



MUNICIPAL FINANCIAL MANAGEMENT IN A CRISIS SCENARIO



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ABSTRACT

This research investigated financial management in a municipality in northeastern Brazil in the face of the COVID-19 health crisis during 2020, focusing on the impacts on tax collection. Tax collection, the main pillar of municipal public finances, was analyzed in a scenario of economic and social instability as a result of the pandemic. Through a methodology that involved field, bibliographic and qualitative research, and using data from the municipal transparency portal, the study examined how the crisis affected the collection process and, consequently, the management of local public finances. To contextualize the analysis of financial management in crisis situations, the research explored fundamental concepts of public and municipal finance, in addition to detailing the main municipal taxes. The presentation of financial indices, through tables and graphs prepared based on accounting information from January to December 2020, made it possible to evaluate the responses of the municipal management to the economic shock. The survey results showed that the pandemic imposed significant challenges on Maracanaú's financial management, resulting in a negative impact on revenues, especially taxes related to the sale of goods and services. This crisis scenario required specific adaptations and strategies in the management of municipal public resources.

Keywords: Financial Management. Tax collection. COVID-19.

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INTRODUCTION

The world is facing a serious crisis caused by the novel coronavirus (COVID-19) pandemic, which has had negative impacts not only on public health, but also on the economy and significantly on the public budgets of states and municipalities. According to Firjan's Fiscal Management Index (2020), "Taxes, in turn, are of great importance in public revenues, because they guarantee fundamental rights that also have costs and that during this period of pandemic there was an increase in these costs." New indicator that analyzes the relationship between the income from municipal economic activity and its existing cost of capital, 34.8% of the municipalities are not self-sufficient and are not able to generate sufficient income to maintain the administrative structure.

Public finances provide all sources of budgetary and financial resources to support the Union, state and municipal governments, as well as the financial interdependence between the aforementioned states. Issues such as debt, currency issuance and its relationship with the financing of public spending and the transfer of resources to other levels of government and the private sector are also addressed.

This study defines the Municipality of Maracanaú as the object of analysis, seeking, through the quantitative analysis of data and financial statements, to answer the following central research question: What is the magnitude of the impacts of the COVID-19 pandemic on the municipality's tax collection in fiscal year 2020?

The general objective of this research is to evaluate the effects of the COVID-19 pandemic on the public finances of the Municipality of Maracanaú, with emphasis on quantifying the changes observed in municipal tax collection. The specific objectives that guide this research are: (i) to analyze the tensions and challenges imposed on the public finances of Maracanaú in the context of the pandemic; and (ii) identify and measure the variation in municipal tax collection between the fiscal years of 2020.

The scientific and social relevance of this research lies in the need to understand the behavior of taxpayers and the dynamics of municipal fiscal balance in periods of extraordinary events. Additionally, the study is justified by the importance of analyzing the interrelationship between tax policies (collection, changes in rates) and expenditure management, seeking to mitigate abrupt financial impacts in crisis scenarios.

Methodologically, the research adopts a qualitative-quantitative approach, materialized in the analysis of relevant budgetary and economic data. Reports on budget revenues collected and revenue estimates for fiscal years 2020 and 2021 will be verified and analyzed, with data available on the Maracanaú Mayor's Office transparency portal. The collection and analysis of these primary data will be complemented by a specialized

bibliographic review. The study is organized in a sequence starting with the introduction, followed by the theoretical framework so that it presents general data of the country's economy, the main items of current income of the municipalities, as well as current expenditures followed by the methodology used for data collection, thus presenting the results and conclusions of the research.

THEORETICAL FRAMEWORK

MECHANISMS OF TRANSMISSION OF THE HEALTH CRISIS IN THE DYNAMICS OF MUNICIPAL TAX COLLECTION: EVIDENCE OF THE COVID-19 PANDEMIC.

Faced with an atypical scenario that the world has been facing, causing a pandemic caused by the new Corona virus (COVID19), it is clear that there would be some challenges to be faced, not only of a health nature, but also affecting several areas, including one of the most important which is the economy. According to an analysis by Professor Paulo Henrique Feijó (2020), "On the revenue side, the drastic reduction in economic activity will lead governments to a scenario of falling revenues, as the quarantine will affect tourism, cultural events, trade, services, exports, and productive activity in general." And it is in this scenario that countries today have challenges to overcome.

