

ინოვაციური ეკონომიკა და მართვა

INNOVATIVE ECONOMICS AND MANAGEMENT

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რეგიონული განვითარების პრიორიტეტები სოფლის მეურნეობის საქონლის მწარმოებლების დაბეგვრის დროს და სახელმწიფოს ფინანსური მხარდაჭერის განაწილების დროს რეგიონის ინოვაციური განვითარების უზრუნველყოფის კონტექსტში

PRIORITIES OF REGIONAL DEVELOPMENT IN THE TAXA- TION OF AGRICULTURAL PRODUCERS AND DISTRIBUTION OF STATE FINANCIAL SUPPORT IN THE CONTEXT OF ENSURING INNOVATIVE DEVELOPMENT OF THE REGION

ანოტაცია. კვლევის მიზანს წარმოადგენს სოფლის მეურნეობის საქონლის მწარმოებლებისათვის დაბეგვრის მექანიზმის გაუმჯობესების, მათი რეგიონული პრიორიტეტების გათვალისწინებით სახელმწიფო მხარდაჭერისათვის, ასევე რეგიონის ინოვაციური განვითარებისათვის შესაბამისი მექანიზმებისა და პრაქტიკული რეკომენდაციების შემუშავება. ორიგინალობა და ღირებულება. ეფუძნება პრობლემის გადაწყვეტის აუცილებლობას, პირველ რიგში, ხელისუფლების ადგილობრივი ორგანოების ადგილობრივი თანასაზოგადოებების უფლებამოსილებების გაფართოებას ადგილობრივი გადასახადებისა და მოსაკრებლების დადგენისათვის, და მეორე, გადასახადების საინვესტიციო-საინოვაციო შეღავათების და სხვა სახის საგადასახადო სტიმულების შემუშავებას ინოვაციების აქტივიზაციის მიზნით. მასალები და მეთოდები. კვლევის პროცესში სახელმწიფო ფინანსური მხარდაჭერისა და მისი განაწილების ტენდეციის გამოსავლენად, ასევე მისი ინსტრუმენტების გაუმჯობესებისათვის წინადადებების შემუშავებისა და ფუნქციონირების მექანიზმის შეფასებისათვის გამოყენებული იქნა ზოგადი და სპეციალური მეთოდები (ინდუქციისა და დედუქციის, კლასიფიკაცია, სტატისტიკური ანალიზი, დიალექტიკური და სისტემური ანალიზი). კვლევის საინფორმაციო ბაზას წარმოადგენს საერთაშორისო ოფიციალური დოკუმენტები, უკრაინის ნორმატიული და საკანონმდებლო დოკუმენტები. შედეგები. დასაბუთებულია, რომ ადგილობრივი თვითმმართველობის ორგანოების უუფლებობა, მოახდინოს ზემოქმედება შეღავათებისა და ადგილობრივი გადასახადების ტარიფების განსაზღვრაზე, ხელს არ უწყობს რეგიონების კონკურენტუნარიანობისა და საინვესტიციო მიმზიდველობის გაზრდას. დასაბუთებულია თვითმმართველობის ადგილობრივი ორგანოებისა და ადგილობრივი თანასაზოგადოებებისთვის უფლებამოსილებათა გაფართოების აუცილებლობა ადგილობრივი გადასახადებისა და მოსაკრებლების დადგენის საქმეში, საინვესტიციო-საინოვაციო საგადასახადო კრედიტებისა და სხვა საგადასახადო შეღავათების დადგენაში, რომლებიც ხელს შეუწყობენ საინვესტიციო საქმიანობის აქტივიზაციას და სოფლის მეურნეობის განვითარებას. დასაბუთებულია სოფლის მეურნეობის პროდუქციის მწარმოებლებისათვის სახელმწიფო მხარდაჭერის საბიუჯეტო თანხების განაწილების წესისათვის კორექტირების განხორციელების აუცილებლობა მინის ნაკვეთების სპეციფიკის, ეკონომიკური საქმიანობის სახეების,

რეგიონული განვითარების პრიორიტეტებისა და პერსპექტივების გათვალისწინებით თანხების მოცულობების განაწილების დროს ოლქებსა და სუბიექტებს შორის, რომლებმაც გააჩნიათ პრეტენზიები თანხების მირებაზე.

დასკვნა. შემოთავაზებული ღონისძიებები საშუალებას იძლევიან უზრუნველყოფილი იქნას ფინანსური რესურსებისა და სოფლის მეურნეობის წარმოების მოცულობების კუმულატიური ეფექტი ხარისხის მოთხოვნების, ორგანულობისა და ეკოლოგიურობის გათვალისწინებით საინვესტიციო საქმიანობის აქტივიზაციისა და რეგიონის ინოვაციური განვითარებისათვის.

