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## **SPECIFICITIES OF THE FISCAL SYSTEM IN R. MACEDONIA**

**Abstract:** This paper analyzes the basic principles and characteristics, as well as the functioning of the fiscal system in the Republic of Macedonia the application of the historical approach, from the time of its introduction and all the changes that have been made to the present time. An overview of the principles underlying fiscal policy is being made in order to determine its positive impact on economic development in the country. The new principle embedded in the current fiscal system of the Republic of Macedonia is the principle of tax neutrality and budget allocation. Budget planning is one of the most important government activities and is a reflection of one of the most important steps of the budget process. It depends on many factors and depends on the intensity of their impact on budget revenues and expenditures.

The greater the responsibility for revenue planning, the more likely it is to predict and cover the expenditures. The paper analyzes the budget revenues and expenditures as well as the tax system in order to determine the direction of the fiscal policy and to give appropriate recommendations for a positive influence of the fiscal policy on the economic development in the country.

**Key words:** fiscal system, fiscal policy, public finances, budget, tax system.

### **1. INTRODUCTION**

Sound fiscal policy is important to promote price stability and support the growth of production and employment. In many macroeconomic policy debates, fiscal policy has been considered as an instrument that can be used to reduce short-term fluctuations in production and employment. It can also be used to bring the country's economy to its potential level. If policymakers understand the relationship between government expenditure and government revenue, the government's ongoing deficit can be prevented. Therefore, the relationship between government expenditure and government revenue has attracted considerable interest.

The primary aim of the paper is to present the fiscal policy in the Republic of Macedonia by analyzing the most important fiscal instrument - the budget, by analyzing the relations between public revenues and expenditures. The secondary goal of the paper is to provide recommendations that will arise from the research.

Starting from the main constructive elements of the budget, the hypothesis of this paper is set, that is, the growth of public revenues stimulates higher expenditures.

Verification of the set thesis will be made through appropriate measurements and tests. As a basis for the research, an analysis was made for the period 2001-2013 of the Budget of the Republic of Macedonia, as well as data from the latest period are also introduced and the short-term fiscal strategy also.

## **2. THE FISCAL SYSTEM IN THE REPUBLIC OF MACEDONIA. MACEDONIA - HISTORICAL OVERVIEW**

Fiscal policy represents the use of state revenues and expenditures on total economic activity. (Fiti, T., 2014, pp. 437). Public revenues are mostly derived from tax collection: personal income tax (direct taxes), value added tax, shares, and customs (indirect taxes). In addition to taxes, budget revenues come from the so-called non-tax revenues (different fees, revenues from public enterprises, etc.).

Public expenditures represent the costs for various purposes: salaries for the public sector, various services and goods for the needs of public institutions, public investments, etc.

It is not easy to develop a formal empirical test that will determine a dominant fiscal regime in which the fiscal balance is set independently of the public sector liabilities (Trenovski, B.)

The new fiscal system in the Republic of Macedonia was introduced in the nineties of the last century, which is based on the principles of market economy, private property, etc. The new fiscal system is based on the principle of the allocation neutrality of taxes and the budget. It is important to mention the abolition of a large number of contributions and their replacement with taxes, with the exception of social security contributions (health, pension and disability insurance).

It also emphasizes the principle of transferring the tax burden from direct to indirect taxes (reducing the participation of income taxes and increasing consumption taxes). With the adoption of the new Law on Personal Income Tax, the Law on Profit Tax, the Law on Property Taxes and with the beginning of the functioning of the Public Revenue Office, which in 1994 made the first reform of the tax system in the Republic of Macedonia, responsible for determining, collection and control of taxes for all taxpayers in the Republic of Macedonia (Law on Public Revenue Office - Official Gazette of the Republic of Macedonia No. 80/1993 and change of 1.1.1994).

One of the most important and most significant reforms of the Macedonian tax system is the introduction of value added tax in 2000, as a substitute for the previous tax on the turnover of goods and services. Also, significant reform is the new taxation system for goods that are subject to excise tax in 2001.

The Law on the Public Revenue Office (Official Gazette of the Republic of Macedonia, No. 43/14, 61/15, 27/2016, 35/2018, 83/2018, 7 of 14.01.2019) 2019 organizes the scope of work, the manner of performing the work and managing the Revenue Office.

