

## ABSTRACTS

**Bogachov S.V.** *Aspects of financing the development of large industrial city's infrastructure.* – P. 124.

The paper examines the issues of financing projects and programs on the development of a large city's infrastructure. Specific features of the infrastructure of a large city are determined. They are the heterogeneity and asymmetry of development. Therefore, the task of the city administration is to manage existing infrastructure facilities, build new facilities, and overcome the existing asymmetry at the expense of own and additionally attracted financial resources.

The main sources of financing programs and projects on the development of a large city's infrastructure are the funds of the state and local budgets, and extra-budgetary funds. At present, the funds of the state and local budgets are not sufficient enough to provide financing in full. So, it is necessary to attract extra-budgetary funds by using the mechanism of public-private partnership, securities market, deferred tax payments, etc. The grounds are given in favor of using the territorial community's property to provide the attraction of investments by issuing municipal securities. An important reserve of financing infrastructure is the cooperation of local authorities and business structures on the principles of social partnership.

The investment climate and investment attractiveness factors contribute to attracting business resources for implementing projects on infrastructure development. Factors of investment attractiveness include the information transparency and mutual loyalty of authorities and business. To provide the information transparency the geo-information systems should be used that contain useful and reliable information about possible investees. The proposed approaches of attracting additional financial resources will improve financial security

and implementation of projects and programs on the development of a large industrial city's infrastructure.

*Keywords:* infrastructure, large industrial city, development, financing.

**Filippova N.V.** *Directions of VAT rate harmonisation in Ukraine in context of international trade relations.* – P. 49.

Ukraine faces the necessity to fulfil the requirements of Association agreement between Ukraine and EU. One of them is the harmonization of the tax legislation and tax system, particularly – value added tax (VAT). This demand is due to the fact that VAT has become the tax that allowed Europe further convergence and trade intensification after border and customs control mitigation. Furthermore, revenues from this tax contribute up to 7 percent of all tax revenues to the budgets of EU member countries. That, in turn, allows national governments to perform economic, social and other programs. But the directions of harmonization (especially of tax rates) must be carefully chosen. In this sense economic and mathematical models can be useful.

After conducting thorough analysis of existing models of VAT harmonization and their shortcomings the model of VAT harmonization for Ukraine has been made. It consists of several parts: 1) allocation of criteria of selection of countries that have trade relations with Ukraine; 2) selection of such countries; 3) calculation of harmonized standard VAT rate; 4) defining the influence of harmonized standard VAT rate on VAT revenues of the budget of Ukraine.

According to the estimations of the influence of harmonized standard VAT rate on VAT revenues of the budget of Ukraine the recommendations on the choice of harmonized VAT rate have been made. It was noted in the paper that harmonization of VAT rate will not be sufficient for intensifying international trade and process of integration

with EU. The state program of international policy, as well as improvement of political and economic situation is needed. And as for the VAT in the context of international trade relations the advancing of the automatic refund of export VAT mechanism is urgent for Ukraine.

**Keywords:** integration, international trade relations, VAT, tax rate, harmonisation, tax revenues.

**Goncharenko L.I., Gurnak O.V.** *Problems and prospects of Indian tax system development: industrial context. – P. 17.*

The paper studies the development of the Indian tax system since India became independent nation. We focus on how changes and developments in tax regulations and policies affect rapid economic growth in the country. Our focus is on direct and indirect taxes on industries in India and also on most important institutional tax problems.

The key findings are as follows. Firstly, the Indian experience has shown that the tax liberalization in combination with other economic measures promote economic growth if focused not just on the general improvement of the institutional environment, but also on the accelerated development of material production industry. At the same time the existing shortcomings of the tax system is not a critical constraint to economic growth in the current period if, in principle, taxes are aimed at the development and broadly in line with local traditions of statehood.

Secondly, the level of tax revenues in India nowadays is clearly inadequate to finance the state needs. At the same time, limiting its financial needs, the state contributes to the financial resources of economic entities. It is unlikely that India could surprise the world with such a high rate of economic growth if it had not happened the rethinking of the role of the tax system and its reform in order to create more favourable conditions for business.

Thirdly, the implementation of tax solutions, which are considered as very effective from the perspective of the western theory and practice, has been faced with a lots of difficulties in specific institutional conditions of India. This fact is a strong confirmation that tax authorities cannot ignore or underestimate the influence of institutional and political factors on tax reform results. In many cases it turns out to be much stronger than the theoretical arguments and positive experience of other countries.

