



TAX INCENTIVES AS A PROMISING AREA OF ECONOMIC DEVELOPMENT OF THE COUNTRY

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ABSTRACTS

The article is devoted to the study of the possibilities and effectiveness of tax incentives as a tool for stimulating economic development in Ukraine in the context of post-war recovery. The author outlines the current challenges faced by the country in the current environment and discusses the potential of tax incentives in ensuring economic growth and socio-economic stability. The author analyzes the results of previous studies in this area and highlights important aspects and challenges related to the effective use of tax incentives. The article also examines specific examples of the use of tax incentives in times of war and introduces proposals for further development and improvement of tax policy in order to support economic recovery and development of the country.



INTRODUCTION

Tax incentives are a hot topic for Ukraine in today's environment as the country looks for effective tools to support economic growth and development. In a time of war, economic stability and development become especially important. Tax incentives can act as one of the key tools to attract investment, support domestic production, reduce unemployment and support the population in times of social instability. Tax incentives are one of the key tools that the government can use to influence economic activity and the investment climate in the country.

- Recent studies and publications show that the war conditions have created a difficult economic environment that requires urgent measures to stimulate economic growth and restore development.



PURPOSE AND OBJECTIVES

The purpose of this paper is to investigate the potential and effectiveness of tax incentives as a tool for stimulating economic development and to formulate recommendations for its improvement.

Specific objectives include analyzing existing tax incentives and their impact on various sectors of the economy, assessing the effectiveness of tax incentives in times of war, and formulating recommendations for the Ukrainian government to further improve tax policy to support economic stability and development.



MAIN MATERIAL

The study considers the need to adapt tax policy to new realities. In addition, it takes into account the relationship between tax incentives and other economic policy instruments, such as financial support and regulatory activities.

Changes in the taxation system during the martial law affected the procedures for calculating and paying value added tax, in particular, the definition of taxable items and the amount of tax rates.

- The transactions for the supply of goods and services and the respective VAT rates that have been changed and are applicable until the end of the martial law are as follows

- Transactions for the transfer (provision) of goods (services) to the Armed Forces of Ukraine, TROs and other military formations of Ukraine established in accordance with the law are not subject to VAT.

- Transactions on the supply of goods for refueling (topping up) or providing transportation for the Armed Forces, the National Guard and other military formations maintained at the expense of the state budget for the purposes of ensuring the defense of Ukraine and the interests of the state are taxed at a zero rate.

- The import and supply of certain fuels, such as motor gasoline, heavy distillates, liquefied gas, which are subject to an excise tax of EUR 0.00 per 1000 liters, and oil/oil products falling under the UKT FEA codes 2709 00 10 00 and 2709 00 90 00, are taxed at a rate of 7%.



The next legislative step in the area of taxation during martial law concerns the introduction of the so-called temporary simplified taxation regime. As of March 31, 2022, about 148,466 business entities in Ukraine expressed their readiness to switch to this regime, including 29,585 legal entities and 118,914 individual entrepreneurs [5].

An additional tax incentive is the possibility for individuals engaged in independent professional activities and members of farms to avoid paying the unified social tax. In addition, single taxpayers of the 2nd and 3rd groups may be exempt from paying the unified social tax on the payroll of mobilized employees, as this tax will be paid by the state.

Outside the scope of tax benefits, but within the framework of the business support program, the state compensates employers for the salary costs of employed internally displaced persons in the amount of UAH 6,500.00 per month for two months [6].





CONCLUSIONS

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- The scientific results obtained in the course of the study reveal in detail the dynamics of changes in the Ukrainian economy and provide recommendations for further steps to support economic development and ensure financial stability in an uncertain environment.
 - Tax incentives can be a powerful tool for stimulating economic development and improving the country's competitiveness.

CONCLUSIONS



- Properly designed and implemented tax measures can contribute to balanced economic development, promote innovation and support social programs.
- Careless use of tax incentives can lead to inefficient use of budgetary resources or even negative economic consequences.
- It is important to establish clear performance criteria for assessing the results of tax incentives and to evaluate them regularly.
- The development of new instruments and methods of tax incentives can help to address current challenges, such as climate change, digital transformation, and social justice.



THANK YOU