What will be presented in this chapter will be the basis for understanding what will be addressed in the specific objectives, in order to explain the data studied.

In Brazil, part of the revenue comes from consumption, which is related to the turnover of the economy and, because the pandemic crisis affects the reduction in consumption, the economy is expected to fall and consumption-borne taxes are also expected to fall, since, in order to keep the economy going, the government may end up not charging some companies, either to maintain some tax benefits or to keep the economy flowing.

DYNAMICS OF STATE REVENUE COLLECTION

According to Law No. 4,320/1964, in its art. 11, "Income shall be classified into the following economic categories: Current Income and Capital Income". As a general rule, current income is that which is collected during the year and applied in the same year. Within this classification are tax revenues. Capital income originates when the government sells or leases an asset, makes loans, and other means, while expenditures are the outflow of resources to achieve a common social good, and are also classified as current and capital expenditures.

Public finance is the area of the economy that deals with the payment of collective and governmental activities and the management and execution of these activities. According to Pereira (2020, p.31) "public finance is the financial activity of the State aimed at satisfying the needs of the community, of general interest, satisfied through the public service process".

To meet the basic needs of society, the government collects resources, most of which come from the payment of taxes by citizens and businesses, from the rental or sale of some goods, and from some other means. To better manage these resources, the government makes an economic classification of income and expenditure.

MUNICIPAL FINANCES

In the Brazilian federative model, municipalities have autonomy to manage their finances, organize themselves, and provide their services. In addition to this freedom of management, the Federal Constitution reserves to the municipalities: the institution, collection and collection of certain taxes, fees and contributions for improvements.

According to the Federal Constitution in art. 156 (1988), it is the responsibility of the municipalities:

Art. 156. Municipalities are responsible for imposing taxes on:
I - Urban goods and land;
II - Transfer "Inter vivos", in any capacity, by onerous act, of real estate, by its nature or physical accession, and of real rights over real property, except those of guarantee, as well as the assignment of rights for its acquisition;
III - services of any nature, not included in art. 155, II, defined in the complementary law.

While these municipal jurisdiction taxes are expected to cover the needs of these municipalities, the combination of these taxes is not enough for most of these cities to cover their expenses. Therefore, the Union and the states, by collecting a larger amount than the municipalities, pass a percentage to their cities so that they can cover their expenses.

In order to increase the financial resources of the municipalities, a percentage of transfers from both state and federal sources was established, which is distributed proportionally to the number of inhabitants.

According to Law No. 5,172, in its art. 86: Of the proceeds from the collection of the taxes referred to in Articles 43 and 46, 80% (eighty percent) constitutes income of the Union and the remainder shall be distributed at the rate of 10% (ten percent) to the Participation Fund of the States and the Federal District. Sole paragraph. In order to calculate the percentage assigned to the Participation Funds, the part distributed in accordance with

section II of the previous article is excluded from the proceeds of the collection of the tax referred to in Article 43.

The Municipal Participation Fund (FPM) is distributed among the municipalities according to the population factor. The method of calculating this percentage will be in accordance with the sample calculations of the population factor carried out by the IBGE, which are carried out annually. Although the demographic census is carried out every 10 years, the IBGE carries out these calculations annually by sampling since every year there is population growth or reduction in the municipalities. According to the National Confederation of Municipalities (2020),

Population estimates are essential for the calculation of economic and sociodemographic indicators in intercensal periods. These figures are also one of the parameters used by the Federal Court of Accounts for the distribution of the State and Municipal Participation Fund.

MUNICIPAL REVENUES

Constitutionally, municipalities have autonomy to collect some taxes and these taxes constitute the main income of the municipalities, coming from the municipality's own actions, in order to balance the expenses determined in urban planning.

a) Property and Urban Land Tax – IPTU

The IPTU will be caused on the properties located in the urban area, its generating event will be the ownership or possession of the property located in the urban area of the municipality, its calculation base will be the marketing value of the property in usual market conditions, to find the basis of calculation it is necessary to know the size, location, built area and type of completion of the work. According to the National Tax Code in its articles 32, 33 and 34. (1966)

Article 32. The tax, which is the responsibility of the Municipalities, on urban property and land has as its generating event the ownership, useful domain or possession of real estate by nature or by physical accession, defined in civil law, located in the urban area of the Municipality.

