

DOMAGOJ KARACIC

Faculty of Economics, Josip Juraj Strossmayer University of Osijek, Croatia

DAVID KRMPOTIC

Department of Finance and Procurement, City of Osijek, Croatia

MARIJA ILES

Faculty of Economics, Josip Juraj Strossmayer University of Osijek, Croatia

TAX AND OWN REVENUES OF LARGE CITIES IN THE REPUBLIC OF CROATIA

Abstract:

The budget revenues of cities in the last few years have not been constant and are largely dependent on a number of factors such as: uncertain trends in the local and world economy, uneven criteria for urban development and numerous perennial legislative changes. A lot of legal changes have been made in the Republic of Croatia relating to budget planning and defining the sources of financing of cities, moreover, the Personal Income Tax Act has been amended six times in the period from 2014 to 2019, and the Act on the Financing of Local and Regional Self-Government Units has been amended several times, with a new law on local taxes being introduced in 2018. The reasons for numerous legal changes are twofold and partially stem from the adjustment to the relief of the Croatian economy, and partially from the state's efforts to further relieve the tax burden on labour and income taxation. These changes reflected on, and significantly affected, the fiscal capacity of the revenues of large cities. Recommendations are aimed at greater fiscal autonomy of large cities and are aimed at further implementation of fiscal decentralization, especially in the area related to tax revenues.

Keywords:

Large cities, tax revenues, own revenue, fiscal capacity