

# ANNEX 2.

## LEGISLATION COVERING FISCAL RELATIONS BETWEEN CENTRAL AND LOCAL GOVERNMENT IN SEE COUNTRIES

Country	Key legislation covering fiscal relations between central-local level	
Albania	<ul style="list-style-type: none"> <li>• Law no. 68/2017 on local self-governance finance</li> <li>• Law no. 9632/2006 on local taxes</li> <li>• Law no. 9896/2008 on LGUs' borrowing</li> </ul>	This legal framework sets the basis to ensure the adequacy of financial resources to municipalities for the financing of their functions and competences and brought together the principles and rules of fiscal autonomy, especially the revision of conditional transfers and shared taxes between local and central government
Bulgaria	<ul style="list-style-type: none"> <li>• Constitution (amended in 2007 to grant taxing powers to municipalities)</li> <li>• Local Self-Government and the Local Administration Act</li> <li>• Local Taxes and Fees Act</li> <li>• Public Finance Act</li> <li>• State Budget Act (annually approved)</li> </ul>	The Public Finance includes the legal basis for preparation of the autonomous budgets of municipalities. It emphasizes that exclusive municipal responsibilities are financed through local taxes, whereas delegated activities are financed by transfers from the national budget. It also stressed that local councils may allocate additional resources from its own revenue to finance the provision of delegated tasks.
BiH	<ul style="list-style-type: none"> <li>• Law on Budget of Bosnia and Herzegovina</li> <li>• Law on Financing of Local Self-Government Units</li> <li>• Law on Public Revenue allocation in FBiH</li> <li>• Law on the Budget System in RS</li> </ul>	The Law on Budget of BiH regulates the overall budgetary framework at the national level. The Law on Financing of Local Self-Government Units governs the financing and budgetary aspects of local self-government units, including municipalities and communes. Entity-level laws and regulations that further specify the distribution and transfer of funds within their respective jurisdictions.
Croatia	<ul style="list-style-type: none"> <li>• Budget Law</li> <li>• Law on Local and Regional Self-Government Financing</li> </ul>	This legislation defines sources for financing for the counties, the towns and municipalities, including the various types of taxation, non-tax revenues and the equalisation fund distributed among the different levels and non-tax income.
Hungary	<ul style="list-style-type: none"> <li>• The Fundamental Law (the Constitution of Hungary)</li> <li>• Cardinal Local Government Law</li> <li>• Public Finances Law</li> </ul>	This legal framework recognises the local self-government, including the fiscal autonomy of municipalities, including the new vertical division of powers and fiscal autonomy of local governments.
Montenegro	<ul style="list-style-type: none"> <li>• Law on Local Self-Government Finance</li> <li>• Law on Budget and Fiscal Discipline</li> </ul>	The legislation is describing the different types of resources of municipalities, the financial equalisation mechanisms and the use of conditional transfers.
North Macedonia	<ul style="list-style-type: none"> <li>• Law on Local Government Finance</li> </ul>	The legislation determines that municipalities are financed through own-source revenues, shared revenues, transfers from the central budget, EU funds transfers and borrowing. This law abolished the previous Law on Limitation of Own Source Revenues, transferring full responsibility in administering and collecting local taxes and establishing the rights of municipalities to receive either a share of or all tax revenues collected within their respective jurisdictions by the central government.

Country	Key legislation covering fiscal relations between central-local level	
Romania	<ul style="list-style-type: none"> <li>• Law no. 215/2001 on local public administrations</li> <li>• Law on decentralisation no 195/2006</li> <li>• Law no 273/2006 on local public finances</li> <li>• Title IX of the Romanian Fiscal Code (Law 571/2003 and amendments)</li> <li>• Law no 51/2006 on public services.</li> <li>• Governmental Ordinance no. 15/1992</li> <li>• Law no 69/2010 on Fiscal Responsibility</li> </ul>	<p>This legal framework is adding financial competencies to local autonomy, transferring new responsibilities to subnational governments, determining assignments of revenue to local governments and further defining the intergovernmental transfer system, and particularly the equalization transfers, the shared taxation system and the local debt issues. It increased local government control over their own revenues and allowed local councils to administer their own taxes.</p>
Serbia	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Budget Law</li> <li>• Law on local self-government finance</li> <li>• Law on financing the autonomous province of Vojvodina</li> <li>• Law on tax procedures and tax administration</li> <li>• Law on property taxes</li> </ul>	<p>The legislation is determining the funding from central government to municipalities and the autonomous province of Vojvodina. It regulates the public finance of subnational governments in Serbia, rationalise transfers and revenue-sharing mechanisms, defines the calculation method etc.</p>

Source: R2G4P.