



Republic of Serbia  
Fiscal Council

## **Assessment of Local Government Finances in 2013**

Belgrade, March 25<sup>th</sup>, 2013

## Assessment of Local Government Finances in 2013

*SUMMARY: Current misbalance between the funds and obligations at the Republican and local governments' levels causes a deficit and a shortfall in the budget of the Republic of 25 Bill. RSD, i.e. close to 0.7% of the GDP at the annual level. It is necessary to eliminate this misbalance in the shortest possible time, so as to embark on a 2014 budget year with a balanced fiscal position between the Republican and local governments. The optimum approach implies returning the funds from local to Republican level since numerous operational and political risks might jeopardize successful implementation of an alternative solution – transfer of additional competences from the Republican to local level. Hypothetical simulations by the Fiscal Council indicate that the abovementioned gap of 25 Bill. RSD can be eliminated by transferring the funds back to the Budget of the Republic – at the same time observing the basic guidelines of either the original 2007 Law on Financing local Self-government or the amended 2011 Law. Fiscal misbalance should be eliminated in the shortest possible term, before the (current) expenditures of local self-governments adapt to a higher revenue level. Within public finances at the local level, additional, system upgrading of property tax is necessary in the period ahead.*

**A misbalance between the funds and obligations at the Republican and local governments' levels in 2013 amounts to approximately 25 Bill. RSD, i.e. close to 0.7% of the GDP.** Had the initial 2007 Law on Financing local Self-government remained effective, the municipalities and towns would in 2013 earn 107 Bill. RSD based on wage tax and Republican transfers (the funds on both these grounds would be almost identical and would amount to 53.5 Bill. RSD each). The 2011 law changes have significantly increased the total funds received by municipalities and towns per two bases, thus the total revenues in this year shall amount to almost 137 Bill. RSD (102 Bill. RSD from wage tax and 35 Bill from Republican transfers). The last law changes in the fall 2012 have limited and abolished certain source revenues of local self-governments, the so-called quasi-fiscal charges, due to which annual revenues at the local government level will decrease by 5 to 6 Bill. RSD.<sup>1</sup> Given that the competences of local self-governments were neither changed nor expanded in the past years, *we conclude that the surplus funds as compared to the local government level obligations amounts to some  $137 - 107 - 5 = 25$  Bill. RSD per annum.*<sup>2</sup>

**The Fiscal Council opines that when analyzing fiscal position of local self-governments, the initial 2007 Law should be used as an adequate reference basis.** The Law on Financing local self-governments, adopted in the fall 2006 and becoming effective in 2007, has resulted from a joint effort of relevant towns and municipalities' representatives, Republican bodies and academic community, while the process of technical elaboration of the Law was run by the Standing Conference of Towns and Municipalities. This Law was assessed extremely positively by the international organizations, professional public and had an undivided support from the various government levels. Therefore we opine that the fiscal position as defined by the initial Law on Financing local self-governments may be deemed to be the most relevant, although certain experts in the area of fiscal decentralization suggest that vertical fiscal balance was established as early as in 2003 – based on local revenues which were by 0.6% GDP lower than the revenues allowed by the 2007 Law.<sup>3</sup>

**Big (vertical) fiscal misbalance between the Republican and local government levels has been caused by numerous unilateral and unsystematic law changes in the past couple of years.** The predictability of local self-governments financing has been violated as early as in 2009 when due to economic crisis Republican transfer to local self-governments was decreased discretionally by 15 Bill. RSD (from 40 to app. 25 Bill, RSD a year). By mid 2011 changes to the Law on financing local self-governments resulting in a total increase in available funds at the

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<sup>1</sup> The biggest loss of approximately 3.4 Bill. RSD is expected due to law changes regulating firm name posting (serb. *firmarina*). For more details see report “Assessment of 2012 budget rebalance and law proposal with fiscal influences”, page 44, Fiscal Council, Belgrade, 13 September 2012.