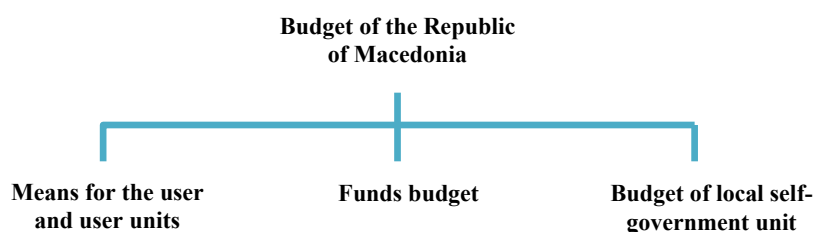
Since 2006, the Law on Tax Procedure has been applied, which is based on the model of the dominant regulation in the European Union.

The Government of the Republic of Macedonia adopts a several-year fiscal strategy as an important document that sets the medium-term fiscal goals related to the priorities, and enables monitoring of the dynamics of revenues and expenditures in relation to the set goals. The subject of analysis of this paper was the Fiscal Strategy of the Republic of Macedonia for 2019-2021 -2021, which, on the basis of Article 16 paragraph 2 of the Law on Budgets (Official Gazette of the Republic of Macedonia No. 64/2005, 04/2008, 103/2008, 156/2009, 95/2010, 180 / 2011, 171/2012, 192/2015 and 167/2016) was adopted on 22.5.2018.

## **3. BUDGET OF THE REPUBLIC OF MACEDONIA**

The budget is the basic instrument of the fiscal policy of a country. In a concrete sense, the budget means a document containing the total revenues, expenditures and financing of central and local government and special funds. The budget is proposed by governments, and it is adopted by the national parliaments, that is, the assemblies. The budget is a systematic financial report on the revenues and expenditures of the state and of the social and political communities for a certain period, i.e. for the budget year (Sabahudin, K., 2008, p. 124).

Budget planning is one of the most important governmental activities and reflects one of the most important steps of the budget process. It depends on many factors and depending on the intensity of their impact on the category of revenue or budget expenditures, a more accurate approximation of the level of budget planning is achieved. The greatest accuracy of revenue planning enables spending to be more accurately planned, based on Government priorities. The budget is an annual plan for financing the functions and obligations of the Republic of Macedonia, local self-government units and funds, and consists of an annual estimate of revenues and expenditures according to the allocation. The annual estimate means a 12-month fiscal year, which begins on January 1 and ends on December 31 of each calendar year, and is valid only for the fiscal year for which it has been approved. This means that the budget year in Macedonia corresponds to the calendar year. When talking about the budget of Macedonia, it is thought of the means of spending units of the Budget, the budgets of the units of local self-government, and the budget of funds.



**Figure 1. Budget Structure of Macedonia**  
Source: Individual researches

The users of the Budget of the Republic belong to the legislative, executive and judicial power. On the other hand, the spending units of the Budget of the Republic are institutions in the field of education and science, culture, child protection, social protection, judiciary and prosecution office, which are financed through the beneficiaries of the Budget of the Republic of the respective field. For example, the Ministry of Education is a beneficiary of budgetary resources, on the other hand, state universities are a budget resource user, and are funded through the budget of Ministry of Education. In addition to the means of users and spending units of the budget, the Republic's budget is comprised of the following budget funds: the Pension and Disability Insurance Fund; Health Insurance Fund of Macedonia; The Road Fund, and the Employment Agency.

In the end are ranked the budgets of the units of local self-government (not by importance, but by order). They draft, propose and approve their budgets independently, in accordance with the instructions given by the Minister of Finance. All three types of budgets go through very similar design, adoption and implementation procedures. For the realization of the financial resources of the Budget of the Republic, respectively the financial means of the users and the units of the budget funds, the Ministry of Finance of the Republic of Macedonia opens and maintains treasury accounts. Treasury account is the account for centralized collection of revenues and centralized execution of budget expenditures. Within the treasury account there are also fund accounts.

### **3.1. Planning the revenue and budget expenditures**

The purpose of each government budget process is to determine the most important priorities, to collect budget revenues in order to implement those priorities, to allocate the necessary funds for the spending agencies and to evaluate the efficiency of public spending. The Government budget should serve as a communication tool between the government and the taxpayer's needs by making transparent budgetary plans, revenues and budget expenditures: the Direct Assessment Method and the Automatic Evaluation Method.

