

FEATURES OF THE SHADOW ECONOMY IN UKRAINE

Modern enterprises are capitalist, so they have to follow the basic rules of capitalism, the main of which is: work for profit. Of course, some firms may also have many other motives, such as increasing their share in the market, being industry leaders, or simply extending the firm. Self-enrichment is the main motive of the company's activity, because the profitability of the company is a manifestation of the "health" of the business.

A capitalist market economy is an economy that requires competition, so the profit of one firm is the loss of another, of course, if the whole system does not function to provide profit to everyone. However, even then, some firms will receive more than others [1, p. 107].

Instability of the economic system, internal conflicts and insecurity of citizens in the future have led to an increase in the level of shadowing in the business, which are trying to take a steady position in a competitive environment. However, the shadow economy in business impedes economic growth and development of the state, promotes the strengthening of social inequality, which in turn leads to social stratification and dissatisfaction of the population under the current conditions of functioning of the country. Therefore, it is necessary to analyze the essence and structure of the shadow economy in business to identify its impact on the functioning of the national economy.

According to the United Nations System of National Accounts (SNA), the essence of the shadow economy lies in the fact that it is an illegal, unrecognized, fictitious, mercenary activity aimed at obtaining income concealed from the official authority by anyone, even criminal or illegal by. And the constituent elements of the shadow economy are:

- "Concealed" – a legitimate economic activity that is concealed or diminished in order to evade tax payments.
- "Informal" – activities in the production of household products, individual producers that do not register, not subject to taxation (private transportation, construction, repair of houses, cottages, etc.).
- "Illegal" (underground) activities prohibited by law (drug trafficking, prostitution, smuggling, arms trafficking and humans) [2, p. 50].

To determine the extent of the shadow economy, researchers consider only a "hidden" and "informal" element, because here it is the production process, while the third element ("illegal") does not involve the development of goods or services, but only redistribution of them.

Kovalchuk A. and A. Kryshtof argue: "in order to effectively counter shadowing and corruption, it is necessary and important to slow down the accelerated stratification and polarization of society, according to the criteria of economic protection and prosperity; to run all existing reserves and opportunities to prevent further deepening of the uneven development of the regions, thus stopping unbridled inequality in the socio-economic development of the regions of Ukraine" [3, p. 54]. It is impossible to disagree with this statement, because the Ukrainian population suffers from constant economic crises and instability in the country. However, one needs to try to eradicate it from the public consciousness, because it may happen that the economic situation of citizens will improve, but shadowing will still be manifested in various spheres of life. To this end, it is necessary to replace the representatives of state power, who think not about public good, but about their own benefit. They are a negative example for citizens and affect their economic behavior.

Consequently, the problem of shadowing the economy in business is an extremely topical issue for research in modern society, as it affects all spheres of public life and affects both the effective economic development of the country and the individual life of each citizen. The economic shadowing is intensifying in times of economic crisis and instability, when enterprises try to survive in a competitive environment and keep their business. The main components of the shadow economy are: a hidden, informal and underground economy. In order to solve this problem, in our opinion, it is necessary to start with the reform of the law: to create tax incentives to provide conditions when shadow business to be unnecessary, to distribute evenly and equitably the tax burden, to improve the tax system and to improve the system of tax administration. But it should be remembered that it is not possible to get rid of the shadow constituent in any country in the world, even in the USA it reaches almost 10%, in China - 14%, in the EU countries – 17% [3, p. 52].

References

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