Art. 33. The basis for calculating the tax is the market value of the property.

Sole paragraph. For the determination of the taxable base, the value of the movable property preserved, permanently or temporarily, in the property, for the purpose of its use, exploitation, ornamentation or convenience is not considered.

Art. 34. The taxpayer is the owner of the property, the possessor of its useful domain or its possessor in any capacity.

b) Service Tax – ISS

The ISS is the tax on services, and each municipality must have its own legislation regarding the ISS, the rate varies between 2 and 5%, the taxpayers of the ISS are the

companies providing services and the independent service providers, the basis of calculation of the ISS is the value of the provision of the service multiplied by the rate of the municipality, as regulated by Complementary Law No. 116 (2003).

Art. 1 ~~The~~ Tax on Services of Any Nature, which is the responsibility of the Municipalities and the Federal District, has as its generating event the provision of the services included in the attached list, even if these do not constitute the predominant activity of the provider.

§ 1 ~~The~~ tax also applies to services which originate abroad or whose provision has commenced abroad.

§ 2 ~~Except for~~ the exceptions expressed in the attached list, the services mentioned therein are not subject to the Tax on Operations Relating to the Movement of Goods and the Provision of Interstate and Intermunicipal Transport and Communication Services – ICMS, even if their provision involves the supply of goods.

§ 3 ~~The~~ tax referred to in this Supplementary Law also applies to services provided through the use of public goods and services economically exploited by authorization, permit or concession, with payment of a fee, price or toll by the end user of the service.

§ 4 ~~The~~ incidence of the tax does not depend on the name given to the service rendered.

c) Tax on the Transfer of Real Estate between Living Persons – ITBI

The ITBI is paid when transferring the property to the buyer and its calculation basis is the market value of the property to be transferred. According to Law No . 5,172 (1966), **the triggering event is:**

Tax on the Transfer of Real Estate and Rights Related to the Same

Art. 35. The tax, which falls within the competence of the States, on the transfer of immovable property and related rights has the following taxable event:

I - the transfer, in any capacity, of ownership or useful ownership of immovable property by nature or by physical accession, as defined in civil law;

II - the transfer, in any capacity, of rights in rem over immovable property, except security rights;

III - The assignment of rights relating to the transfers referred to in paragraphs I and II.

d) Fees and contributions for improvements

The fee is an amount charged in exchange for the provision of a service such as: license fees, urban cleaning. It must only be paid when the service is used by the taxpayer, as established by the National Tax Code in its article 79 (1966).

Art. 79. The following are considered public services referred to in Article 77:

I - Used by the taxpayer:

(a) Indeed, when used by him for any reason;

(b) potentially, when, being of compulsory use, they are made available through administrative activity in effective operation;

II - Specific, when they can be deployed in autonomous units of intervention, utility or public need;

III - divisible, when it can be used separately by each of its users.

The contribution for improvements is generated by the increase in the value of the properties as a result of public works. The basis of calculation will be the value at which the property was valued with this work, in accordance with the National Tax Code in its art. 82 paragraph 1, (1966) determines that: " The relative contribution to each property will be determined by the distribution of the part of the cost of the work referred to in subsection c, of section I, among the properties located in the benefited area based on their respective individual valuation factors."

In this way, we finalize the theoretical framework and begin the work methodology that demonstrates the way in which the data and information were collected.

METHODOLOGY

The preparation of scientific articles is carried out through methods and procedures in order to organize research data for a better analysis of the results to achieve certain objectives.

According to Gil (2020, p.17), "research is developed throughout a process that involves numerous phases, from the adequate formulation of the problem to the satisfactory presentation of the results".

For Lakatos and Marconi (2003), documentary research highlights the collection of data from primary sources, either in the form of written or unwritten documents, belonging to public archives; private archives of institutions and households, and statistical sources.

In this way, we seek to analyze the impacts of the effects of the pandemic on the tax collection process of the Municipality of Maracanaú-CE, making a comparison of the fiscal year 2020/2021.

