

Ways To Stimulate the Tax System In the Field of Investment

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Annotation: This article presents the main tasks of strengthening the investment potential of the country, an analysis of the current state of investment activity of enterprises, as well as ways to stimulate the investment activity of industrial enterprises.

Keywords: investment, taxes, tax benefits, investment activity, investment activity, tax administration.

Investment activity can be characterized by both quantitative and qualitative indicators. Its quantitative indicators can be characterized by the rate of growth or increase in investment resources, the volume of real capital investments and the rate of their increase.

The current state of investment activity of enterprises cannot be determined without taking into account its new qualitative features, which may include: innovative orientation and efficiency of use of investment resources, ensuring the improvement of the material and technical support of investment activity of enterprises, the creation of a favorable investment environment and the formation of an effective owner, operating on the principles of entrepreneurship.

Solving the problem of strengthening investment potential, from the point of view of accumulating financial resources through tax mechanisms, can be achieved by developing new approaches to depreciation policy for tax purposes, differentiating the tax burden and providing tax benefits, expanding the practical use of investment tax credits, creating tax mechanisms designed to ensure the use of the population's cash savings for investment purposes.

A special feature of taxes is their universal nature - taxes are established for business entities and individuals receiving income, as well as having property. Thus, taxation covers almost all units of the national economy with the help of elements of taxation established by the state (object, tax base, tax rates, tax benefits, etc.). In addition, taxes may be levied at different stages of the reproduction process. The presence of the named functions of taxes and the specified features of taxes make state tax regulation of the economy one of its main types.

A feature of investment activity in the real sector of the economy is the need to ensure a balance between investing in production restructuring processes (repair and renewal of equipment, modernizing management and sales systems, etc.) and investing in innovative projects (in the development and implementation of new products, technological processes, entering new sales markets, etc.).

The low level of tax administration leads to unfair competition. In this regard, they require a solution to the problem of suppressing the possibility of transfer pricing by interdependent persons. In addition, an important destabilizing factor for national and foreign investors is the instability of tax legislation, which is confirmed by a sharp decline in investment, caused, as practice shows, primarily by uncertainty regarding the determination of tax obligations for income tax.

Today, a number of proposals can be proposed that can increase the importance of the stimulating

function of the tax system in the field of investment. These include:

- creating conditions for self-financing of investments through depreciation deductions, for which it seems advisable to extend to all enterprises and organizations the norm that is currently in force only for enterprises that have switched to a simplified taxation system and a unified agricultural tax, and which provides for the attribution of a certain share of the initial investment to expenses the cost of fixed assets put into operation at the time of their commissioning. Depending on the assignment of depreciable fixed assets to depreciation groups, the share that can be written off at the time of their commissioning can be up to 20-30% of the original cost. This provision can be established for a period of up to 3 years,

- An alternative may be an approach in which a provision would be introduced in the Tax Code giving the right to enterprises to form additional financial reserves for purposes related to the development of enterprises. However, from the point of view of tax administration, control over the formation and use of these reserves seems more difficult than changing the procedure for writing off depreciation when putting fixed assets into operation;

- ensuring the targeted use of depreciation charges for the reproduction of fixed assets. In this regard, it seems possible to legislatively provide for the possibility of opening special target deposit accounts for lending to investment projects at the expense of depreciation deductions. A long-term loan for an investment project can be provided subject to the accumulation of resources in a deposit target account of no less than 30% of the cost of the planned investment, that is, the presence of the borrower's own funds at a certain level must be a prerequisite for obtaining a bank loan;

- A measure designed to intensify investments could be a differentiated approach to taxation of property of organizations, in which reduced tax rates are applied when introducing innovative technologies and apply to the active part of fixed assets (machinery, equipment, etc.) in operation.

Increased tax rates are proposed to be used for physically and morally worn-out fixed assets on the balance sheet, which encourages their write-off, as well as for the non-productive part of the property;

- in order to stimulate R&D, it was proposed to reduce the income tax in accordance with the level of innovation activity achieved by the enterprise: the higher its level, the more tax benefits the corresponding enterprise should receive (subject to achieving sustainable demand for its products);

- Considering that leasing operations as a form of investment activity represent an alternative to long-term lending, having a number of advantages, in order to develop them, it seems appropriate to provide banks with an additional income tax benefit in terms of income received from leasing operations.