საკვანძო სიტყვები: დაბეგვრა, სახელმწიფო მხარდაჭერა, საბიუჯეტო დოტაცია, რეგიონული განვითარება, ინოვაციური განვითარება, ადგილობრივი გადასახადები და მოსაკრებლები, სოფლის მეურნეობის საქონლის მწარმოებლები.

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ABSTRACT. The aim of the article. The purpose of research is to elaborate the scientific and practical recommendations on improvement of the mechanism of taxation of agricultural producers and their state support taking into account regional priorities and the necessity of ensuring innovative development of the region. Originality and value. The necessity to resolve the issue of, firstly, the empowerment of local governments, local authorities and local communities to establish elements of local taxes and fees, and secondly, the development of a mechanism for investment-innovative tax credits and other types of tax incentives to enhance innovation have been grounded. Materials and methods. In the process of research, the following general and special methods (induction and deduction, classification, statistical analysis, dialectic and system analysis) were used to identify trends in the state financial support and its distribution, assessing the functioning of the mechanism and justifying proposals for improving its toolkit. The information base of the study consists of international official documents, normative and legislative documents of Ukraine. Results. It is substantiated that the lack of the ability of local self-government bodies to influence the definition of benefits and rates of local taxes and fees for the purpose of activating innovation activity does not contribute to improving the competitiveness and investment attractiveness of the regions. The need to expand the powers of local self-government bodies, local authorities and territorial communities to establish elements of local taxes and fees, the development of a mechanism of investment-innovative tax credits and other types of tax incentives that will promote the activation of innovation activity and development of agriculture is proved. The necessity of correcting the procedure for allocating budgetary funds for state support to agricultural producers in the direction of taking into account the specifics of land areas, types of economic activities, priorities and prospects for regional development in the distribution of the amount of funds between regions and entities claiming to receive it is justified. Conclusions. It is proved that this will allow providing a cumulative effect of growth of financial resources and volumes of agricultural production, taking into account the requirements of quality, organicity and ecological compatibility for activation of innovative activity and innovative development of regions.

Keywords: taxation, state support, budget subsidy, regional development, innovative development, local taxes and fees, agricultural producers

INTRODCUTION

Issues relating to local taxation and areas of improvement in this area, during the time of Ukraine's independence, have always received increased attention. Nowadays, the problems of ensuring the effectiveness of local taxation and, first of all, using them as a lever to influence the activation of innovation and investment activities of economic entities in the region in the context of proclaiming the strategic course of public policy towards harmonization with the European values of territorial self-government and budget decentralization are deepened.

Innovation and an innovation-oriented model of the development of a region should be a key element in enhancing its competitiveness and financial self-sufficiency. But innovation requires a large amount of investment resources and various sources of funding. Considering the limited and insufficient budgetary resources to finance the country's transition to an innovative development model, the tax mechanism for stimulating innovation should play a leading role, along with incentive organizational levers [1].

High quality agricultural areas are a strategic resource of the national economy, which forms the potential of Ukraine on the world market and should be used with high efficiency, ensuring the stability of agricultural production. The peculiarity of this task is that agriculture, due to its specific features, cannot exist without state support (this is confirmed by the experience of the EU countries and other countries of the world), which includes both tax instruments and other forms of payments and subsidies. So the purpose of research is to elaborate the scientific and practical recommendations on improvement of the mechanism of taxation of agricultural producers and their state support taking into account regional priorities and the necessity of ensuring innovative development of the region.

Expansion of powers of local governments in the establishment of local taxes and fees. Tax preferences can be additional infusions that can help enterprises in their innovation activities, especially in such areas as agro-industrial production. In particular, attention is focused on the need to introduce a system of investment and innovation tax credits as an effective tool for stimulating business activity [2]. There is an opinion that tax preferences for income tax for enterprises engaged in innovation activity and income tax for individuals who are employed in the innovation process should be taken first [3]. Also the possibility of using tax preferences for VAT as an indirect tax is considered [3].

It is emphasized that in order to stimulate innovation in various countries, various tax preferences or their combination are applied, namely:

- the provision of research and investment tax credits, that is, the deferral of tax payments in terms of the cost of innovative goals;
- tax reduction in case of an increasing of innovation costs;
- "tax holidays" for several years on the taxation of profits from the implementation of innovative projects;
- preferential taxation of dividends of business entities and individuals received on the shares of innovative organizations;
- reduction of income tax rates for research works;
- establishment of a clear connection between the provision of privileges and the priority of projects implemented;
- preferential taxation of profits received from the using of patents, licenses, know-how and other intangible assets that are part of intellectual property;
- reduction of taxable income in the amount of the cost of instruments and equipment transferred to universities, research institutes and other innovative organizations;
- reduction of taxable income on contributions to charitable foundations whose activities are related to the financing of innovations;
- crediting part of the profit of an innovative organization to special accounts with subsequent concessional taxation in case of using for innovative purposes [4].