**The direct assessment method:** is based on the realistic realization of revenues and expenditures in the previous period (last year), but correcting it with the eventual change in the amount of revenues and expenditures for the forthcoming period. During the estimation of expenditures, records of recent real budget expenditures are taken but corrected by a percentage of eventual changes (increase or decrease of expenditures, depending on the increase or decrease of functions, organs, new investments, etc.). Usually, spending proponents increase their needs to utilize the slogan "ask as much as you can to get the real amount". Direct estimates are also used for revenue planning, based on their realization in the previous year, but also adjusted depending on the output index, productivity, workflow, balance of payments, revenue, turnover, etc. since that depends on the formation of the largest amount of budget revenues. This method gives good results in the countries that draft the budget at the beginning of the budget year.

### **3.2. Drafting the budget project proposal**

Drafting of the budget proposal is based on the expenditures and revenues plan prepared by the budget users according to the unique technical guidelines and the preliminary data. The budget proposal is based on the requirements of the services and state bodies for budgetary funds for the purpose of carrying out their public functions and duties. The technical work on the preparation of the budget proposal varies and is numerous so that it made by the special service at the Ministry of Finance as a budget director. This directorate, based on the instructions of the Minister of Finance, issues the general technical guidelines for drafting the budget project. Based on these instructions, each head of the administrative unit is obliged to compile a pre-accounting of the expenses as well as any eventual incomes) which then sends it to the relevant body. All pre-accountings of expenditures are collected, ranked, analyzed and allocated as more important expenditures from less important expenditures, and then the final proposal of the budget project is submitted. Thus, the relevant body only proposes the expenditures of the proposers to the budget funds spenders, while the financial body has the duty to find the means to cover the expenditures in order to balance the expenditures with the revenues. Drafting of the budget project in this way the Ministry of Finance together with the rationale and relevant documents sends it to the government which makes the final decision on budget and budget policy for the coming year. After a detailed discussion, the government submits its draft budget to Parliament for approval. Thus, the first phase of spending and revenue planning and the establishment of the budget proposal ends. Once prepared and harmonized, the budget proposal is passed to the next stage of approval and budget release.

### **3.3. Budget rebalancing as an instrument for harmonization of revenues and expenditures**

Budget in the financial system is approved for one-year period. The budget envisages the revenues that will be collected during that year with which the budget expenditures will be financed. Budget revenues and expenditures should be balanced, respectively in equilibrium. The budget equilibrium is the principle that must be respected. However, it may happen that for various reasons the budget equilibrium is misbalanced. This happens if budget revenues are realized in amounts smaller than planned, then budget expenditures should be adjusted to reduced budget revenues. So the budget equilibrium is broken even if budget revenues are realized in larger amounts than planned, then budget expenditures may increase for the increased amount of revenues. Reconciliation of revenues with budget expenditures represents the change of budget or budget rebalancing. Changing or rebalancing the budget is done according to the same procedure for approving the budget. Budgeting or budget rebalancing is therefore done with the increase or reduction of budget funds as a whole. However, if certain changes are made in the same, unchanged budget funds amount, then it is about budget virement. For example, if the funds grow to a user of budget funds, the same amount is reduced to another user. In this case it is not about the change (i.e. the budget rebalancing) but for budgeting. With budget virement, neither the amount of revenues nor the amount of budget expenditures is changed.

### **3.4. Budget execution and control**

At the moment when the representative body approves the budget project, it passes to the next stage - in the execution of the budget. Budget execution means implementation of the approved budget policy, namely the realization of public revenues, on the one hand, and "the financing of certain public expenditures on the other. The budget execution therefore has to do with collecting the planned public funds and their spending for the foreseen purpose in the budget. The administrative bodies responsible for budget execution are divided into: the ordering person or entity and the person or entity that is held accountable, on the basis of the functions they perform. These bodies, on which falls the whole responsibility for the realization of the budget, are obliged to collect the revenues and spend them for certain purposes, to keep the records and to report for the collection of public revenues and the realization of public expenditures. Legal provisions regulate budget execution issues in order to eliminate disorders when collecting or spending the revenues. For budget execution and control it is better to split the function of the ordering person or entity from the person or entity that is held accountable. Ordering entities are state bodies that have the right to own or manage funds in the budget, respectively to take care of collecting state revenues, and decide on their spending in the respective budget year. Ordering entity for budget execution are the competent executive bodies.