Regarding the objectives, it refers to an exploratory research since it seeks to show a general vision of a certain fact. In terms of procedures, it is a case study that, according to Gil, (2020, p. 58): "The case study is characterized by the in-depth and exhaustive study of one or a few objects, in a way that allows for a broad and detailed knowledge." since the object of study was only the mayor's office of Maracanaú.

As for the approach, it is qualitative, as for the technique, a content analysis was carried out, collected in the transparency portal of the Maracanaú City Council, data on the municipality's own income for the 2020/2021 fiscal year was collected, as well as the collection estimates and the actual collection and the balances of the two years for a better interpretation of the data. Based on the values presented, an annual comparison was made

in tables and, through graphs, a comparison of the first and second semesters of the two years, to identify more clearly when the collection was impacted due to the pandemic.

The data collected will then be presented and interpreted in the analysis of the research results.

ANALYSIS OF RESULTS

The municipality of Maracanaú is located in the metropolitan region of Fortaleza-CE, according to IBGE data (2020), it has the second highest GDP in Ceará. Its main economic activities come from industry, being the largest industrial center of Ceará. According to the City of Maracanaú Ranking (2020) in the Connected Smart Cities 2021 that collects data and information from Brazilian municipalities, Maracanaú occupies the position of the first city in the Northeast in terms of strength and economic potential. This ranking takes into account Mobility, Urban Planning, Environment, Technology and Innovation, Entrepreneurship, Education, Health, Security, Energy, Governance and Economy.

The field research with documentary analysis collected data on the main taxes collected in the municipality in the fiscal years of 2020 and 2021 in the Maracanaú Transparency Portal, which will be presented in tables 1 and 2 in a simplified way, comparing the fiscal years of what was estimated for collection and what was actually collected.

Table 01: Tax Revenues 2020

Description	Prediction (R\$)	Raised(R\$)	%
Tax on Real Estate and Urban Land – IPTU	14.690.000,00	13.171.392,12	89,66%
Tax on Services of Any Nature – ISS	34.336.000,00	40.560.974,10	118,13%
Tax on the Transfer of Real Estate and Rights between Living Persons – ITBI	4.392.000,00	4.324.543,72	98,46%
Honorarium	2.317.000,00	2.410.025,59	104,01%

Source: Own elaboration based on data from the (Transparency Portal - Maracanaú City Council).

Table 01 presents the municipality's own revenues in 2020, the forecast of what was expected to be collected and what was collected for each tax.

Table 1 presents an overview of the municipality's tax collection in relation to the budget forecasts for a given period (presumably the year 2020, considering the context of our previous conversation). An individual analysis of the main taxes reveals important nuances in the behavior of municipal revenues.

The Tax on Real Estate and Urban Land (IPTU) presents a compliance of 89.66% of the initial forecast, indicating a collection lower than expected by R\$ 1,518,607.88. This performance can be attributed to various factors, such as the economic situation impacted

by the COVID-19 pandemic, which may have generated financial difficulties for some taxpayers, resulting in late payments or delays. In addition, the policies of extending terms or offering discounts for early payment, implemented as a support measure during the crisis, could also have influenced this result.

In contrast, the Tax on Services of Any Nature (ISS) had a remarkable performance, exceeding the forecast by 18.13%, with a collection of R\$ 40,560,974.10, a value R\$ 6,224,974.10 above the estimate. This result suggests resilience or even a recovery of the service sector in the municipality, despite the pandemic scenario. Targeted investments in certain sectors, the adaptation of companies to remote working models or the demand for essential services may have contributed to this increase in revenues.

The Tax on the Transfer of Real Estate and Inter Vivos Rights (ITBI) reached a level close to what was expected, with a realization of 98.46% and a negative difference of only R\$ 67,456.28. The relative stability in the collection of this tax may indicate that the local real estate market did not suffer as significant an impact in the period analyzed, or that real estate transactions continued to occur at a similar pace to that expected.

Finally, the Fees category also exceeded expectations, with a percentage of 104.01% and a collection of R\$ 2,410,025.59, which represents an increase of R\$ 93,025.59. This positive performance may be related to the demand for specific public services, whose utilization rates were maintained or even increased during the period analyzed.