But this position has two drawbacks. First, in this case, taxpayers, applying the simplified taxation system in the form of a single tax payment (such as in Ukraine), actually remain outside the sphere of influence. Secondly, local governments are deprived of leverage through the application of local taxes and fees, which include a single tax, in

particular. But the local taxation system should not only meet the needs of local budgets in the flow of funds, but also should take into account the need to stimulate innovative activity of economic entities in the region.

- According to the Tax Code of Ukraine [5], local taxes include two taxes and two fees:
- Property tax, which consists of a tax on real estate, which is different from the land, transport tax, payment for the land;
- Single tax, including group IV for agricultural producers;
- Fee for parking space for vehicles;
- Tourist fee.

Legislative regulation of local taxation is based on the following principles:

1. Ukraine's tax system has two levels: state and local;
2. The delimitation of the scope of the state and local tax system is carried out on the basis of constitutional regulation and legislative regulation of the basic principles;
3. The principles of distinction between the scope of state and local tax systems, should be strictly followed in the framework of the implementation of tax discipline;
4. Tax policy, which is carried out by state and local authorities, is the basis for ensuring the unity of the tax system [6, p. 434-435].

In fact, the mechanism of local taxation can be characterized by such requirements of the Tax Code of Ukraine:

1. A clear list of local taxes and fees is provided, and the establishment of local taxes and fees, not provided for by the Code, is prohibited;
2. The powers of the Verkhovna Rada of Ukraine include determining the list of local taxes and fees and their main elements, the establishment of which is the competence of village, town and city councils and councils of the united territorial communities established in accordance with the law and the prospective plan for the formation of the territories of communities;
3. It is stipulated that local councils must establish a single tax and property tax (in terms of transport tax and land charges) and have to decide the question of the establishment of property taxes (in terms of real estate tax, which differs from the land plot), the fee for places for parking of vehicles, tourist fee;
4. The powers of village, town and city councils regarding taxes and fees include, in particular, the establishment of local taxes and fees at rates established by the Tax Code;
5. Village, town, city councils and councils of the united territorial communities, established in accordance with the law and the prospective plan for the formation of the territories of communities, are not allowed to establish individual preferential rates of local taxes and fees for certain legal entities, individuals - entrepreneurs and individuals or release them from paying such taxes and fees.

The effectiveness of local taxation should be determined on the basis of taxation principles. The Tax Code of Ukraine [5] defines the following principles of taxation in Ukraine:

- universality of taxation;
- equality of all taxpayers to the law, prevention of any manifestations of tax discrimination;
- the inevitability of the occurrence of responsibility defined by the law in case of violation of tax laws;
- presumption of legality of tax payer decisions;
- fiscal sufficiency;
- social justice;
- economy of taxation;
- tax neutrality;
- stability;
- uniformity and convenience of payment;
- unified approach to the establishment of taxes and fees.

Among these principles, there is no principle of stimulation, but it is indisputable that taxes in general and local taxes and fees in particular, as fiscal instruments, should help stimulate and stir economic activity.

This thesis is supported by such a justification of the importance of the use of taxes and fees to stimulate innovation

[1], which is clarified taking into account the essence of local taxes and fees.

So in our opinion local taxes and fees:

- provide an opportunity to cover all the subjects of innovation and thereby ensure the necessary scale of innovation activity in the region;
- do not distort competition, since they are not directly supported the specific business entities;
- reduce the level of dependence on the course of the budget process and hidden lobbying for the choice of a specific project;
- reduce the costs of subjects of innovation, encourage them to take the risk of innovation;
- provide an opportunity to differentially stimulate the subjects of innovation activity (applying a different set of privileges and their rates) depending on the priorities established by local authorities, the stage of the innovation life cycle, etc.

When reforming the local taxation system in the context of stimulating innovative activity of enterprises in the region, it is advisable to consider the possibility of using such tax incentives as tax discounts, tax holidays, differential rates or their reduction, the introduction of a tax investment loan. The introducing the last instrument and the limits of its application are actively discussed in the economic literature.

Among the main problems of local taxation in the context of the need to stimulate innovation should be noted the lack of the right of local governments to establish their own tax preferences in their territory. The local self-government bodies of Ukraine are actually deprived of the right to influence on the elements of local taxes. Such situation narrows the potential of local taxation, especially in the area of stimulating innovative activity of economic entities in the region in order to strengthen the innovation and investment potential of the region. Local governments are objectively forced to strengthen the effectiveness of local taxes and fees as regulatory instruments by increasing the number of their taxpayers and increasing the object of taxation, which is achieved mainly by improving the efficiency of administration of these taxes and fees.

The basic principles for the formation of financial resources of local and regional self-government bodies are defined in the European Charter of Local Self-Government [7] and in Recommendation Rec(2005)1 of the Committee of Ministers to member states on the financial resources of local and regional authorities [8]. Paragraph 3 of Article 9 of the Charter states that “Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate” [7].