### **3.5. Budgetary reserves**

There may be a need to finance the needs and tasks for which the funds are not provided or insufficiently foreseen in the budget execution. For this, an amount of budget funds is foreseen without a specific purpose, which can be used to finance unforeseen needs. This is the budget reserve. The budget reserve may be for the following and permanent year. Budgetary reserves for the current year are formed from regular revenues and serve to meet unforeseen needs and which are financed from the budget. From the budget, therefore, part of the revenue as a budget reserve of the following year is allocated for the financing of needs and tasks for which the funds are not provided or are not provided in sufficient amounts. For the use of the following budget reserve, the relevant executive body shall be appointed. Permanent budgetary reserves are formed by extraordinary revenues that finance unforeseen public expenditures and certain needs in the economy, which can not be met by regular revenues. Thus, the political social community generates a permanent budget reserve from the annual revenue realized, by dividing a percentage from revenues. Permanent budget reserve assets can be used: to supplement (finance) expenditures incurred as a result of exceptional circumstances for which insufficient funds are provided in the budget, such as floods, drought, fire, earthquake, epidemic and other elemental disasters; for the financing and performance of budget spending agencies' obligations if these obligations can not be carried out by regular means due to the uneven flow of budget revenues; for covering the deficit in the budget; if the permanent reserve assets are used to finance the budget deficit.

### **3.6. Need for supervision (budget implementation)**

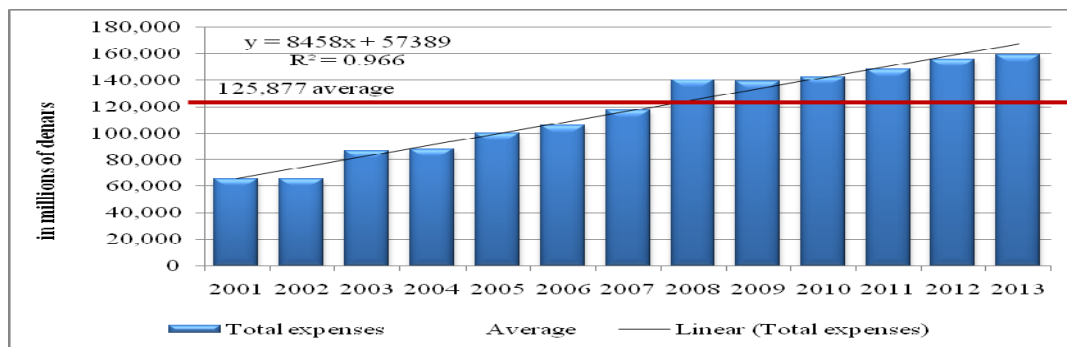
Budget as a key instrument of financing the public expenditure (spending) includes a large share of national income. The budgetary mechanism today has a great and different influence in economy and in society. Therefore, the financial economy can not be imagined without checking the cash flows that represent the revenue circulation. The budget includes between 40-50% of the national income through which is made its redistribution and consummation. Timely collection of public revenues and optimal fulfillment of public needs (expenditure) as well as their rational, planned use

requires control in the work of all bodies entrusted to the collection, handling (administration, governance) and the spending of public funds. During the implementation of the budget, the means may be utilized irrationally, the waste of public funds can be made, the change of purpose during their use, etc. For this purpose it is necessary to control the creation and spending of funds.

Controlling budget implementation should include all phases through which budget procedures passes. Therefore, all competent bodies should be engaged in budget execution through all the phases through which the financial means pass. Controlling budget implementation can not be done by just one body, but it must be made many bodies, as the budget system is quite complex and the monetary flows are numerous and diverse.