And fourthly, the existing high tax rates do not reflect the actual tax burden. In the context of the formed institutional norms Indian business has developed and successfully applies its national recipe of tax burden optimization: through lobbying and using corruption schemes it achieves various tax preferences, as well as contributes to the preservation of the existing loopholes in the tax laws, and then legally avoids paying taxes.

**Keywords:** India, tax system, tax reforms, corporate tax, indirect taxes, economic growth.

**Grinevska S.M.** *Modern tendencies of forming region's self-development mechanisms in terms of decentralization. – P. 5.*

In Ukraine independence of regional management objects set by legislative acts is not fully used. Experience of local authorities' activity confirms the tendency of increasing functions that are performed by means of delegating significant amount of responsibilities and management functions to lower levels. Currently Constitutional reform is being formed. In accordance with the reform the problems and responsibilities that concern regional level, such as socio-economic policy in regional planning, forecast, technical management development, social sphere management, credit-financial and external economic activity, are to be solved at this level with gradual giving to the state the role of coordination and intercorrespondence of the interests of all the

members of regional management process. State regulation of regional development is to provide regulating functions: economic growth stimulation, rational usage of human resources potential, provision of progress in branch and territorial systems, support of products and services export. And the main aim of state regulation of regional development is to provide economic and social stability, local producers' protection at international markets, property relations regulation, and the support of independent self-sufficient development of every region.

*Keywords:* state regulation, management decentralization, region's self-development.

**Hryazeva M.S.** *Mechanism of elimination of personnel organizational resistance to introduction of quality management system. – P. 133.*

The mechanism of elimination of personnel organizational resistance to the introduction of the quality management system that transforms the protest potential into a creative one based on the active modular management of the personnel' behavior by means of forming the incentive motives has been developed. The principles of mobilization of the enterprise's intellectual assets and improvement of the controllability of the process of organizational routines modulation have been formulated. They are as follows: total quality management, group coordination and training, general quality standardization. The cognitive model of the causal relations of subjects and objects of management has been proposed. The tools for implementation of the quality management system ensuring the overcoming of personnel resistance to change, as well as the functional and organizational structure of the mechanism of elimination of personnel organizational resistance have been recommended.

The advantages of the mechanism proposed are as follows: firstly, the creation of a system of balances – compensation

mechanisms, incentive systems that can fully or partially balance the costs and benefits for the personnel, caused by changes in development strategy and reach compromise on key positions which cause the resistance; secondly, provision of individual and group interaction among agents hierarchical vertical of organization, the inclusion of personnel in the decision-making process regarding the reform of organizational routines and granting employees more authority on the organization of working space according to the new requirements and quality standards; and thirdly, the improvement of the quality of organization change implementation through targeted training of employees in business routines changes: professional development, coordination of allocation of professional duties and responsibilities, establishment of reasonable deadlines for the implementation of activities and improvement of the control system.

*Keywords:* quality management, mechanism, organizational routines, resistance to change, personnel.

**Lyakh O.V.** *Industrial policy under decentralization of public administration: strategy of smart specialisation. – P.74.*

In the paper the necessity of transferring of authority related to the development of industrial potential and innovation activity in the economy to regional and local self-governments is substantiated. Taking into account the commitment of Ukraine on the Association Agreement between Ukraine and the European Union to develop cooperation on policies in the field of industry and business on the basis of internationally recognized principles and practices in these areas it is proposed to introduce the concept of regional strategy of smart specialisation to the practice of elaboration and implementation of industrial policy in the regions of Ukraine. This concept is actively promoted for modern industrial and regional policies by the European Commission and used by many OECD countries. A key element of

such strategies is an “entrepreneurial process of discovery” in the definition of strategic priorities and therefore essential to successful design of policy of regional industry innovation based development. This process utilizes entrepreneurial knowledge existing in a region or country and takes an entrepreneurial approach in the sense of focusing on market opportunities, differentiates from others, takes (and manages) risks and seeks for alliances to optimise the access to and use of resources (physical, financial, intellectual, market knowledge, etc.). This means that policy makers should involve all types of innovation actors (e.g. businesses, technology and competence centres, universities and public agencies, science and business parks, business associations and venture capitalists, NGOs, etc.) in an entrepreneurial process for the design of smart specialization strategies and assess their proposals for future development and investment.

There is brief description of six steps of a smart specialization strategy elaborating in the paper. In conjunction with the application of the concept of smart specialisation in Ukraine it is also proposed to actively develop the clustering policy including such measures as promoting the formation and functioning of innovative industrial clusters. It is concluded that such industrial policy would mainly have horizontal nature with elements of sectoral interventions in cases of policy measures aimed at promoting innovation activities in specific clusters and sectors of the regional economy.

