

THE ROLE AND IMPORTANCE OF TAX INCENTIVES IN THE BUSINESS ACTIVITY OF BUSINESS ENTITIES AND THE INCREASE IN THE COUNTRY'S BUDGET

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Abstract. In this article the analysis has been provided of the order and procedure of tax revenues to the budget, the role of tax revenues in increasing the revenue part of the state budget, the value of tax incentives in the business activity of business entities and increasing the budget of the country, as well as the efficiency of tax administration in the Republic of Kazakhstan.

Key words – tax, budget, tax revenues, tax administration, entrepreneurship, national economy, economic growth

I. INTRODUCTION

All countries pay special attention to tax revenues, as they play a major role in the state budget. The right fiscal incentive mechanism and policies are key to the prosperity of any country's economy.

According to analysts, the main direction to achieve efficiency and profitability of the state budget is the correct use of tax revenues, as well as control over their distribution.

On this basis, we can achieve a sustainable state of the budget, eliminating tax evasion and corruption. Thus, we get high efficiency of the state budget revenue in all sectors of the national economy.

As noted by researchers, in the period of rapid development of economic growth and high competitiveness in the development of the economy tax revenues to the budget of the country is an important topic [1].

II. ANALYSIS OF THE RESEARCHES

It is well known that taxes are the main source of state revenues in the modern social system. It is caused not only by the fact that through tax relations it is possible to observe fiscal interests of the country, but also, thanks to this tax policy it is possible to influence scientific and technical progress, to regulate social reproduction, business activity of business and inflow of investments.

Since Kazakhstan became an independent state, the country's economic conditions have required a number of changes in the tax system, as well as tax controls. A radical improvement in the way in which payments are made to the budget has been one of the key objectives of the country's tax reform.

It should be noted that the Republic of Kazakhstan (hereinafter referred to as the "Republic of Kazakhstan") currently has the main attributes of a tax system based on the generally accepted in practice of developed countries main types of taxes and meeting all the requirements of a developed market economy.

However, it cannot be denied that the country's tax system remains predominantly fiscal in nature. Excessive administrative barriers make the tax system unstable and hinder its efficiency. All this, in turn, has a negative impact on the development of domestic business, which does not allow to increase its business activity and ensure the sustainability of economic growth in the country as a whole.

It is well known that taxes are the basis for the existence of any state. Consequently, the use of taxes in the regulatory process requires a careful forecast of the tax consequences. To implement such forecasting, it is necessary to determine the tools and criteria for assessing the effectiveness of tax regulation. Let us consider the republican budget revenues for the period of 2013-2017. (The data are presented in Table 1).

Table 1.

Republican Budget Revenues For 2013-2017, Billion Tenge

Indicators	2013	2014	2015	2016	2017
Transfer	1 559.2	2 103.3	2 632.5	3 080.3	4 651.4
Sale of fixed assets	9.0	7.7	8,8	7.8	1.4
Non-tax	100.7	131.7	162.8	298.2	102.8
Tax	3 510.6	3 666.1	3 332.9	4 275.9	4 787.8

Note: compiled according to the data of the National Budget Network of Kazakhstan

According to the National Budget Network of Kazakhstan, tax revenues account for the bulk of the republican budget revenues: in 2013 they amounted to 3.5 trillion tenge, in percentage terms - 67.8%, in 2014 - 3.66 trillion tenge - 62%, in 2015 - 3.32 trillion tenge - 54.3%, in 2016 - 4.28 trillion tenge - 55.8%, respectively, of all types of budget revenues [3]. Despite the growth of tax revenues in 2017, approved in the amount of 4.79 trillion tenge, their share was reduced to 50.2% of the total amount of budget revenues. These changes are related to the growth of transfers, the share of which amounted to: in 2015 - 42.9%, in 2016 - 40.2%, and in 2017 - 48.74% of all types of revenues [3]. It should be noted that the share of tax revenues in the central budgets of developed countries is 80-90 per cent [11].

The structure of the republican budget revenues for the period 2014-2016 is shown in Table 2.

Table 2.

**Structure Of Revenues Of The Approved Republican Budget Of The Republic Of Kazakhstan
For 2014-2016, %**

Name	Period		
	2014	2015	2016
Profits	100	100	100
Tax revenues	67.7	62	54.4
Non-tax revenues	1.9	2.2	2.6
Revenues from the sale of fixed assets	0.2	0,2	0.2
Transfers revenues	30.2	35.6	42.8
Note: compiled according to the data of the National Budget Network of Kazakhstan			

Over the period under review from 2014 to 2016, it is clear that a large share of the republican budget is made up of tax revenues by years 67.7%, 62%, 54, 4%, respectively. After tax revenues, the second most important part of the republican budget revenues is the revenues of transfers. However, tax revenues for the period under review decreased from 67.7% in 2014 to 54.4% in 2016. The share of non-tax revenues and transfers, on the contrary, is growing. Next, we will consider the execution of the budget for the period 2014-2016, the data are presented in Table 3.