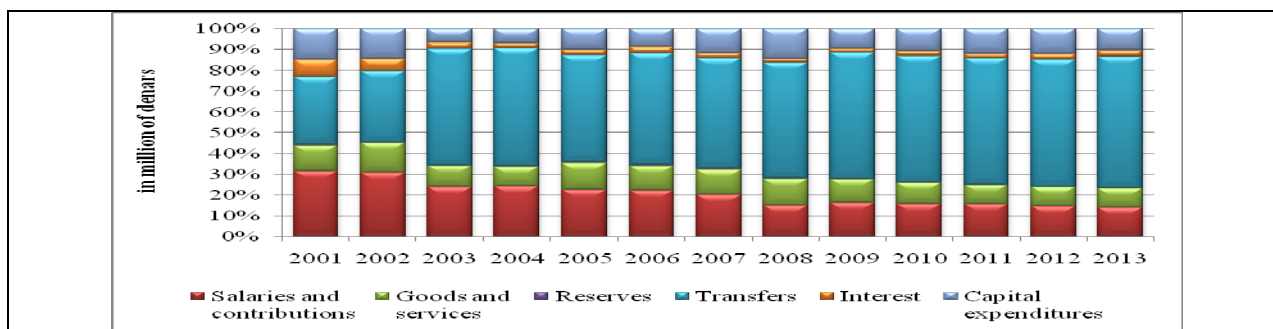
### 3.7. Public expenditure progress analysis

The graphical outline of the progress of total public expenditures, based on the progress of the absolute nominal amounts for these categories, it can easily be noted that on the whole they show a trend of constant increase, with the exception of the three fiscal calendar years (2008, 2009 and 2010), which show a constant equality. The data, as already said, are based on the table expressed in nominal fixed amounts for a longer period of time, starting in 2001, as of the 2013 calendar fiscal year. Otherwise, the cutting point or the so-called the average value was achieved in the fiscal year 2008, in nominal amount of 125,877, expressed in millions of denars.



**Figure 2.** Progress of total public expenditures in the Republic of Macedonia  
Source: Annual accounts of the Ministry of Finance, 2001-2013

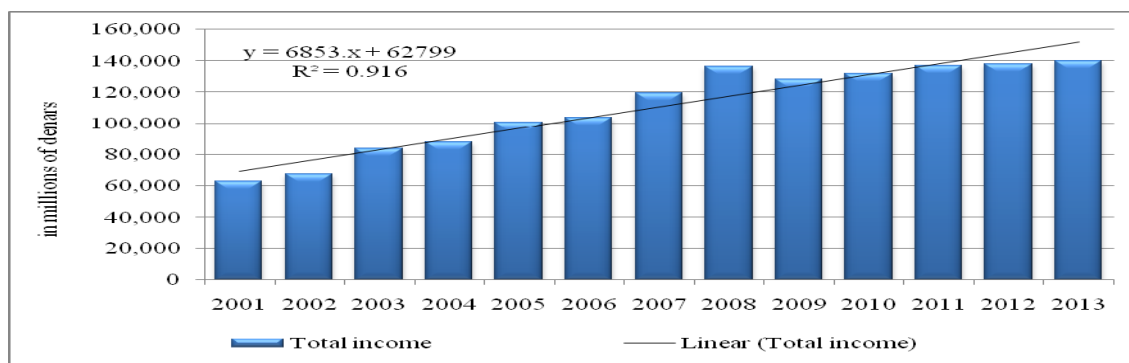
In the next graphical outline, the progress of the total expenditures from the budget of the Republic of Macedonia was presented in the analyzed period, after certain years. In doing so, the same digit figures for individual years are first presented within a circular motion, with each absolute amount representing an appropriate part of the circle expressed in relative indicators - percentages. With such an outline, in fact, a different view of the progress of expenditures by individual items in relation to the total budget is provided.



**Figure 3.** Structure of Total Public Expenditures in the Republic of Macedonia, 2001-2013  
Source: Annual accounts of the Ministry of Finance, 2001-2013

### 3.8. Analysis of progress of public revenues in the Republic of Macedonia

Analogously, during the studious approach regarding the movement of total expenditures, as well as their individual components, this paper also carried out analytical observation of the progress of total revenues as well as their substantive parts within the revenue side by years, starting from 2001 until the end of the fiscal year 2013.



