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FISCAL INCENTIVES ESTIMATION INFLUENCE ON INVESTMENT ACTIVITY IN UKRAINE

Every country wants to be a world's equal partner among others developed countries. The economy is competitive, the government invests in the development and innovation, creates a favorable fiscal framework and fighting corruption that is a portrait of a strong developing country.

The private sector is the only contractor in Ukraine, which is interested in restoring assets strategically important sectors of the Ukraine's economy. It is important for government to be interested in investing in the future economic potential of the country and to find the necessary economic incentives that will facilitate and intensify investment processes in the national economy. That's why our country needs a good balance of fiscal incentives in investment activity in Ukraine.

This paper is about determination of the investments process condition in strategic sectors of the Ukraine's economy. And the main target is to search for tax incentives propositions to make private sector investment more.

We suggest to create a regional investment / sectoral commissions or institutions in order to stimulate investment activity and business development in our country. The institutions will be able to study what do the particular region needs, what are their strengths and weaknesses and what object in area has to be invested first.

There are some regional institutions responsibilities. The first one is to develop strategically important areas of the Ukrainian economy and invest not by relying on market principles. The institutions will invest to that areas or objects that maybe doesn't offer quick return, but those that bring profits in the long run.

The second one is to consider whether is it a state enterprise or private and to create an unique program for development such objects. One more responsibility will be to calculate possible future jobs that can appear after successful running the project.

Also in the program will consider such actions:

- reducing the tax rate on income or make it individual, it is also possible for a completely tax cancellation of the certain period;
- reducing tax audits or reducing government auditor visits;
- to control public funds in order to direct them for the investment project and to provide permanent report to ensure transparency and openness to the public;
- organization of transparent tenders for the equipment purchases if the company is very large or in case the amount of funds required for the project is significant;
- to cooperate with foreign partners to learn from their experience of investing.

Transparency is very important in cooperation between the government and business: transparent transfer of tax payments and their later correct guidance, transparent allocation of funds to public order. Of course, at the beginning such institutions are rather expensive: to create them, organize the work, training workers, search facilities, study the region/area, determine the direction of development, determine the funds, select the best fiscal incentives. Implementation of these ideas can bring significant benefits and increase the profitability of enterprises selected in a few years.

From the research it shows that government can't provide an appropriate level of investment, creates obstacles in the form of imperfect tax system and shows the inability to create proper conditions for promoting entrepreneurship. Strategically important sectors of the economy are surviving with help of private sector. To improve this situation our government has to provide changes in a hope to get a successful economy and became one of the world's partners.

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