<sup>2</sup> Cumulative financial position of local self-governments in the 2009-2013 period is also positive compared to the initial 2007 Law, since municipalities and towns were short by some 40 Bill. RSD in the 2009-2011 period and respectively had a surplus of more than 50 Bill. RSD in 2012-2013.

<sup>3</sup> For more details on establishing vertical fiscal balance of local self-governments in the 2001-2003 period see relevant research *Levitas, A, 2005, “Reforming Serbia’s Local Government Finance System”, Journal of Public Administration, Vol. 28.*

local level by 40 Bill. RSD annually were adopted.<sup>4</sup> Given that the abovementioned additional funds were not accompanied by any increase in the local self-governments' competences, the Republican government re-classified in February 2012 approximately 6.000 kms of regional roads into local roads and 4 Bill. RSD of costs for their maintenance were entrusted to local self-governments.<sup>5</sup> However, reacting to the initiatives of certain municipalities, the Republican government has consented by the 2013 budget draft to fully assume the cost for maintaining the abovementioned roads; thus the scope of fiscal competences at the local level has remained effectively unchanged. The latest law changes in the fall 2012 have limited and abolished certain source revenues of local self-governments, the so-called quasi-fiscal charges, based on which the revenues of local self-governments will decrease by 5 to 6 Bill. RSD per annum.

**It seems certain that in case of Serbia as well as in some other transitional states, positive effects for economic growth will be missing – if an adequate system of fiscal decentralization appropriate for social-economic circumstance in the Republic is not established in the shortest possible term.** It is important to stress that economic theory indicates the existence of both positive and negative effects within the fiscal decentralization process, so that the total final result is crucially dependent on adequacy of legal regulations, administrative capacities, social circumstances...The majority of empirical research suggests a neutral or slightly positive effect of fiscal decentralization on economic growth in developed countries, while empirical effects in case of transitional countries like Serbia – were most often negative in previous years. Various effects of fiscal decentralization are explained by the lack of adequate institutions and adequate planning of fiscal decentralization in case of countries in transition. Bearing in mind the above described *ad hoc* changes in previous years and the absence of systemic planning and implementation of fiscal decentralization, it seems very likely that if the current solutions remain in effect, Serbia will join a group of transitional countries in which fiscal decentralization is not accompanied by positive effects on economic growth. Thus, the systemic solving of a decentralization issue is imposed as a priority in the nearest future. Additionally, the aggravating circumstance is a fact that fiscal decentralization in Serbia was not preceded by political decentralization to an adequate extent.

**By re-establishing balance between the Republican and local governments one fourth of necessary savings within the medium-term fiscal consolidation would be achieved.** Within the efforts aimed at stabilizing public debt at a sustainable level in the years ahead, it will be necessary conduct reform interventions in order to decrease public spending and eliminate the structural gap between public revenues and public expenditures exceeding 100 Bill. RSD a year.<sup>6</sup> From economic standpoint it would be extremely difficult to achieve such significant savings without encroaching in the abovementioned fiscal misbalance between the Republican and local

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<sup>4</sup> The participation of local self-governments in the income tax revenues has been increased from 40% to 80%, i.e. 70% in the case of the City of Belgrade, while total transfer funds to local self-governments have been decreased from 1.7 to app. 1.1% GDP. For more details see Fiscal Council's report on proposed changes to the Law on Financing local self-governments dated 8 June 2011.

<sup>5</sup> The amount of additional obligations for roads maintenance did not correspond to the amount of additional revenues per individual municipalities, which has deepened horizontal misbalances between local self-governments of different degrees of development.

<sup>6</sup> For more details on necessary savings measures in the medium-term period see *Proposal of fiscal consolidation measures 2012-2016*, Fiscal Council, Belgrade, May 2012.

government levels. Even if such economic calculation could be conducted, from the social point of view it is not realistic to expect that other spending sectors (pensions, health care, education etc.) will be willing to bear extremely stringent measures of reductions and rationalization which will be necessary, and on the other side to tolerate obvious decrease in productivity of government sector at the local level.