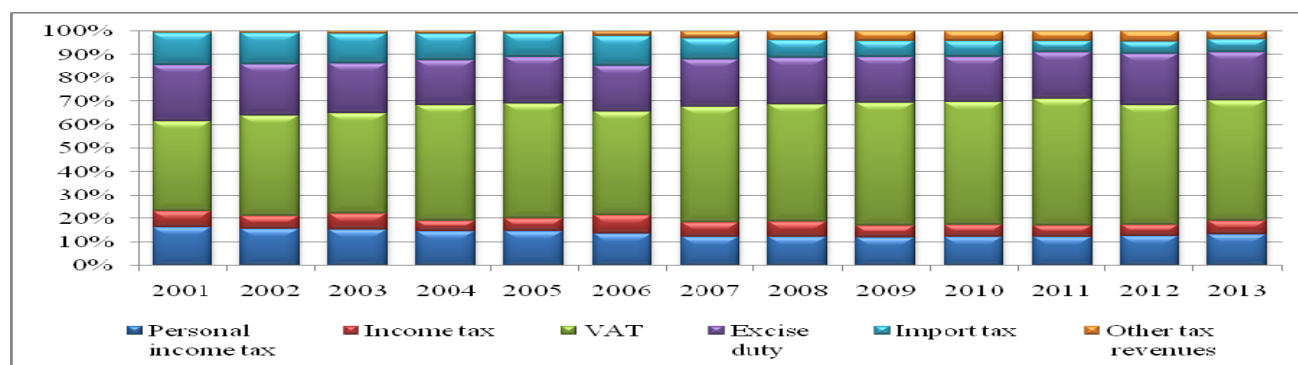
**Figure 4:** Progress of total public revenues during the period 2001-2013

Source: Annual accounts of the Ministry of Finance, 2001-2013

It is also worth mentioning that this paper deals with a total amount of expenditures and a total amount of revenues which, not only for some balance parity, but also because of the legal regulations, there should be a parity - equality of the approved expenditures, that is, interest rates. If there is any inequality between these two fundamental balance categories in their total amount or within their constituent elements - balance sheet items, in that case, using the method of transferable assets, i.e. liabilities, the so-called balance parity. Such progress can be subject to constant analytical investigations, in most cases, in relation to exceeding expenditures in comparison with the envisaged revenues. Hence the generally known premise according to which, when designing the budget for each fiscal year, it starts from the expected possible and varied incomes, in order to be sufficient in the next projected period for covering the actual costs incurred.

Based on the previously noted graphical overview, it is easy to see the obvious evidence, which refers to the revenue side of the budget, that in certain sense identical progresses with slight deviations in the accounting periods are identical. However, when composing the balance sheet, the deviations in positive or negative connotation will be equalized by the fact that the sum of the assets and the sum of the liabilities within each budget institution is equal.

Taxes are public revenues arising from obligations imposed by the state towards individuals and legal entities. The main function of taxes is fiscal function, although they are used for achieving certain economic and social goals, for achieving stabilization policy and for suppressing inflation. The subject of taxation is revenues, turnover and property. Taxes are divided into: income taxes (direct taxes), consumption taxes (indirect taxes), property taxes and contributions from compulsory social security.



**Figure 5:** Tax structure over the period 2001-2013

Source: Annual accounts of the Ministry of Finance, 2001-2013

It is worth noting that, observing the structure of their separate parts, the share, as a whole, of the VAT revenues is incomparably larger than the profit taxes, excise duties, personal taxes, and other tax revenues.

As for the comparative analysis of revenues for these two years, there is no significant variation of VAT revenues (38%: 51%), which is not the case with the revenues from other types of taxes (24%: 21% - excise duty, 14%: 5% - personal tax, 7%: 6% - income tax, 16%: 13% - income from various import taxes, 1%: 4% - other tax revenues). One of the most significant revenues, as a pillar of the budget, is Value Added Tax (VAT), which in the framework of this paper, according to the same methodological procedure, was analyzed for the period of 2001 - 2013 fiscal year.

