# THE REGULATORY ROLE OF TAX INCENTIVES IN THE TAXATION OF PERSONAL INCOME

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In Ukraine tax system, income tax is one of the major taxes which form revenues. This tax is a stable source of regular revenue and has important fiscal value.

However, like all direct taxes, income tax should serve also a tool of state regulation of individual income and thus their ability to pay, consumption and savings that fulfill the social and regulatory role, the principle of social justice. However, the reform of income tax incomes, increasingly perceived orientation of government efforts to replenish the budget, and neglected social role of tax. For this reason, and due to the gaps of existing legislation is an urgent study the social aspects of the tax on personal income.

Given the large stratification of society at the present stage, it remains the improvement of the existing mechanism for applying the tax benefits in order to ensure the principle of social justice.

Therefore, in this article the mechanism of tax social benefits for the taxation of personal income and finding ways to improve their social performance.

Summarizing studies, it can be argued that the income tax at this stage does not perform properly social and regulatory function. The mechanism of taxation violates the principles of equality of taxpayers before the law and social justice.

Foreign tax system aimed at creating end-income households so that each individual had to use after-tax income sufficient to fund all necessary costs to meet their needs.

In Ukraine, the income of poor individuals after tax on personal income, even in the application of tax benefits, does not meet the subsistence level. Thus, the state does not provide the normal existence of citizens of removing income to meet their vital needs.