**Within the efforts aimed at designing a sustainable systemic solution, the Fiscal Council maintains its previous recommendation that, from the economic aspect, optimum approach would be returning to the initial 2007 Law.** The return to the initial 2007 Law on Financing local self-governments would imply that the participation of municipalities and towns in the wage tax be decreased from 80 to 40% - which would be in accordance with good economic practice that the principal tax forms having a significant effect on economic activity, eg. Wage tax, should dominantly belong to central government levels responsible for conducting (counter-cyclical) macroeconomic policy. Also, the return to the initial Law would imply that the amount of transfer funds be increased from the current 1.1% GDP to 1.7% GDP. Finally, if local self-governments accept (financial) obligation to maintain re-categorized 6.000 km local roads, the initial 2007 Law should be expanded so that the transfer funds based on this be increased for relevant municipalities and towns by a total amount of 4 Bill. RSD.

**It is important to stress that the return of surplus funds of some 25 Bill. RSD from the local to Republican level can also be done by following basic guidelines of the 2011 Law on Financing local self-government.** Fiscal decentralization is an aspect of public finances in the practice of which the earlier mentioned social-political aspects often dominate economic theory. It is therefore important to emphasize that fiscal balance between the Republican and local government levels can be achieved at the same time observing fundamental social-political changes which have led to the 2011 law changes – that the wage tax still belongs dominantly to local self-governments in the amount of 80%, as well as that the solidarity transfer continues to be implemented in full amounts as defined by the 2011 Law. In this case, it would be necessary to decrease the total amount of general transfer of the Republic to local governments by 25 Bill. RSD – from 30 Bill. in 2013 to 5 Bill. in 2014. A decision on the mode in which the general transfer amount would decrease by 25 Bill. RSD would definitely pass the representatives of the relevant Republican and local governments' bodies.<sup>7</sup> It is, however, important to underline that hypothetical simulations of the Fiscal Council as presented in the Appendix indicate that this decrease of a general transfer by 25 Bill. RSD can be achieved so that no local self-government in Serbia would suffer a loss when compared to the 2007 initial Law – some municipalities would be financially better-off, while others would acquire identical financial funds as if the initial Law on Financing local self-government remained in full effect.<sup>8</sup>

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<sup>7</sup> The current distribution of a general transfer per local self-governments does not follow reliably the Legal Regulations; instead it is the inherited result of a an arbitrary decrease in general transfers in 2009.

<sup>8</sup> This hypothetical simulation is, from the standpoint of individual local self-governments, Pareto improvement in relation to the initial Law. The simulation was conducted so that the amounts of general transfer to individual municipalities were decreased until the general transfer in case of a subject municipality was not abolished completely or total revenues of the subject municipality were decreased to the amount as prescribed by the 2007 Law.

**Numerous operational and political risks would most likely undermine the successfulness of an alternative approach to eliminating vertical fiscal imbalance which would imply transfer of additional competences from the Republican to the local government level.** A big operational challenge when transferring the competences are huge economic and administrative differences between various local self-governments. The international experiences indicate that in such circumstances (forced) transfer of competences may be accompanied by a drop in the service quality in certain local self-governments which have weaker economic and/or administrative capacities. In case of Serbia, the latest example of a challenge in this area is a failed attempt in 2012 to transfer competences for maintenance of 6,000 km of roads. It is also important to stress that further decentralization process and transfer of additional competences to local self-governments in the medium-term period are not disputable; however, it is hard to believe that such an approach can solve the existing fiscal imbalance in a short time-period. The abovementioned example of an attempt to transfer competences for maintenance of roads also reflects the possibilities of a political risk – potential wish that the problem of a vertical fiscal imbalance be hushed-up instead of be really solved. Namely, in order to try to carry on with the IMF arrangement, in 2012 Serbia's Government initially assessed the financial obligation for maintenance of these 6,000 km of roads to 10 Bill. RSD so as to make the deficit at the Republican level appear lower – although the actual amount of this obligation is 4 Bill. RSD, which is clearly shown in the 2013 Budget Law.