Benefits can be provided to those banks that carry out leasing operations with enterprises in priority sectors of the economy, for example, taxing such income at a reduced rate.

A necessary condition should be the state's establishment of economic priorities, the bank's control over the equipment provided or funds for its purchase and the provision of equipment or resources for a certain period;

- it is necessary to abandon the practice of applying deductions for tax amounts presented to the taxpayer by contracting organizations (customers-developers) when they carry out capital construction, assembly (installation) of fixed assets, etc. only from the moment the construction project is put into operation.

This approach leads to the fact that significant amounts of VAT are withdrawn from the circulation of actively investing organizations for a certain period of time. In order to provide enterprises with working capital, the right to apply a tax deduction should be granted to organizations at the time of capital construction operations;

• It seems advisable to extend the practice of applying a reduction factor to the mineral extraction tax rate to all taxpayers who, at their own expense, carried out search and exploration of mineral deposits they develop. To withdraw differential natural rent from the budget, a tax on additional income should be introduced, using increasing and decreasing coefficients when setting the tax rate, taking into account the specifics of the exploitation of hydrocarbon deposits. At the same time, it is necessary to legislate the requirement for the targeted use of additionally received funds for specific purposes - carrying out prospecting and exploration work at the expense of budgets of all levels and for the implementation of environmental and environmental measures.

In this regard, it seems possible to consider the following questions:

• the insignificant spread of the investment tax credit as a tool for stimulating the investment activity of enterprises and organizations can be overcome by removing restrictions on the size of the credit (50% of the amount of tax payable by the organization). It is also necessary to provide for the possibility of refusing to provide an investment tax credit only due to chronic tax debt (presence of tax debt on each reporting date during the year) of the organization;

• It is advisable to stimulate the investment activity of industrial enterprises with the help of various tax incentives, primarily on corporate income tax. In accordance with clearly developed government priorities, the provision of benefits should be selective and primarily stimulate innovative production, the so-called "growth points" of the country's economy;

• a possible approach is that the provision of tax benefits can be regarded as "state tax expenditures".

Accordingly, it is necessary to legislatively provide for the possibility of increasing the share of state ownership by the amount of benefits or in proportion to the amount of benefits provided in those enterprises to which these preferences are provided;

• Issues designed to increase the competitiveness of the country's economy and improve the investment climate require solutions. These include equalizing business conditions for all enterprises and organizations by eliminating the possibility of transfer pricing by interdependent parties. Tax legislation, through imprecise wording and vague norms, creates objective prerequisites for minimizing taxation on legal grounds. In this regard, it is necessary to establish principles for determining the price of goods, works, and services for tax purposes;

• a problem that affects the country's investment rating and destabilizes investment activity from both the point of view of domestic and foreign investors is unstable tax and related legislation. In order to solve it, it seems necessary in the medium term to introduce a moratorium on changes in tax legislation for a period of at least three years;

• Currently, a certain obstacle to the development of the investment process is the almost complete absence of bank lending, as evidenced by the insignificant share of bank loans in the structure of sources of investment in fixed capital.

In order to develop the bank loan market, it is necessary to accumulate household funds in banks. The task of organizing an intersectoral flow of investment resources, primarily by the banking sector of the economy, remains unresolved.

The problem of attracting long-term money to the banking sector or special investment funds at the expense of the population's free funds can be solved by introducing the concept of an investment tax deduction into tax legislation, determining the maximum amount of a citizen's income that can be voluntarily allocated for long-term investment by transferring funds to special funds, or to special bank accounts. Income of individuals received from placing funds and directing them to investments will be

taxed at the rate in effect at the time of withdrawal of money from the account, reduced by a certain amount depending on the period of holding the funds in special investment funds. The tax will be collected only at the time of withdrawal of these funds from investment funds and their return to the individual.

Thus, the tax will be levied upon completion of the investment project, which will lead to the establishment of a regressive tax rate for income received from the placement of free funds, which will depend on the period of use of funds for the implementation of the investment project.

It should be noted that at present, unique conditions have developed for stimulating investment activity using effective tax mechanisms and incentive benefits, subject to their provision for a limited period.

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