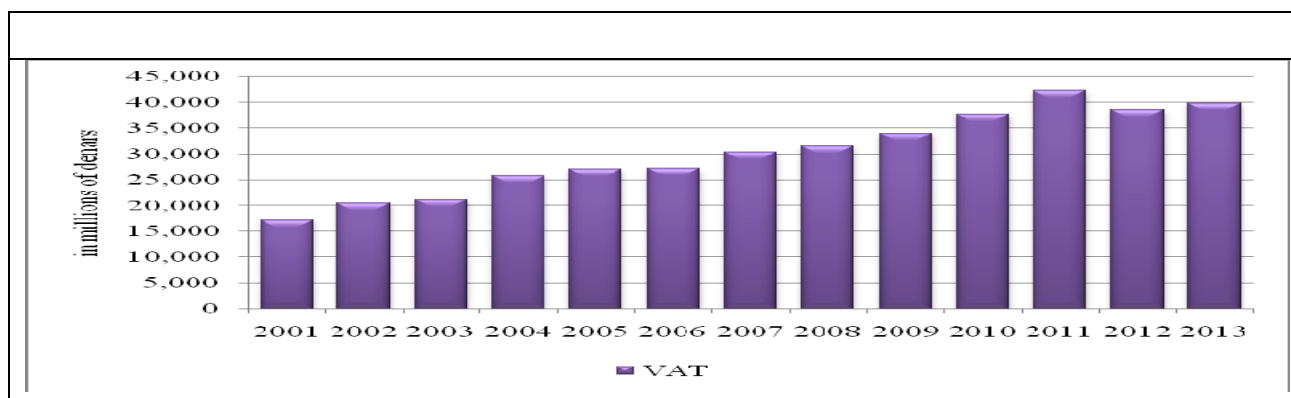


Figure 6. VAT incomes

Source: Budget of the Republic of Macedonia from 2001 to 2013

This type of tax in the graphical presentation shows a moderate trend of increase, with the exception of 2011, where there is a certain deviation from the constant increase, in nominal amount of 42.224, expressed in millions of denars.

#### 4. MEDIUM-TERM FISCAL POLICY

The fiscal policy of the Republic of Macedonia is of vital importance for the economic development by encouraging, by supporting domestic businesses, increasing employment through active measures for employment, raising the wages, strengthening the social protection system, and so on. According to the projections noted in the Fiscal Strategy of the Republic of Macedonia for the period 2019-2021, in the current medium-term period, it is planned to strengthen the budget and fiscal discipline management, which will result in macroeconomic stability, fiscal consolidation and maintenance of low level of budget deficit. The focus will be on creating a positive business environment, supporting domestic enterprises, innovative projects, and infrastructure investments. Modernization of the revenue collection system, as well as the control and more efficient consumption of the budget funds are foreseen. In order to strengthen the fiscal discipline, it is envisaged introducing limits on budget expenditures (total limits and limits per budget users). Deceleration of the annual growth rate of total expenditures from 7.7% in 2018 to 6.3% in 2019, 5.1% in 2020, and 4.2% in 2021 is also anticipated. According to projections, fiscal policy provides a gradual narrowing of the level of the overall budget deficit of 2.7% of GDP in 2018 to 2.5% of GDP in 2019, 2.3% of GDP in 2020 and 2% of GDP in 2021. The budget deficit is projected to decrease to 1.4% of GDP in 2018 to 1.1% of GDP in 2019, and further to 0.7% and 0.2% respectively in 2020 and 2021, with a paired budget balance.

The revenues of the Budget of the Republic of Macedonia for the period 2018-2021 are planned to amount to about 29% of GDP. This is due to the expected tax reforms in the area of personal income tax and other public revenues.

The expenditures of the Budget of the Republic of Macedonia in the period 2018-2021 are planned to participate with 31.6% of GDP. Such projections are based on: aligning the projections of revenues with the economic activities being planned; projections of total expenditures towards continuous fiscal consolidation, as well as regular performance of liabilities.

#### 5. RESEARCH METHODOLOGY

**Co-integration test (Johansen-Juselius co-integration test).** To test co-integration or existence of long-term correlation between variables, regression is first implemented. Table 3 shows the results achieved by the Co-integration Tests. Given that all variables integrated are of the first order, the Johansen-Juselius co-integration test is applied in the paper to explore the long-term co-integrating variables in the model. The results of the Johansen-Juselius co-integration test are presented in Table 3 below. With the aim of assessing the long-term co-integration of variables in the model, the Johansen-Juselius Test Procedure for co-integration between total public expenditure (tpv) and total public revenue (tpex) was used.



