

## Summary of scientific novelty

**based on the results of the research work "Theoretical and methodological principles of tax stimulation of the development of the economy of Ukraine in the context of local government reform" in accordance with the Resolution of the Verkhovna Rada of Ukraine No. 765-IX dated 13.07.2020 "On the appointment of nominal scholarships of the Verkhovna Rada of Ukraine for young scientists - doctors of sciences in 2020", by the scholar of the Verkhovna Rada of Ukraine, Doctor of Economics, Senior Researcher Laiko O.I.**

In accordance with the goals and objectives set in the research work, the following elements of scientific novelty were obtained, namely:

The purpose of the work is to develop theoretical and methodological principles, methodological tools and mechanisms for stimulating the reproduction of capital and the development of the national economy in the context of local government reform using tax regulatory levers.

Tasks:

- to formulate a theoretical and conceptual basis and methodology for stimulating economic development with the help of tax regulators, taking into account the impact of local government reform;
- to identify prospects and develop proposals for the implementation of the best practices of EU countries in the national economy regarding tax stimulation of capital inflow and reproduction in sectoral and territorial dimensions;
- to determine the essence and patterns of the impact of taxes on economic activity in national, regional and basic dimensions in the modern conditions of local government reform;
- to develop a methodological approach to assessing the effectiveness of the impact of taxation systems on the development of territorial and economic systems in the conditions of local government reform;
- to form methodological principles and mechanisms for applying the capital tax instead of the income tax as a basis for increasing added value and stimulating the development of the national economy;
- to develop measures to stimulate the economic development of territorial communities, support growth points through local taxes in the context of financial and budgetary decentralization and reform of local self-government;
- to provide proposals for improving institutional support for tax stimulation of economic development in sectoral and territorial dimensions using direct and indirect taxes, taking into account the latest conditions of local government reform

**The scientific novelty of the most significant results of the study is as follows:**

- a methodology for tax stimulation of the development of the national economic system at the state, regional, and basic levels has been developed, which includes the principles of balance, reproducibility, targeted investment orientation, social break-even, ease of use, rationality, and prudence, the implementation of which takes place

in the areas and mechanisms of targeted investment orientation of tax benefits, prevention of budget losses, support for capital reinvestment, promotion of economic cooperation of territorial communities based on increasing added value and realizing specialization advantages, which corresponds to the goals and objectives of the provisions of national strategic documents in the field of sustainable development and reform of local government.

- a theoretical and conceptual basis for tax regulation of the economic development of territorial and economic systems has been formulated, which provides for the application of a project-oriented approach to the study and regulation of economic activity, according to which all fiscal and administrative procedures should be focused on the investment and economic project, and not on the business entity, which will contribute to increasing the effectiveness of tax influence, reduce losses from non-target benefits, expand opportunities for local governments to guarantee and participate in capital at the start of the project, but will require procedural improvements in the field of information and analytical processing of taxpayer reports compiled in a project-oriented manner;

- a system of proposals has been formulated for the formation of institutional support for the implementation of the regulatory function of taxes at the national level (in the form of amendments to the Tax Code and by-laws), at the regional and basic levels (in the form of local regulatory acts to support local priorities of sustainable development, methodological recommendations to heads of communities and bodies of the State Tax Service, collections of best practices on tax assistance for attracting investments), which aim to prioritize the implementation of national interests in ensuring economic growth on the basis of effective use of the potential of territorial communities, correlate with the European experience of tax decentralization and do not contradict the provisions of international agreements;

- the methodological principles for assessing the effectiveness of the impact of taxes on the development of the economic system of Ukraine have been improved by forming a system of indicators of the effectiveness of the applied benefits in terms of the main direct and indirect taxes, investment and innovation orientation, indicators of compliance with the needs of the development of types of economic activity, indicators of the degree and dynamics of decentralization of the impact of taxes on the sustainable development of territorial and economic systems in Ukraine;

- the pattern of high elasticity of the impact of tax liberalization and decentralization as stimulants of economic development has been determined, provided that changes in the rates of the tax component on the activity of the development of the country's economic system in national, regional and basic dimensions with a special emphasis on supporting the development of economic growth points;

- the factors of the low ability of the existing taxation system in Ukraine to regulate the economic activity of territorial communities have been identified, the main of which are the relatively low financial significance and low mobility of establishing incentive rates for local property taxes and resource payments, as well as

methodological and informational insecurity, low awareness of community administrations regarding the possibilities of using the tool of tax competition of territories to attract investment;

- priorities of tax regulation of economic development and cooperation of territorial economic systems at the basic level have been identified, including: maximization of added value and formation of chains of internal provision of its reproduction, participation in interregional and international economic exchange based on the effective use of local resources, increasing the level of functionality, innovation and budgetary capacity, which are allocated in accordance with the provisions of the European Regional Policy and direction No. 4 of the Concept of reforming local self-government in Ukraine - formation of an economic and material base for the development of capable territorial communities;

- a mechanism for applying taxation of withdrawn capital has been proposed by amending the Tax Code of Ukraine regarding the non-collection of income tax on operations of reinvestment of financial results for the implementation of such priority areas of national development as stimulating the attraction and reproduction of investments, increasing the level of innovation of the country's economy and communities, and developing social capital, which, according to calculations, will allow for an almost twofold increase in gross added value due to the acceleration of capital circulation and an increase in the duration of its stay in economic circulation, which will lead to the activation of the benefit granted to the budget compensator in the form of an increase in the amounts of related taxes on the use of production factors related to reinvestment.

- a methodological approach has been developed to assess the effectiveness of the introduction of a system of taxation of withdrawn capital in the context of compliance with sustainable development criteria, which includes indicators of the economic component (the volume of additionally created added value), the budgetary component (the amount of taxes on value added, on income of individuals and the single social contribution), the social component (the amount of payments to employees), calculated based on the results of econometric modeling of the dependence of added value on the volume of financial result reinvested in economic turnover at the national, regional, and basic levels.

- a system of criteria has been proposed that determine the suitability of a tax for exercising regulatory influence on the economic development of a territorial community according to such parameters as: coverage of the business sector in territorial-sectoral, large-scale dimensions; social, financial and budgetary significance; compensatory ability; elasticity of regulation, expressed by the readiness of entrepreneurs to diversify their activities in accordance with the preferential conditions for applying the tax; selectivity of support for national and local development priorities; administrative flexibility from the standpoint of exercising the regulatory function by local self-government bodies within the limits established by the Tax Code of Ukraine. According to these criteria, the property of

the highest regulatory suitability of a single tax for ensuring the development of the business sector at the local level as the main driver of creating a network of local points of economic growth for priority types of activities with high added value as a financial source of social, economic and budgetary positive changes has been revealed;

- the institutional mechanism of tax incentives for increasing the level of well-being in territorial communities of Ukraine has been improved by introducing an indirect method of supporting an increase in the amount of payments to employees by business entities on the terms of exemption from paying a number of local taxes, in accordance with the decisions and powers of the local government body, which provides an opportunity to increase the volume of revenues to the local budget from personal income tax.

Scientific supervisor of the research project

Dr. of Economics, Senior Research Associate \_\_\_\_\_ O.I. Laiko