**Keywords:** industrial policy, decentralization of public administration, regional and local governments, strategy of smart specialisation, clusters.

**Mazur Y.O.** *Prospects of R&D tax incentives in Ukraine: experience of innovative developed countries.* – P. 33.

In modern conditions decreasing total GDP in comparative prices reduces the share of innovation expenditures in GDP,

which indicates a lack of innovation development in Ukrainian economy. The article is devoted to identifying the prospects of research and development (R&D) tax incentives in Ukraine for the economy innovation development. The changes in the Ukrainian legislation in the sphere of the R&D stimulation are reviewed. It is proved that in modern conditions the Tax Code of Ukraine does not provide a reduction of tax liabilities as a result of private innovation activities. In practice, the tax incentives for innovative activity in Ukraine are revealed through tax exemption of priority economic activities from basic taxes, such as income tax of enterprises and VAT.

One of the most flexible instruments of state policy in the field of innovation is the R&D tax incentives. R&D tax incentives are used throughout the world to encourage R&D in private sector. It was determined that the current practice of innovation development in many countries provides a significant increase in investment in R&D. Tax credits and other fiscal incentives (for example, tax allowances) increase investments in R&D activity. Governments use tax credits both as a tool to support broad R&D and a targeted public policy to foster innovation in specific fields such as small and medium enterprises, energy, information systems, and others. The main requirement of R&D investment tax incentives should be the systematic innovation activity in the sphere of the scientific and technological progress in terms of scientific or technological uncertainty.

The study compares the design features and generosity of R&D tax incentives across innovation developed countries. In general, the choice of R&D tax measures depends on country-level variables such as overall innovation performance and the nature of corporate tax systems. Gradual implementation of the mechanism of investment tax credit in the form of allowances for innovation economic entities is offered. R&D investment tax credit should be given

to enterprises that operate in Ukraine. It may be granted for income tax of enterprises, personal income tax and a flat tax. The reduction is made for each tax, which provided for R&D tax credit. The decision to support private R&D through tax incentives is important for innovation development of Ukraine within the context of modern political and economic changes. The design of Ukrainian R&D tax incentives depends on the general configuration of the tax system and the particular policy goals being pursued.

*Keywords:* R&D incentive tools, R&D tax incentives, investment tax credit, innovation development.

**Venzhega R.V.** *Coal industry of China and CIS: problems of functioning in context of modern challenges.* – P. 91.

The substantial features of the coal industry of Kazakhstan, Russia and China in the face of decline of world prices for coal and growth of renewable energy sources are analyzed in the article to determine the adaptability of these countries' experience in solving actual problems on the strategic reforming regulations development of the coal industry in Ukraine. The selection of the countries is substantiated taking into account the systemic importance of the coal industry in the structure of the national economy. The features of the functioning of the coal industry in Ukraine, Kazakhstan, Russia and China are examined according to the criteria as follows: mining and geological conditions, quality indicators, exports and imports, organizational structure, and institutional features. The specific problems and prospects of industry development as to meet modern challenges for each of the countries are given.

It is concluded that in Ukraine there is a need to consider different strategies for enterprises with various performance: for

unprofitable and uneconomic enterprises the reduction targeted strategy involving the conservation and liquidation should be considered; for having prospects or promising enterprises the growth strategies are suitable including diversification and integration, and institutional strategies adapted to selective integration of innovative-investment strategy without privatisation to attract investors. For the promising state mines of Ukraine in the conditions of falling world prices for coal it is expedient to consider the possibility of integration into the domestic financial-industrial groups that form a closed technological chains.

It is revealed that for Ukraine the experience of institutional transformation of the countries under consideration can be rewarding. In Russia and Kazakhstan the industry was fully privatized, unprofitable mines and cuts were closed, which allowed optimizing the structure of the industry and reaching the break-even level. It is advisable to use the experience of Kazakhstan on privatization of enterprises with involvement of foreign investors as well as the experience of Russia for attracting domestic effective owners. The full focus on coal imports could not be considered as an alternative development strategy due to a number of technological and social problems related to the limited capacity of the sea ports and remoteness of the major countries-importers of coal. However, China's experience should be used for infrastructure development of ports and railway services for promising possibilities of the implementation of imports. Opportunities for the development of clean energy in current conditions in Ukraine are also limited. This fact indicates that coal will remain the major energy resource for Ukraine in the short term.

*Keywords:* fuel energy balance, coal industry, institutional features, strategy of development.