According to the above data, in 2015, the total revenue plan was not fulfilled by 44.5 billion tenge or 0.7%, including a shortfall of 66.6 billion tenge or 1.8% for non-tax revenues and 0.1 billion tenge or 0.9% for revenues from the sale of fixed assets. This can be attributed to the fact that enterprises have reduced their turnover [4].

Table 3

**Use Of The Revenue Side Of The Republican Budget Of The Republic Of Kazakhstan
For Period 2014-2016**

Name	Change, %		
	2014	2015	2016
Profits	100.5	99.3	105.7
Tax revenues	100	98.2	110.6
Non-tax revenues	113.3	110.4	107.5
Revenues from the sale of fixed assets	116.5	99.1	89.9
Transfers revenues	101	100.5	100
Note: compiled according to the data of the National Budget Network of Kazakhstan			

As we can see from Table 3, the execution of the revenues of the national budget in 2016 - 105.7%, in 2014 - 100.5%. The plan was overfulfilled for all types of revenues, except for revenues from fixed assets transactions in 2016. As for non-tax revenues and transfers, the plan was implemented annually. Thus, while non-tax revenues from the plan in 2014 was in the amount of 88.8 billion tenge with actually received 100.7 billion tenge and execution of the plan was 113.3% or 11.9 billion tenge more. In 2015, with the plan of 119.3 billion tenge, non-tax payments in the amount of 131.7 billion tenge were actually received, and overfulfilment of the plan amounted to 110.4% or 12.4 billion tenge. In 2015, with the plan of 151.4 billion tenge, non-tax payments in the amount of 162.7 billion tenge were actually received, and overfulfilment of the plan amounted to 107, 5% or 11.3 billion tenge.

The analysis has shown that during the period under review the plans for the revenues of the republican budget were mainly fulfilled, this is due to the growth of world prices for raw materials.

Business entities currently operate in all sectors of the economy, providing various services and products. At the expense of small and medium enterprises, the republic's budget receives a good income, which is provided by taxation of their activities [8].

The mechanisms of tax stimulation of entrepreneurial activity include the analysis of the subject, object, terms of rates and tax benefits of such entrepreneurs. Previous tax legislation in Kazakhstan did not provide for special tax incentives or exemptions for businesses, except for certain timing differences.

Today, all business entities can choose only one of the following payment and tax calculation procedures and submission of tax reports on them. These are: the general order; a special tax regime based on a patent; a special tax regime based on a simplified tax return.

The analysis of tax incentives in Kazakhstan has also shown that the state, improving the investment climate, gives priority to the diversified development of the economy. Conditions are being created for investments to be directed to the processing sector. As for tax benefits for residents, we believe that it is necessary to develop this area, it is advisable to attract foreign entrepreneurs and try to keep domestic ones, thus bringing profit to the treasury of Kazakhstan [12].

In our opinion, it is also necessary to introduce a progressive scale of penalties for failure to comply with instructions and legislation, currently high penalties lead to disastrous consequences, for example, for small and medium businesses. It is necessary to revise these rates of fines and to introduce benefits depending on the number of violations and the period of non-compliance with the legislation.

One of the main advantages of the development of Kazakhstan's tax system may be the support of non-commercial enterprises. Further improvement of the tax system should be carried out in the direction of the current tax system, mobilization of additional revenues by improving the quality of tax administration, reducing the shadow economy.

We believe that the tax policy should be predicted not only for the medium term, but also for the long term, as it will allow to form long-term priorities of the state and long-term solutions to problems. Long-term strategic planning for private companies provides confidence in doing business and reducing risks. It should be noted that the fiscal orientation of today's tax system is manifested in a high level of penalties, which leads to tax evasion.

In practice, it is found that newly established enterprises, which have not even worked for six months, are subject to tax audits. Thus, it affects their activities badly. In this regard, we believe that newly established enterprises should not be subject to tax audits for at least the first year of operation.

At present, all business entities operate in all sectors of the economy. They produce goods and provide various services. The enterprise brings a good income to the state budget, which is provided by taxation of their activities [18]. To date, business entities can choose one of the below described order of calculation, payment of taxes and provision of reporting on them. There are three types of reporting: general procedure; special tax regime based on a patent; special tax regime based on a simplified tax return [19].

III. CONCLUSIONS

The following conclusions can be drawn from a comprehensive analysis:

- the problems hindering effective activity for entrepreneurs are the instability of tax legislation;
- high tax rates force entrepreneurs to hide their actual income;
- tax instruments are poorly used to stimulate entrepreneurship. In order to improve the mechanism of taxation of business entities, it is necessary to start with the improvement of state support of entrepreneurs and establishment of transparency.

Attention must be paid to the creation of the following control measures:

- development and improvement of information support of entrepreneurship by the tax service;
- gradual transition to the patent fee from the state regulation, as this method is the most convenient of the world practice. In order to consolidate the positive trends and solve the problems that hinder the development of entrepreneurship, it is necessary to implement a number of measures in the following areas: increasing the efficiency of the application of the infrastructure to protect and support entrepreneurship, in particular tax incentives [20].

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