Recommends that the governments of member states:

(1) ensure a fair distribution of public financial resources between the different tiers of government, taking account of the responsibilities assigned to each of these tiers and changes in those responsibilities, as well as economic circumstances;

(2) guarantee local authorities a system of financing their expenditure that is based on the following principles:

- local authorities’ resources and their allocation must be consistent with the requirement that they discharge their responsibilities effectively;
- local authorities are entitled, within the framework of national economic policy, to raise adequate resources of their own;
- a substantial proportion of transfers, and, generally, of their own resources, must not be earmarked for specific purposes;
- the amount of state grants must be fair, transparent and foreseeable; fairness demands that allocation rules be universal, non-discriminatory, stable, and neither arbitrary nor negotiable on an ad hoc basis;
- the financial equalization system should allow local authorities to provide their citizens, if they so wish, with broadly comparable levels of services in return for comparable levels of taxation and charges; this system should take account both of disparities in the financial capacity of local authorities and disparities in their spending needs;
- where the demands of national economic policy so require, measures should be taken to ensure that the system of financing local authorities is consistent, overall, with those demands; such measures should:

- a. not be disproportionate to the demands in question;
- b. should be negotiated with these authorities or their representatives; and
- c. should be introduced by law;
- specific limitations which apply to a limited number of local authorities should be lifted as soon as the situation permits.

(3) review – if necessary – the legal and administrative framework for local taxation and grants to local authorities so as to encourage the improvement of services and their efficient provision, and the legal and administrative framework for financial equalization, so as to ensure fairness and solidarity between authorities, with due regard in particular for the guidelines appended to this Recommendation;

(4) involve local councilors in the debate on reforms needed in this area, particularly those undertaken pursuant to this Recommendation, and on arrangements for implementing such reforms [8].

The Law of Ukraine “On Local Self-Government” [9] as part of the powers of village, town and city councils provides such general provisions:

- the establishment of local taxes and fees in accordance with the Tax Code of Ukraine;
- making decisions on granting in accordance with the current legislation privileges on local taxes and fees, as well as land tax.

It can be concluded that the powers of the local self-government bodies of Ukraine are limited.

Proposals to expand the powers of local governments are presented in the publications of scientists of Ukraine, but they relate only to the single tax of group IV, which is paid by agricultural producers using the simplified taxation system [10; 11]. Therefore, in our opinion, it is necessary to consider the issue of expanding the powers of local governments in relation to other local taxes and fees paid by agricultural enterprises applying a simplified or general taxation system.

The lack of opportunities for local governments to influence the determination of privileges and rates of local taxes and fees in order to enhance innovation does not contribute to improving the competitiveness and investment attractiveness of regions. Ukraine should implement tax incentives at the state and regional levels. To do this, it is necessary to resolve issues, firstly, of the empowerment of local governments, local authorities and local communities to establish elements of local taxes and fees, and secondly, of the development of a mechanism for investment-innovative tax credits and other types of tax incentives to enhance innovation activities in the region.

REGIONAL PRIORITIES IN THE DISTRIBUTION OF STATE SUPPORT FOR AGRICULTURAL PRODUCERS.

The issue of regulation of state support for agricultural producers is presented in the studies of scientists of economic and legal spheres. At the same time, the problem of the effective distribution of state support funds with regard to regional priorities in the context of ensuring the innovative development of regions remains insufficiently studied.

The main principles of state financial support for the development of agriculture in Ukraine are defined in the Law of Ukraine “On State Support of Agriculture of Ukraine” [12], and in the Unified Comprehensive Strategy for the Development of Agriculture and Rural Territories for 2015-2020 [13]. State financial support is carried out in the following forms:

1. Indirect government support (provision of tax incentives);
2. Direct government support (budget subsidies, financial payments).

As the basis for the formation of volumes of agrarian state support was taken the project of the Ministry of Agrarian Policy and Food of Ukraine on the allocation of 1% of GDP from agricultural products, presented in the strategic reform plan “3 + 5”. The plan envisages three main directions (state support for farmers, rural development and completion of land reform) and five priorities arising from them: (1) the development of sales markets; (2) organic production and niche cultures; (3) the development of state enterprises; (4) irrigation; and (5) food safety.

The costs of state support for agricultural producers are represented by various types, but as those which are directly related to the direct impact on the financial condition and development of agricultural producers can be defined the following:

1. Financial support for activities in the agro-industrial complex by cheapening loans (2015-2018).
2. Partial reimbursement of the cost of electricity used for irrigation on irrigated land (2012).
3. State support of the livestock industry (2012-2018).
4. State support for the development of hop production, laying of young gardens, vineyards and berry plants and their supervision (2012-2014, 2017-2018).
5. Financial support for agricultural producers (2017-2018) in the form of budget subsidies due to the abolition of the special regime of VAT taxation.
6. Financial support to farms on the return (2012-2018) and non-return basis (2018).

