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Title **Effects of Changing Financial Transfers on Local Taxation**

Abstract The paper would join Track 2: Taxation and tax reforms of V. Working Group on Public Finance and Public Financial Management.
A key indicator to measure fiscal autonomy of local governments (LGs) is the rate of own revenues within the total revenues. The most significant own revenues are local taxes (LT). The revenue generation capacity of LGs are vary across the country by regions and by size of local governments. Since the beginning of the Transition the importance of LTs have increased significantly espacially for the largest municipalities.
In the early 2010s the new Act on Local Governments reallocated public services between central government (CG) and LGS in Hungary. Naturally, changing responsibilities required the modification of the financial transfer system, too. Majority of shared revenues left to CG.
The objective of the paper is to analyse the effect of the changing financial transfers on local tax systems (LTS). The basis of analysis 8 Hungarian cities with county right above 100,000 inhabitants.
The analysis dealing with the following items:
• structure of local tax revenues (1992-2017): who and what is taxed
• share of local taxes in local budgets (1992-2017): potential for fiscal autonomy
• importance of shared taxes in local budgets (1992-2017): changing role of financial transfers in local budgets
• analysis of local tax policies (1992-2017, focusing on the period of 2006-2011 and 2012-2017): models, attitudes (tax rate, exemptions set by the municipality including the analysis of external effects like accession to the EU, fiscal and economic crisis, new act on LGs)