**It is necessary to agree in the shortest possible time during 2013 on an economically and socially acceptable approach to eliminating fiscal imbalance between the Republican and local government levels, so as to embark on a 2014 budget year with a predictable and sustainable fiscal decentralization framework.** If the fiscally sustainable solution is not agreed upon in the shortest possible time, there are numerous economic and political risks to cause an irreparable fiscal damage and permanently decrease the efficiency of government sector in Serbia. From the economic standpoint, there is a big risk that local self-governments will permanently adapt to a higher level of available revenues by non-productive increase in current expenditures. We can thus see that in the first nine months of 2012, in comparison with the same period in 2011, the expenditures for subsidies at the local level have realistically increased by 25%, for goods and services by 20%, the expenditures for employees by 10%, while the capital expenditures at the local government level have been increased by 2% only. A similar deterioration in the expenditure structure at the local level can also be noted in the 2004-2006 period, when there was also a relief of the local government fiscal position due to the increase in revenues and absence of an adequate increase in competences.<sup>9</sup> How big a challenge the decrease in (permanent) current expenditures at the local government level can be, could be seen during the 2009-2010 economic crisis when generous severance payments (financed from the budget of the Republic) did not yield any results regarding decrease in excessive employment at the local level. Finally, a potential political risk should also be pointed out if a sustainable fiscal decentralization framework is not established by end 2013. Namely, starting from 2014, local self-governments will not be able any more to collect some 0.4% GDP of revenues in the form of a compensation for utilization of the city building plot, so that ideas might arise that this revenue

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<sup>9</sup> For more details see Sestovic, L, 2008, "Macroeconomic and fiscal aspects of decentralization", Quarterly Monitor, Iss. No. 12, FREN, Belgrade

loss be somehow compensated by 0.7% of GDP surplus funds at the local level.<sup>10</sup> From economic standpoint, this approach would be completely unjustified, the more so since the current legislation implies integration of a charge for using a property tax and/or replacement with communal charge.

**It is necessary to step-up the collection of the property tax in the period ahead by systemic efforts exerted in the area of legislation and administrative capacities.** Economic theory and international practice suggest that the property tax is one of the most adequate own source revenues at the local government level. The initial results of transferring the competences for administrating and property tax collection from the Republican to the local government level in 2006 indicate that the effects in various local self-governments were different, among other things due to the absence of adequate systemic instigations within the existing legislation.<sup>11</sup> Although the coverage of tax payers in the 2008-2012 period was increased by 40%, it is estimated that approximately one fifth of real estate in Serbia has still not been registered for paying the property tax. Also, the realistic market value of the real estate is at an average by 50% higher than the estimated tax base used in practice when taxing the property.<sup>12</sup> A trend of decreasing tax rates when taxing the property in certain local self-governments is visible, which is most probably partially a result of surplus of funds transferred from the budget of the Republic. In the next period it is necessary to upgrade the legislation so that estimated real estate value follows the market value especially in case of legal entities which are currently paying the tax based on the bookkeeping value which is most often much lower than the market one. Also, it is necessary to expand the systemic framework so that the amount of Republican transfers to local self-governments depend on the effort in collecting property tax – because this tax form should represent a key source of the own tax revenues at the local level in the next period.

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<sup>10</sup> The destiny of 0.3% GDP of the revenue for landscaping is also not known within the efforts aimed at eliminating quasi-fiscal charges.

<sup>11</sup> For more details see Arsic, M, Randjelovic, S, Bucic, A and Vasiljevic, D. 2012, *Property Tax Reforms in Serbia: Results and Prospects*, FREN, Belgrade.