Analysis of the data of the Laws of Ukraine on the State Budget of Ukraine for the relevant years [14-20] shows that there was a significant reduction in expenditures which are lies in the sphere of the Ministry of Agrarian Policy and Food of Ukraine (almost in 4 times) in the period 2012-2016, and in the volume of direct support - in 6 times (table 1). The volume of expenditures of the Ministry itself and volumes of direct support increased only in 2017 due to the introduction of a budget subsidy mechanism in connection with the abolition of the special regime for paying VAT. In 2018, the volume of expenditures and direct support continued to grow, but due to a significant increasing in state support for livestock and farming.

Financial support in the form of cheaper loans was introduced in 2015 and remained stable (UAH 300 million in 2015 and 2017, UAH 285 million in 2016). In 2018, it dropped significantly - to UAH 66 million. State support for the livestock industry for the same period decreased (UAH 732 million in 2012 and UAH 170 million in 2017). But in 2018, UAH 4 billion was allocated, which is 23.5 times more than the sum of 2016 expenditures.

State support for the development of hop production, vineyards and berries was also significantly reduced (UAH 1075 million in 2012 and UAH 75 million in 2017), but in 2018 funding was again increased to UAH 300 million.

As part of the state budget expenditures, the amount of direct state support does not exceed 1%, while the highest figure is in 2017 and 2018 - 0.7%. Direct support in the expenditures of Ministry of Agrarian Policy and Food of Ukraine was up to 22% in 2012. In 2013 this figure dropped significantly due to decreasing in the absolute value of support. But in subsequent years the proportion increased, not due to the growth of funds, but due to decreasing in total expenditures of the Ministry of Agrarian Policy and Food of Ukraine. For example, this figure was the highest in 2015 (almost 25%), but it was precisely this year that the volume of direct support fell to UAH 550 million compared with 1875 million in 2012. In 2016 the volume of state support was up to UAH 315 million and as part of the expenditures of the Ministry of Agrarian Policy and Food of Ukraine occupied 15%.

In 2017, the volume of direct state support rose to UAH 5.3 billion, which represents 56% of the total expenditures of the Ministry of Agrarian Policy and Food of Ukraine. 4.8 billion UAH in this amount is financial support for agricultural producers in the form of budget subsidies due to the abolition of the special mode of VAT taxation.

In 2018, the volume of direct support increases again to 6.3 billion UAH. But as a result of the growth of other expenditures of the Ministry of Agrarian Policy and Food of Ukraine, its share is reduced to 45%.

It consists of 945 UAH million provided for financial support in the form of budget subsidies due to the abolition of the special regime of VAT taxation, and of 1 billion UAH - for financial support of farms on non-return basis. State support of farms is carried out on a returnable basis through the Ukrainian State Fund for Support of Farms, which is a state budgetary institution and performs the functions of implementing state policy for financial support for the establishment and development of farms. In 2016, only UAH 15.8 million was provided through this fund to agrarians, which is 12.1 UAH million less than in 2014. In 2017, a record amount (compared to other years) of UAH 65.0 million was provided. In 2018, the amount of funds provided was reduced to 43.1 million UAH.

TABLE 1.

DIRECT SUPPORT FOR AGRICULTURAL PRODUCERS, UAH THOUSANDS

Indicator	Year						
	2012	2013	2014	2015	2016	2017	2018
Expenditures of the State Budget of Ukraine, total	413 605 316,0	419 843 834,9	441 587 118,6	581 760 845,2	681 460 758,2	800 126 255,8	991 699 998,4
Expenses of the Ministry of Agrarian Policy and Food of Ukraine	8 451 341,4	8 721 178,7	6 349 099,8	2 188 721,6	2 111 989,4	9 442 263,1	14 154 691,7
Financial support for activities in the agro-industrial complex by cheapening loans	-	-	-	300 000,0	285 000,0	300 000,0	66 000,0
Partial reimbursement of the cost of electricity used for irrigation on irrigated land	50 000,0	-	-	-	-	-	-
State support of the livestock industry	732 000,0	650 000,0	888 010,7	250 000,0	30 000,0	170 000,0	4 000 000,0
State support for the development of hop growing, laying and supervision of young gardens, vineyards and berries;	1 075 000,0	100 000,0	100 000,0	-	-	75 000,0	300 000,0
Financial support for agricultural producers (budget subsidy)	-	-	-	-	-	4 774 300,0	945 000,0
Financial support for farms (on a non-return form)	-	-	-	-	-	-	1 000 000,0
Direct support, total	1 857 000,0	750 000,0	988 010,7	550 000,0	315 000,0	5 319 300,0	6 311 000,0
The share of direct support in the total amount of expenditures in the sphere of agriculture	21,97%	8,60%	15,56%	25,13%	14,91%	56,34%	44,59%
The share of direct support in the total amount of expenditures stipulated by the State budget	0,45%	0,18%	0,22%	0,09%	0,05%	0,66%	0,64%
Financial support for farms (on a return basis)	27 800,0	27 900,0	27 900,0	25 600,0	15 819,2	65 000,0	43100,0

Source: systematized and calculated by the authors based on the data of the Laws of Ukraine on the State Budget [14-20].

