EU. Such levels are still observed in Slovakia, and lower - in only 7 countries, including Cyprus and Malta and the highly fiscal centralized - Greece and Cyprus. In Romania and the Baltic countries, the rates range from 8 to 10%, and in almost all Central and Western European countries they are over 10%.

How can fiscal decentralization happen in Bulgaria?

The transfer of part of the revenues from the personal income tax to the municipalities can not and must not be isolated change in the structure of the tax system. In order to guarantee the success of such a

⁶ See Radeva M., Legal framework of the public financing of the health system in the Republic of Bulgaria. IN: Proceedings in Global Virtual Conference Workshop, Žilina, Slovak Republic, 2013, pp. 96-98, ISBN 978-80-554-0649-7.

⁷ See Panteleeva V., Фискален федерализъм, фискална децентрализация и има ли Европейският съюз своя система на фискален федерализъм, Conference proceedings of University of Ruse 2010, p. 156

⁸ See Sow, M., Razafimahefa, I. *Fiscal Decentralization and Fiscal Policy Performance*. IMF Working Paper WP/17/64, 2017

change, a number of additional steps need to be taken, including:

- Moving to effective program budgeting at a local level, leading to greater efficiency and transparency;
- Improving the efficiency and transparency of finances and the management of municipal enterprises and municipal property;
- Territorial-administrative reform to ensure the long-term sustainability of spatial planning.

A real change in the financial autonomy of the Bulgarian municipalities is possible only through the restructuring of the existing tax system. The imposition of new taxes (eg on turnover) hides the risk of duplication of taxation. The increase in existing local levies will not solve the problem of incentives for local authorities and implies an overall increase in the tax burden in the economy.

Sharing revenue from indirect taxes such as VAT seems difficult to apply, and empowering municipalities to determine its level, or even the tax base of that tax, would lead to absolute administrative chaos and create the prerequisites for the establishment of tax arbitrage in which consumption is artificially targeting to municipalities with a lower tax burden.

This brings us to the most probable and widely applied model of fiscal decentralization in the EU in the form of direct revenue sharing or empowerment in relation to existing direct taxes - incomes of individuals (income tax) or profit (corporate tax).

The big part of the political challenges and administrative obstacles seem easily overwhelming in sharing revenue or empowering local authorities with regard to personal income taxes:

- The link between tax and democratic representation at local level will create incentives for local authorities to work for creating jobs (mainly by attracting investment) and will tie the financial situation of municipalities with the social and economic processes taking place in their territory.
- Incentives for tax arbitrage can be abolished by applying the principle "money follows the identity card" in which revenue from personal income taxes is distributed among individual municipalities based on the permanent address of the persons.
- The link between taxation and democratic representation in personal income taxes is much more pronounced than that of corporate taxation and creates incentives for real tax competition between municipalities.
- The vast majority of personal income tax are monthly transfers from employers to tax administration. Redirection on time of these funds to municipal authorities will provide an additional source of liquidity and can help to meet extraordinary costs.
- Legislative effort and the follow-up to the implementation of such a system are considerably lighter than existing alternatives. Taxes on personal

income can be collected in the same order (by the National Revenue Agency), after which the respective part of them is redirected to the municipalities' accounts.

3. Conclusions

Fiscal decentralization in Bulgaria, although officially set as a strategic goal for the country, still remains more wishful than reality. Municipal budgets are heavily dependent on both state transfers and European funds, which limits the opportunities for a successful local policy. The lack of adequate self-sufficiency in municipalities not only leads to frequent financial difficulties and accumulation of current liabilities or arrears but, more importantly, limits the development potential of municipalities.

The solution of this problem passes through the idea of restructuring the tax system and redirecting tax revenues from central government to municipalities. The analysis made in the present paper shows that the best way to do this is income taxation, and in particular by assigning 1/5 of revenue from income tax to municipalities. That would amount to BGN 675 million for 2018 or a growth of nearly 1/3 of its own revenues in municipal budgets. Such a step is fiscally achievable against the background of the state budget situation in recent years.

The transfer of part of the income tax would tie the municipal finances with the development of the local economy, i.e. part of the taxed income of the local population will remain in the municipality, which is logical, both economically and democratically. By applying the rule that money should follow the identity card - the tax passed to the municipality of residence rather than the place of employment (if different). This would stimulate the development of smaller municipalities, and especially of peripheral ones, located near the strongest economic municipalities.

It is important to note that all municipalities will benefit from fiscal decentralization, i.e. each will report an increase in its own revenues. The greater effect will be concentrated where there are more jobs and higher wages, but that is exactly what it should be - the mechanism will simply follow the natural processes. The decentralization process itself implies parallel administrative-territorial reform, including the consolidation of municipalities.

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