<sup>12</sup> After decentralizing the property tax, local self-government still have not developed a centralized system of gathering and exchange of data, so Arsic *et al* (2012) had to base their analyses on (biased) data obtained through a poll in which the answers were submitted by only one half of local self-governments in the Republic. Thus the results in this study are most probably more favourable than actually in practice. Eg, the data on the number of housing units in the census suggest that the percentage of non-registered real estate could be some 30% instead of 20% as stated in this study.

APPENDIX – The differences between the projected revenues from wage tax and general Republican transfer in 2013, per towns and municipalities, between actual 2011 legal solutions (80% wage tax and 1.1% GDP transfer) and hypothetical situation had the 2007 Law remained in effect (40% wage tax and 1.7% GDP transfers), in millions of RSD.

Local self-government unit	2007 Law	2011 Law	Difference	Change in relation to 2007 Law	General transfer decrease	New difference	Change in relation to 2007 Law
Beograd	36,460	37,357	897	2.5%	0	897	2.5%
Novi Sad	6,225	8,283	2,058	33.1%	861	1,197	19.2%
Nis	3,912	4,905	994	25.4%	771	222	5.7%
Kragujevac	2,406	3,012	606	25.2%	567	39	1.6%
Aleksandrovac	274	426	152	55.4%	152	0	0.0%
Aleksinac	572	865	293	51.2%	293	0	0.0%
Arandjelovac	566	799	234	41.3%	197	37	6.5%
Arilje	215	253	37	17.3%	37	0	0.0%
Babusnica	181	317	136	75.5%	136	0	0.0%
Bajina Basta	275	407	132	48.0%	121	10	3.8%
Batocina	126	216	90	71.0%	78	12	9.4%
Bela Palanka	165	325	160	96.6%	159	1	0.6%
Blace	146	250	104	71.2%	104	0	0.0%
Bogatic	328	465	137	41.9%	137	0	0.0%
Bojnik	146	257	112	76.6%	112	0	0.0%
Boljevac	195	284	89	45.7%	89	0	0.0%
Bor	839	1,336	497	59.3%	294	204	24.3%
Bosilegrad	131	318	187	142.6%	129	58	44.1%
Brus	208	307	99	47.5%	99	0	0.0%
Bujanovac	446	669	224	50.2%	224	0	0.0%
Crna Trava	40	104	64	161.1%	41	24	59.5%
Cicevac	112	184	73	65.0%	73	0	0.0%
Cuprija	315	479	164	52.2%	158	6	2.0%
Cacak	1,369	1,669	301	22.0%	301	0	0.0%
Cajetina	206	238	32	15.5%	32	0	0.0%
Despotovac	287	400	113	39.4%	113	0	0.0%
Dimitrovgrad	147	218	71	48.5%	71	0	0.0%
Doljevac	183	307	124	67.7%	124	0	0.0%
Gadzin Han	118	201	83	70.9%	83	0	0.0%
Golubac	105	218	113	108.2%	101	12	11.6%
Gornji Milanovac	556	759	203	36.4%	195	8	1.4%
Ivanjica	343	571	229	66.7%	229	0	0.0%
Kladovo	266	419	153	57.4%	120	33	12.4%
Knic	163	248	85	52.4%	85	0	0.0%
Knjazevac	416	637	222	53.4%	222	0	0.0%
Koceljeva	152	236	84	55.3%	84	0	0.0%
Kosjeric	138	181	42	30.6%	39	4	2.6%