The main problems in the application of fiscal incentives that worsen the conditions for the implementation of innovation activities in Ukraine in general and in the sphere of agricultural production, in particular, are:

- lack of guarantees of receiving the state aid
- lack of stability and consistency in the policy of fiscal support for innovation;
- limited budget support for innovation;
- the difficulty of obtaining budget assistance;
- irregularity of funding [1].

Evaluation of the effectiveness and efficiency of budget programs in the sphere of agro-industrial production is presented in the report of the State Audit Service [21]. Low awareness of producers, low level of support for small and medium-sized businesses through the provision of non-refundable and returnable financial support - the main disadvantages indicated in it.

But the state budgets of 2017 and 2018 have already declared the priority of supporting small business (farming). Small producers form rural employment, domestic food security, a variety of agricultural products, primarily organic, are subject to Ukraine's obligations to international partners in accordance with the practice of General EU Agrarian Policy, to which Ukraine is seeking to join.

The following should be added to the main disadvantages noted above. Having a high potential for the development of agricultural production, in terms of state support for agricultural producers, which is in fact an additional investment resource, agricultural regions occupy low places, which requires activation of both their own resources and changes in the existing mechanisms for the allocation of budget funds.

For example, in 2016, taking into account the principle of distribution of funds provided for financial support in the form of cheapening of the loans, Kirovograd region, despite its potential, was on the 8th place, behind such regions as Cherkasy, Vinnitsa, Kiev, Poltava, Dnipropetrovsk, Kharkov, Khmelnytsky. But according to the final redistribution, the region lost its position even more, dropping to 12th place behind Vinnitsa, Dnipropetrovsk, Zaporizhia, Kiev, Odessa, Poltava, Ternopil, Kharkiv, Khmelnytsky, Cherkasy, Chernihiv regions. Considering that these funds are in fact non-returned financial aid for the development of agriculture, the region loses additional financial resources. An audit of the effectiveness of using the state budget funds aimed at providing state support to the agro-industrial complex, conducted by the Accounting Chamber of Ukraine in 2016, showed that such effective instrument of financial support for measures in the agro-industrial complex, as cheapening of the loans, requires further development. Thus, the audit found that 1 hryvnia of budget funds allocated for this budget program, allows to attract almost 36 hryvnia of credit resources in the agricultural sector of the economy [22].

Kirovograd region received 1.2 million UAH. or 4.01% from the total 30 million UAH allocated to support the development of livestock industry.

Kirovograd region has a priority only in obtaining financial support for farms on a returnable basis, due to the high volume of agricultural production by farms. During 2014-2016 Kirovograd region was entitled to 10% of the total funds allocated for financial support to farms on a returnable basis.

Taking into account the reduction in the volume of financial support in the form of cheapening the loans, Kirovograd region took 11th place in 2016, giving way to Cherkasy, Vinnitsa, Zaporizhia, Kiev, Odessa, Poltava, Dnipropetrovsk, Ternopil, Kharkov, Khmelnytsky, Chernihiv, Khmelnytsky, Cherkasy and Chernihiv regions.

The presented results show that Kirovograd region, having a high potential for the development of agricultural production, in terms of state support for agricultural producers, which is actually an additional investment resource, occupies low places.

This situation arises due to the fact that the existing procedures for the distribution of budgetary funds do not fully take into account factors of regional development and their prospects. Analysis of regulatory documents governing the allocation of various types of state financial support of agricultural producers, allows to singled out the presence of such shortcomings:

1. In the procedure of the using of funds provided in the state budget for financial support of activities in the agro-industrial complex by cheapening the loans [23]:

- there are no criteria for determining borrowers on a competitive basis;
- in conditions that determine the priority of the borrower, only the amount of revenue and the type of activity (raising and breeding of cattle) is taken into account, which does not allow to take into account the needs of regional development;
- the criteria do not take into account such factors as other types of activity, level of profitability, specific conditions of financial and economic activity and the property status of the agricultural producer;
- there are no procedures for monitoring the feasibility and effectiveness of spending funds;
- the distribution of funds between regions uses an indicator such as the average annual gross output over the last three years, but this distribution principle does not take into account the quality of land, zonal features, intensity of land use, profitability of cultivated products (for crop production), activities product profitability, its strategic importance for the development of the region and the country as a whole (for livestock husbandry).

