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EXTENDING THE POWERS OF LOCAL SELF-GOVERNMENT BODIES WHEN ESTABLISHING LOCAL TAXES AND FEES IN THE CONTEXT OF STIMULATING THE INNOVATION DEVELOPMENT OF AGRICULTURAL PRODUCERS IN THE REGION

Abstract

Innovation and innovation-oriented model of the development of the region should become a key element of increasing its competitiveness and financial self-sufficiency. But innovation requires a large number of investment resources and various sources of financing. Given the limited and insufficient budgetary resources to finance the transition of the country's economy to an innovative model of development, the tax incentive mechanism for innovation activities, along with the stimulating organizational levers, should play a leading role. Tax preferences can be additional infusions that can help enterprises in their innovative activities, especially in such areas as agro-industrial production.

In particular, attention is focused on the need to introduce a system of investment-innovative tax credits as an effective tool to stimulate business activity. There is an opinion that tax preferences for income tax for enterprises carrying out innovation activities and income tax for individuals who are engaged in the innovation process should be adopted in the first place. The possibility of using tax preferences for VAT as an indirect tax is considered. But these proposals have two drawbacks. First, in this case, taxpayers who apply a simplified taxation system in the form of a single tax payment (such as in Ukraine) actually remain outside the sphere of influence. Secondly, local self-government bodies are deprived of leverage through the application of local taxes and fees, which include a single tax, in particular.

The system of local taxation should not only ensure the needs of local budgets in the receipt of funds, but also take into account the need to stimulate innovative activity of economic entities in the region. According to the Tax Code of Ukraine, local taxes include two taxes and two fees: a property tax, which consists of a real estate tax that differs from a land plot, a transport tax, a payment for land; a single tax, including the group IV for agricultural producers; a fee for parking spaces for vehicles; tourist fee.

When reforming the system of local taxation in the context of stimulating the innovation activity of enterprises in the region, it is advisable to consider the possibility of using such tax incentive tools as: tax discounts, tax holidays, application of differentiated rates or their reduction, introduction of a tax investment loan.

Among the main problems of local taxation in the context of the need to stimulate innovation activity is the lack of the right of local self-government bodies to establish their own tax preferences on their territory. Currently, local self-government bodies of Ukraine are virtually deprived of the right to influence the elements of local taxes, which narrows the potential of local taxation, especially in the sphere of stimulating innovative activity of economic entities in the region in order to strengthen the region's innovative and investment potential.

The lack of the ability of local self-government bodies to influence the definition of privileges and rates of local taxes and fees for the purpose of activating innovation does not contribute to improving the competitiveness and investment attractiveness of the regions. Ukraine should implement tax incentives at the state and regional levels. To do this, it is necessary to solve such problems: firstly, to expand the powers of local self-government bodies, local authorities and territorial communities to identify elements of local taxes and fees, and secondly, to develop a mechanism for investment-innovative tax credits and other types of tax incentives that enhance the innovation activities of the region.

***Key words:** taxation, regional development, innovation development, local taxes and fees, agricultural producers, local self-government bodies*