In summary, the individualized analysis of taxes reveals a heterogeneous scenario. While the IPTU was below expectations, possibly reflecting the economic impacts of the pandemic, the ISS and Taxes presented higher results, indicating more resilient sectors or specific demands. The ITBI, on the other hand, remained relatively stable. For a deeper understanding, it would be relevant to correlate these data with local and national macroeconomic indicators for the period, as well as with the fiscal measures adopted by the municipality in response to the pandemic. This analysis will allow us to identify the determining factors of the performance of each tax and their implications for the municipal financial health.

Table 02 : Tax Revenues 2021

Description	Prediction (R\$)	Raised(R\$)	%
Tax on Real Estate and Urban Land – IPTU	15.454.000,00	12.033.926,61	78%
Tax on Services of Any Nature – ISS	45.692.000,00	39.140.465,04	86%
Tax on the Transfer of Real Estate and Rights between Living Persons – ITBI	5.987.000,00	3.316.384,36	55%
Honorarium	2.631.000,00	3.927.874,90	149%

Source: Own elaboration based on data from the (Transparency Portal - Maracanaú City Council).

The data presented in the tables above show municipal tax collection in the fiscal year 2020/2021. As explained, it is possible to observe that during the pandemic period that began in 2021, there was a considerable reduction in the collection of most municipal taxes.

In fiscal year 2020, the expected amount of collection of the IPTU was R\$ 14,690,000.00, while the amount collected was R\$ 13,171,392.12, which corresponds to 89.66% of the expected amount, compared to fiscal year 2021, the estimated amount of collection of the IPTU was R\$ 15,454,000.00, while the amount collected was R\$ 12,033,926.61, which corresponds to 78% of the estimated amount of collection, where a drop of 11.66% can already be observed compared to the 2021 fiscal year.

The ISS collection forecast for 2020 was R\$ 34,336,000.00, but the amount collected exceeded the estimate, collecting R\$ 40,560,974.10, which corresponded to 118.13%; In 2021, the ISS collected 86% of the planned amount, which, compared to 2020, suffered a reduction of 32.13%.

The ITBI was the tax that suffered the most reduction in the 2021 financial year, in 2020 it collected 98.46% of the expected value, but in 2021 it collected 55%, which means a drop of 43.46%. And finally, the fees, which were the only tax that did not suffer a deficit, reaching a higher collection than estimated in the two years analyzed.

The above tables show that during the pandemic period there was a drop in the collection of all taxes, with the exception of fees, which increased.

The comparative analysis of Tables 1 (referring to 2020) and 2 (referring to 2021) offers a crucial overview of the evolution of the municipality's tax collection, allowing inferences about the persistent impacts of the COVID-19 pandemic and other factors that influenced local public finances.

1. Property Tax (IPTU): A Significant Retraction

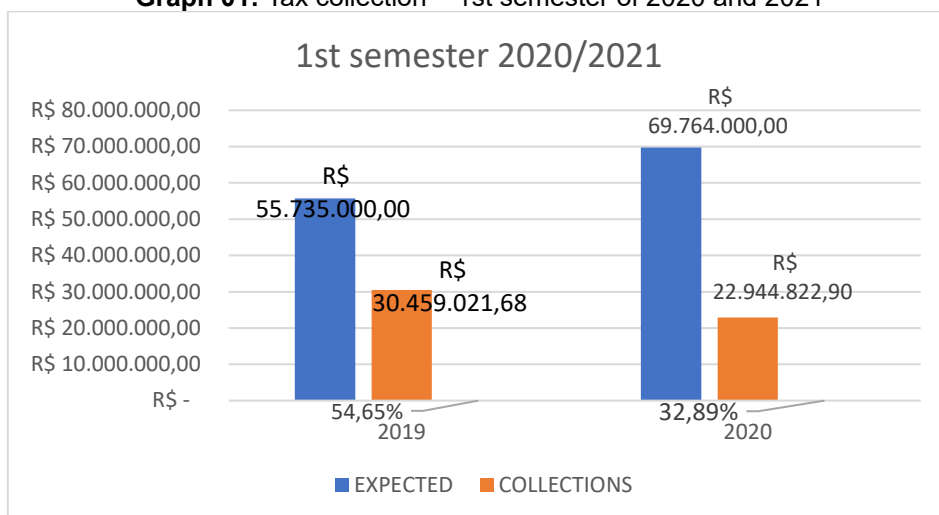
2020: Forecast of R\$ 14,690,000.00, Collection of R\$ 13,171,392.12 (89.66%).