2. In the procedure of using the funds provided in the state budget to support the livestock industry [24]:

- priorities and the level of profitability of various types of activities in the livestock industry are not taken into account in terms of distribution;
- the principle of distribution of funds between regions and specific producers is not regulated on the competitive basis.

3. In the procedure of using the funds provided in the state budget as a financial support for the development of farms (on a non-refundable basis) [25]:

- directions of its provision are detailed only by type of expenses (partial compensation for the cost of purchased seeds, purchased agricultural machinery and equipment of domestic production, cheapening of the loans, costs associated with the agricultural consulting services provided, supporting of the agricultural service cooperatives), but does not take into account regional needs;
- only the maximum area of agricultural land (500 ha) and the maximum revenue for the last year (15 million UAH) is provided, but the quality of land plots, zonal features, land use intensity, profitability of cultivated products (for crop production), types of activities, product profitability, its strategic importance for the development of the region and the country as a whole (for livestock) are not taken into account.

4. In the procedure of using the funds provided in the state budget as a support to farms (on a returnable basis) [26]:

- there is no clear procedure for selecting a subject to receive return assistance;
- such criteria as land area, types of activity are not detailed;
- the distribution of financial support by region takes into account the total indicator of agricultural production by farms during the previous three years and this principle of distribution does not take into account the quality of land, zonal features, intensity of land use, profitability of cultivated products (for crop production), activities, profitability its strategic importance for the development of the region and the country as a whole (for livestock).

To improve this situation, it is advisable to use measures of two directions:

1. An increasing at a higher rate (compared to other regions) of indicators, on the basis of which the distribution of state funds is carried out. According to the current editions of the relevant regulatory documents, this is the volume of agricultural production;

2. Development of proposals for the consideration of factors of regional development and its prospects which must be taken into account improvement of the appropriate procedures for the allocation of budgetary funds.

PROPOSITIONS FOR INTRODUCING INVESTMENT AND INNOVATION TAX CREDIT IN THE SYSTEM OF MEASURES OF STATE INCENTIVES FOR INVESTMENT AND INNOVATION IN THE AGRICULTURAL BUSINESS.

The changes that have occurred in recent years in the system of the current tax legislation of Ukraine have transformed approaches to providing state financial support to agricultural producers in the direction of providing priority to direct state support (budget subsidies, financial payments) and reducing indirect state support in the form of tax

benefits. However, as foreign practice shows, various tax privileges and benefits for agricultural business entities are widely used, taxes are a powerful tool for regulating the development of the agricultural sector. These measures can improve the efficiency of agricultural production and stimulate the development of investment and innovation activities of agricultural producers. As noted in the scientific literature, in order to stimulate the investment of farm capital in technological innovations, tax legislation in many countries provides special preferential tax treatment terms, which include: the establishment of tax allowances for investment gains; budgetary compensation of tax payments on investment growth; prolongation of tax payments on capital gains for the period of completion of the investment process [27, p. 39].

In the system of tax benefits, one of the powerful tools for the development of investment and innovation activities of agricultural producers can be the mechanism of investment and innovation tax credit, the operation of which provides for the full or partial exemption of the taxpayer from paying the agreed amount of tax liabilities for one or more taxes (fees) for one or several reporting periods, followed by a phased repayment of the loan amount and accrued interest, on the certain conditions stipulated in the contract.

The introduction of an investment-innovation tax credit mechanism should be based on the definition of: a clear list of lending entities; conditions for the provision of investment and innovation tax credit; authorized body responsible for making a decision on granting a loan; loan amount; terms of the loan; the order of accrual and interest on the loan amount; restrictions on reducing the amount of tax payments; liability for violation of the terms of the contract on the provision of investment and innovation tax credit.

The investment and innovation tax credit should be documented by an investment and innovation tax credit agreement, the form of which should be developed and established by the central executive body ensuring the formation of tax policy.

All business entities (legal entities and individuals) operating in the field of agricultural production (engaged in the production of agricultural products) can take advantage of the investment-innovative tax loan/ But their activity must be aimed at:

- renovation, modernization, reconstruction of agricultural machinery, agricultural equipment and production technologies;
- growing new types of crops;
- production of new types of agricultural products (crop and livestock);
- conducting research, acquiring patents; introduction of resource and energy saving technologies in agricultural commodity production;
- intensification of production by attracting investment resources;
- increase the level of conditions and wages in the field of agricultural production.

Investment and innovation tax credit for agricultural producers should be provided on the basis of:

- a taxpayer application stating the type of tax for which the taxpayer intends to receive an investment and innovation tax credit, the timing of the loan, the amount of the loan;
- a business plan that certifies the authenticity, reality, efficiency and payback of the proposed investment and / or innovative project;
- certificates of the absence of tax debt, financial debt to state trust funds and financial and credit institutions.