Kraljevo	1,542	2,209	667	43.2%	667	0	0.0%
Krupanj	202	337	135	66.9%	135	0	0.0%
Krusevac	1,390	1,846	456	32.8%	456	0	0.0%
Kucevo	205	357	152	73.8%	152	0	0.0%
Kursumlija	280	495	215	76.9%	209	7	2.3%
Lajkovac	272	412	140	51.4%	33	107	39.3%
Lebane	261	426	165	63.1%	165	0	0.0%
Leskovac	1,517	2,168	652	43.0%	652	0	0.0%
Loznica	821	1,232	411	50.1%	411	0	0.0%
Lucani	284	355	71	24.8%	71	0	0.0%
Ljig	132	227	95	72.2%	79	16	12.2%
Ljubovija	174	303	130	74.7%	130	0	0.0%
Majdanpek	339	516	177	52.3%	177	0	0.0%
Mali Zvornik	137	239	103	74.9%	93	10	7.1%
Malo Crnice	139	238	100	71.9%	100	0	0.0%
Medvedja	142	280	137	96.8%	112	25	17.7%
Merosina	144	267	122	84.5%	122	0	0.0%
Mionica	158	260	103	65.2%	103	0	0.0%
Negotin	447	580	132	29.6%	132	0	0.0%
Nova Varos	218	330	112	51.5%	112	0	0.0%
Novi Pazar	854	1,172	318	37.2%	318	0	0.0%
Osedina	152	252	100	65.8%	100	0	0.0%
Paracin	586	876	290	49.5%	266	24	4.1%
Petrovac	365	564	199	54.5%	199	0	0.0%
Pirot	792	1,089	297	37.6%	297	0	0.0%
Pozarevac	1,198	1,649	451	37.7%	180	271	22.6%
Pozega	333	531	198	59.4%	173	24	7.3%
Presevo	351	543	193	55.0%	193	0	0.0%
Priboj	321	506	185	57.7%	185	0	0.0%
Prijepolje	438	709	271	61.8%	271	0	0.0%
Prokuplje	559	855	296	53.1%	296	0	0.0%
Raca	154	267	113	73.5%	113	0	0.0%
Raska	317	466	149	47.0%	149	0	0.0%
Razanjanj	124	224	101	81.6%	101	0	0.0%
Rekovac	142	243	100	70.5%	100	0	0.0%
Sjenica	329	545	216	65.7%	216	0	0.0%
Smederevo	1,354	1,827	473	34.9%	410	63	4.6%
Smederevska Palanka	546	786	240	43.9%	240	0	0.0%
Sokobanja	191	270	80	41.9%	80	0	0.0%
Surdulica	236	424	189	80.1%	177	12	5.1%
Jagodina	875	1,230	355	40.6%	355	0	0.0%
Svilajnac	259	400	141	54.6%	141	0	0.0%
Svrljig	195	338	143	73.3%	143	0	0.0%