2021: Forecast of R\$ 15,454,000.00, Collection of R\$ 12,033,926.61 (78%).

The comparison reveals a worrying downward trend in the collection of the IPTU. Despite a slightly more optimistic forecast for 2021 (5.2% increase), real revenues decreased by 8.64% (R\$ 1,137,465.51 less). The realization rate dropped significantly from 89.66% to 78%, indicating a greater difficulty for taxpayers to honor their commitments in terms of real estate taxes.

Below is a comparison of the first and second half of the two financial periods, showing at what point in the period the negative effect was felt.

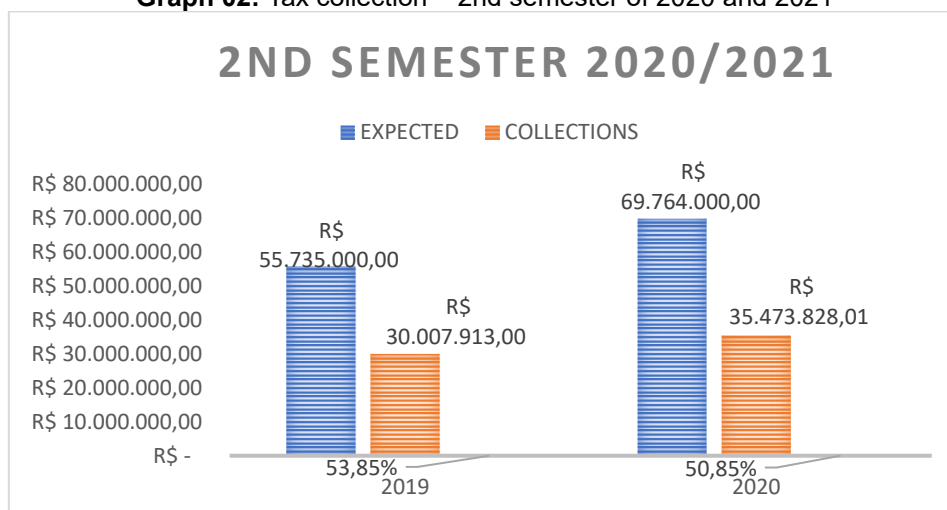
Graph 01: Tax collection – 1st semester of 2020 and 2021



Source: Transparency Portal of the Maracanaú City Council. The authors.

Graph 01 shows the comparison between the first half of the 2020/2021 fiscal year, where the blue part shows the estimated collection values and the gray part the values that were collected and below the percentage of collection of the value that was estimated, thus concluding that compared to the 1st semester of 2020, there was a drop of 21.76% in the amount collected.

Graph 02: Tax collection – 2nd semester of 2020 and 2021



Source: Transparency Portal of the Maracanaú City Council. The authors.

According to the data presented above, the estimated collection for fiscal year 2020 was R\$ 55,735,000.00, of which only R\$ 30,459,021.68 was collected, equivalent to 54.65%. In the first half of 2021, we can observe a significant drop in the value that was estimated compared to the previous year, since a collection of R\$ 69,764,000.00 was expected and what was effectively collected was R\$ 22,944,822.90, equivalent to 32.89%, thus resulting in a drop in collection of 21.76%.

It should be noted that the social isolation restrictions to contain the Corona virus were stricter in the first half of 2021, causing a drop in economic activity, reducing sales of goods and sales of services, confirming that the pandemic negatively impacted the municipality's tax collection, thus reflecting a significant decrease in the collection of ITBI and ISS, which were the taxes with the largest deficit.

The analysis of the collection data for the first half of 2020 and 2021 reveals a worrying fiscal situation, marked by a sharp drop in collection and a decrease in the amount collected in absolute terms.

In 2020, the estimated collection of R\$ 55,735,000.00 resulted in an effective collection of R\$ 30,459,021.68, which represents only 54.65% of the initial expectation. This performance, which is just over half of what was expected, already points to significant challenges for financial management during the period.

In the first half of 2021 the situation worsened considerably. Despite an estimate of higher collection compared to the previous year, reaching R\$ 69,764,000.00, the amount effectively collected suffered a drastic drop, totaling only R\$ 22,944,822.90. This represents an even lower achievement percentage of only 32.89%.