The decision to provide an investment and innovation tax credit should be made by a specially authorized commission under the regional state administration, which should include representatives of the relevant departments of the State Fiscal Service of Ukraine, the Department of Agroindustrial Development, the Department of Finance, representatives of public organizations of agricultural producers.

The amount of investment and innovation tax credit can be determined in the amount of the total amount of funds that are necessary for investment and innovation, or in a smaller amount accordingly to the urgent need for which arises from the taxpayer.

The timing of the investment and innovation tax credit is advisable to set depending on the period of time defined as the tax period for the relevant tax and taking into account the seasonality of agricultural production. That is, the minimum period for granting a tax credit should not be less than 6 months, and the maximum should depend on the degree of efficiency of the investment and innovation activities of an agricultural enterprise and, if necessary, can be extended for up to 5 years.

Interest on the amount of investment and innovation tax credit should be set at 50 percent of the discount rate of the National Bank of Ukraine in force during the contract validity period. Interest on the investment and innovation tax credit should be calculated on the basis of agricultural producers, since the faster the loan is paid and new machinery and equipment is put into operation, production of new types of agricultural products (crop and livestock breeding) is mastered, etc. the sooner a business entity begins to receive profits and, accordingly, pay taxes on a general basis.

An agricultural producer who will receive the right to an investment and innovation tax credit gets the right to decrease his payments on the relevant tax during the term of the investment and innovation tax credit agreement. At the same time, the reduction should be carried out for each payment of the corresponding tax for which an investment and innovation tax credit is provided, for each reporting period until the amount not paid by the taxpayer as a result of all these reductions (the accumulated credit amount) becomes equal to the credit amount, stipulated by the relevant agreement. The specific procedure for reducing tax payments should be determined by the agreement on investment and innovation tax credit.

During the term of the investment and innovation tax credit agreement, restrictions to reduce the amount of tax payments should be imposed. In each reporting period, the amounts for which tax payments are reduced may not exceed 50 percent of the amount of the corresponding tax or collection payments determined by general rules without taking into account the existence of agreements on investment and innovation tax credit. At the same time, the loan amount accumulated during the tax period may not exceed 50 percent of the amount of tax payable by the taxpayer for this tax period. If the accumulated loan amount exceeds the limits for which tax reduction is allowed, for such a reporting period, the difference between this amount and the maximum allowable amount should be carried over to the next reporting period.

The investment tax credit is terminated upon expiration of the relevant agreement or may be terminated early if the entire due tax amount and the corresponding interest is paid before the expiration of the established agreement, or if the taxpayer violates the terms of the agreement or by agreement of the parties.

Violation by the taxpayer of the terms of the contract for the provision of investment and innovation tax credit is the basis for its early termination and bringing the taxpayer to justice. Such taxpayer within one month from the date of termination of the investment and innovation tax credit agreement should be obliged to pay all the unpaid tax amounts, as well as the penalty and interest on the unpaid tax amounts accrued for each calendar day of the investment and innovation tax agreement a loan in an amount equal to the double discount rate of the National Bank of Ukraine in force at the time of early termination of the contract.

Based on the above, the feasibility of introducing the mechanism of investment and innovation tax credit to the practice of taxation of the agricultural business from the point of view of enhancing the innovation and investment activities of agricultural producers is obvious. This measure will favour the increasing of agricultural production, further growth in revenue from the sale of agricultural products, increasing the economic efficiency of agribusiness, its modernization, reconstruction, expansion, introduction of modern ones technology, manufacturing globally competitive products, etc.

CONCLUSIONS.

The lack of opportunities for local governments to influence the determination of privileges, benefits and rates of local taxes and fees in order to enhance innovation does not contribute to improving the competitiveness and investment attractiveness of regions. Ukraine should implement tax incentives at the state and regional levels. To do

this, it is necessary to resolve the issue of, firstly, the empowerment of local governments, local authorities and local communities to establish elements of local taxes and fees, and secondly, the development of a mechanism for investment-innovative tax credits and other types of tax incentives to enhance innovation, activities and development of agriculture in our country.

Agricultural commodity producers in Ukraine have the opportunity to take advantage of such types of state support as financial support to reduce the cost of loans, to develop livestock farming and financial support to farms on a returnable and non-repayable basis. But having a high potential for the development of agricultural production, in terms of state support for agricultural producers, which is actually an additional investment resource, agricultural regions (such as Kirovohrad region) occupy low places, which requires the activation of both their own resources and changes in existing mechanisms for the distribution of funds.

It is necessary to adjust the order of allocation of budgetary funds in the direction of taking into account the specifics of land areas, types of economic activity, priorities and prospects for regional development in the distribution of funds between regions and entities claiming to receive it. In this process, local governments should play an active role. This will ensure the cumulative effect of the growth of financial resources and agricultural production, taking into account the requirements of quality, organic and environmental friendliness to enhance innovation and innovative development of regions.

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