Sabac	1,332	1,773	441	33.1%	397	44	3.3%
Uzice	1,138	1,503	365	32.1%	228	138	12.1%
Topola	241	307	66	27.3%	66	0	0.0%
Trgoviste	84	230	146	173.1%	88	58	69.0%
Trstenik	522	716	194	37.2%	194	0	0.0%
Tutin	340	590	250	73.5%	250	0	0.0%
Ub	293	415	121	41.3%	110	11	3.7%
Valjevo	1,156	1,566	410	35.5%	391	19	1.6%
Varvarin	191	314	123	64.6%	123	0	0.0%
Velika Plana	437	696	259	59.3%	259	0	0.0%
Veliko Gradiste	189	312	123	64.9%	123	0	0.0%
Vladicin Han	247	425	178	72.1%	178	0	0.0%
Vladimirci	198	302	104	52.5%	104	0	0.0%
Vlasotince	333	514	181	54.2%	181	0	0.0%
Vranje	992	1,376	384	38.8%	378	7	0.7%
Vrnjacka Banja	260	320	61	23.3%	61	0	0.0%
Zajecar	699	940	241	34.5%	241	0	0.0%
Zabari	138	212	74	53.1%	74	0	0.0%
Zagubica	185	313	128	69.4%	128	0	0.0%
Zitoradja	179	326	148	82.5%	148	0	0.0%
Lapovo	81	121	40	49.7%	22	18	22.4%
Ada	198	269	71	35.9%	68	3	1.4%
Alibunar	225	340	115	51.3%	115	0	0.0%
Apatin	462	474	13	2.7%	13	0	0.0%
Bac	148	206	59	39.8%	59	0	0.0%
Backa Palanka	675	937	262	38.7%	215	47	7.0%
Backa Topola	401	540	139	34.7%	127	12	3.1%
Backi Petrovac	189	268	80	42.2%	80	0	0.0%
Becej	421	572	151	36.0%	151	0	0.0%
Bela Crkva	184	307	122	66.4%	122	0	0.0%
Beocin	175	226	51	29.2%	32	20	11.2%
Coka	156	256	99	63.4%	99	0	0.0%
Indjija	525	691	166	31.7%	131	36	6.8%
Irig	132	184	51	38.9%	51	0	0.0%
Kanjiza	271	326	55	20.1%	55	0	0.0%
Kikinda	783	1,040	257	32.9%	211	46	5.9%
Kovacica	274	393	119	43.3%	119	0	0.0%
Kovin	370	541	171	46.1%	171	0	0.0%
Kula	468	622	154	33.0%	154	0	0.0%
Mali Idjos	115	193	77	67.3%	56	22	18.8%
Nova Crnja	118	196	78	65.7%	78	0	0.0%
Novi Becej	270	346	76	28.1%	76	0	0.0%
Novi Knezevac	134	213	79	59.0%	69	10	7.8%

Odzaci	331	490	159	47.9%	159	0	0.0%
Opovo	109	186	77	71.2%	56	21	19.6%
Pancevo	1,895	2,465	570	30.1%	278	292	15.4%
Pecinci	241	289	48	20.1%	48	0	0.0%
Plandiste	161	268	108	67.2%	108	0	0.0%
Ruma	602	838	236	39.1%	217	19	3.1%
Secanj	175	238	63	36.0%	63	0	0.0%
Senta	314	387	74	23.5%	73	1	0.2%
Sombor	1,075	1,430	355	33.0%	355	0	0.0%
Srbobran	163	231	69	42.3%	65	4	2.2%
Sremska Mitrovica	911	1,239	328	36.0%	264	65	7.1%
Stara Pazova	763	1,016	253	33.1%	190	62	8.2%
Subotica	1,911	2,318	407	21.3%	365	42	2.2%
Sid	366	524	158	43.3%	158	0	0.0%
Temerin	330	483	153	46.4%	92	61	18.5%
Titel	162	256	94	58.3%	94	0	0.0%
Vrbas	540	729	189	35.0%	171	18	3.3%
Vrsac	788	1,015	227	28.8%	132	95	12.0%
Zrenjanin	1,687	2,145	458	27.2%	274	184	10.9%
Zabalj	275	406	131	47.7%	131	0	0.0%
Zitiste	233	376	143	61.3%	143	0	0.0%
Sremski Karlovci	136	153	17	12.7%	17	0	0.0%
<b>TOTAL</b>	<b>107,298</b>	<b>136,865</b>	<b>29,567</b>	<b>27.6%</b>	<b>24,891</b>	<b>4,676</b>	<b>4.4%</b>

**Note:** Total expected revenues from wage tax in 2013 amount to 136 Bill. RSD, while the revenues per individual municipalities were projected based on the share of individual municipalities in the total revenues during the first nine months of 2012. A hypothetical projection of transfer funds in case that the 2007 initial Law on Financing local self-governments remained in power, was obtained so that the implemented transfer funds from 2008 (last year of a consistent Law application) were increased nominally by the change of a nominal GDP value in the previous period (49%). The simulations do not include the expected revenue loss of approximately 5 Bill. RSD in 2013 due to the abolishment of quasi-fiscal charges, primarily the company name posting, for the distribution of a revenue loss per individual municipalities is still not known precisely enough.