Hipoteza zero	$\lambda_{\text{trace}}$	$\lambda_{\text{max}}$
$r = 0$	8.7871 [15.41]	7.8997 [14.07]

\* values in [] point to 5% of the critical value.

Source: Individual researches

From the results of the statistical tests and given in summarized form in Table 3, for both the tests used, i.e. trace test (trace  $\lambda$ ) and the maximum eigenvalue test (max  $\lambda$ ), for the existence of a long-term equilibrium between total public expenditure and total public revenues in the fiscal system of the Republic of Macedonia. As can be seen from the table above, the results of the Johansen-Juselius test for the co-integration of variables i.e. both the *Trace Test* and the *Maximum eigenvalue test* emphasize that the variables that are examined are not co-integrated, meaning that their correlation is short-term and not long-lasting as if it would have been if the variables were co-integrated. For this reason, we can conclude that there is no long-term link between public revenues and public expenditures, but the link that exists between them is short-term linkage. The zero hypothesis that says that there is no co-integration ( $r = 0$ ) based on both tests and the trace and the maximum eigenvalue test between total public expenditure and total public revenue, the zero hypothesis is accepted at the level of significance 5% and not the alternative hypothesis that there is co-integration between variables.

## 6. CONCLUSION

If policymakers understand the reports that exist between public spending and public revenue, the ongoing public deficits that appear in these cases can be prevented more easily and with greater success. Hence, the current relationship between public expenditure and public revenue today attracts considerable interest in the scientific and economic spheres, both theoretically and practically. This is due to the fact that the relationship between public revenue and expenditure has an impact on the country's budget deficit. For a long time in the field of public finances, the causal relationship between revenue and public expenditure has been and still is a highly debatable theoretical and empirical issue. The question of which variable has precedence (influence) over other variables has been a main question to many researches carried out in the country and around the world, since the budget financing policy can directly affect the economic stability of the country. Therefore, if there is a need to implement anti-inflationary policy, a restrictive state budget spending policy should be implemented through budgetary policy surplus, which will affect the reduction of demand. On the other hand, in the state of depression and very high unemployment rate, the budget deficit policy is applied, in which case budget expenditures increase, a phenomenon that influences the demand and consumption stimulation, which influences the stimulation of the country's economy. Based on the empirical results, it was gone so far that the assumed hypothesis of fiscal synchronization for the fiscal system of the Republic of Macedonia is accepted. In addition to this, through empirical results it has been found that there is a short-term balance between total public revenue and total public expenditure. The results coincide with the results of many authors who have found that there is a two-way causality between public revenue and expenditure for certain countries. Regarding the case for the Republic of Macedonia, this paper provides a recommendation for policymakers in Macedonia, which is an economy where total revenues (tax revenues, contributions, etc.) are determined on the basis of total public expenditure allocation in the framework of the country's fiscal system. In other words, expenditures will be positive for public revenues, which in turn also positively affect expenditure both in the present and next fiscal year. The two-way causal relationship between total public revenue and total public expenditure may complicate government efforts to control the budget deficit, which in this case is presented and can contribute to the explaining of high national public debt.

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## RESUME

It is worth mentioning that the economic function of the budget of the country has been reviewed, and we can say that during the drafting of the budget there is a need for the precise design of public expenditures and resources of public funds that will serve to cover public expenditures. The findings of this research show that during the drafting of the national budget it is to be expected that the lack of causal link between budget revenues and expenditures does not affect the decision-making on the level of tax rates so that the level of income will be independent of the way of allocating government expenditure. That is why we finally conclude that based on the theoretical framework and the empirical results of the research, it is still very important to evaluate and present the link between expenditure and public revenues. Therefore, defining and analyzing the cause-and-effect relationships that exist when drafting the national budget and the effects that arise as a result of these relations that are presented as a subject of study of this scientific research. Despite many limitations that existed during the research, both in terms of data that were not structured at the appropriate level as well as in the differentiation of the values set by the respective official institutions and on the other hand by the lack of research realized in this area and the very small number of scientific works that have explored this issue. In this regard, there is hope for concrete work to stimulate debates and new research in terms of defining the relationship between public expenditures and public revenues in the future, by which the theory of the country's fiscal system will be enriched and will help policymakers in making their decisions about the country's fiscal policy.