A direct comparison between the two periods shows a drop in revenue of 21.76% (calculated on the expected value for each year, although the most direct interpretation is the drop in the percentage of achievement). This decline suggests that factors that negatively impacted revenues in 2020 intensified in 2021.

In order to take stock of the research carried out, the following considerations are made.

FINAL CONSIDERATIONS

The theme of the study was: "The impacts of the effects of the pandemic on the tax collection process for the public finances of the Prefecture of Maracanaú in the years 2020/2021". In order to know if this period caused positive or negative impacts on what the global economy would face due to the need for isolation and pause in economic activities.

The pandemic period caused many changes in several areas whether economic, health and educational, in which the world was forced to go back for a moment, world leaders needed to adopt measures to restrict the opening of businesses, restricting the movement of people on the streets, companies were forced to close due to the situation of extreme transmissibility of the virus and as a result, companies had negative impacts on their income, resulting in a drop in the collection of a large part of the taxes.

The relevance of this work in addressing the impacts on the collection of public finances is a topic that is beginning to be studied, not only in Brazil, but in the world. It is intended to involve more researchers and students to develop more studies on the impact of the pandemic in other areas, as well as to encourage the municipality to consider similar scenarios to develop strategies that avoid greater impacts on tax collection that had been planned for the year.

In response to the general objective of the research, the impact caused by the pandemic on tax collection in Maracanaú was negative, mainly in the collection of taxes related to the sale of goods, which is the ITBI, and the sale of services, which is the ISS.

Regarding the specific objective, interpreting the data of the research, the difficulties suffered by the Municipality of Maracanaú in its public finances in terms of revenue collection was a deficit of 21.76% of what was expected to be collected in the first half of 2021, as could already be expected due to all the measures adopted in the period in which there were more restrictions, it was the period in which revenue collection was most negatively affected.

In summary, this research achieved its objectives by evaluating the effects of the COVID-19 pandemic on the public finances of the Municipality of Maracanaú, focusing on the quantitative analysis of changes in municipal tax collection. The results presented clearly demonstrate the significant tensions and challenges imposed on the municipality's public finances in the context of the pandemic, as evidenced by the substantial difference between the expected revenues and the revenues effectively collected both in the first half of 2020 and, more markedly, in the same period of 2021.

The comparative analysis of municipal tax collection between both periods made it possible to identify and measure the variation in revenues. In 2021, a significant drop in the percentage of revenues collected was observed, accompanied by a decrease in the absolute amount collected compared to the first half of 2020, despite the expectation of higher revenues. This decrease, particularly evident in taxes such as the IPTU and ISS, and drastically in the ITBI, signals a severe and persistent economic impact of the pandemic on the municipality's ability to generate its own revenue.

The data presented corroborate the idea that the COVID-19 pandemic represented a significant exogenous shock to the public finances of Maracanaú, destabilizing the dynamics of tax collection and exposing the fiscal vulnerability of the municipality in a scenario of prolonged health and economic crisis. The growing disparity between revenue forecasts and their realization during the periods analyzed underscores the need for

cautious financial management and the implementation of adaptive strategies to mitigate negative impacts and pursue long-term fiscal sustainability.

It is important to note that this research focused on the quantitative analysis of municipal tax collection, using secondary data available on the transparency portal of the Maracanaú City Council. Although this approach made it possible to achieve the proposed objectives, the study did not delve into qualitative analyses of the specific factors that influenced the behavior of taxpayers and the dynamics of each economic sector in the municipality during the pandemic period. In addition, the analysis was limited to the first half of 2020 and 2021, not covering all exercises, which could offer an even more complete view of the impacts.

For future research, it is suggested to carry out studies that incorporate a qualitative analysis, through interviews with public managers, representatives of economic sectors and taxpayers, in order to identify the specific challenges faced and the adaptation strategies implemented. In addition, research that analyzes the budget execution of municipal expenditures in parallel with the fall in revenues, as well as the impact of specific fiscal policies adopted during the pandemic, could enrich the understanding of the effects of the crisis on local public finances. Longitudinal studies, covering a longer post-pandemic period, would also be relevant to assess the municipality's fiscal recovery and the sustainability of its finances in the long term.

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