

THE INFLUENCE OF SHADOW ECONOMY ON INNOVATION AND INVESTMENT DEVELOPMENT OF THE COUNTRY IN THE CONTEXT OF EUROPEAN INTEGRATION PROCESSES

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The article defines the notion of “innovation”, “investment” and “development”. The combination of definitions of these concepts makes it possible to interpret innovation and investment development as a process of qualitative changes of the country that depends on its innovation capacity through innovation and backed by funding in the required quantities.

The main problems of innovation and investment development of Ukraine are the lack of financial resources for the implementation of investment and innovative projects; slow pace of high technologies implementation; high energy intensity of the gross domestic product; depreciation of fixed assets; inadequate legislation on the development of innovation; lack of favourable conditions for attracting investments to ensure the development of high-tech production; lack of government support for innovation.

It is proposed to consider the informal sector as a segment of the economy that has a significant impact on innovation and investment development of the country. The negative consequences of the existence of a significant shadow economy in the sector are: reducing the impact of public regu-

lation of the economy; reducing the investment potential of the economic system; technological disparity standards and norms of production and service operating in the market environment; reduction of financial resources of the state budget, increase of the tax burden on legal sector; inhibition of reproduction of the human capital; growth of corruption.

It is determined that an important factor of innovative processes activation in the country is the state tax policy. Generalized information on the application of the EU tax incentives established that the Tax Code of Ukraine includes a limited list of tax instruments to encourage innovation.

The transition to innovative and investment model of development is a powerful factor of economy legalization in the country and the best motive for companies to develop their capabilities and to work in the legal sector of the economy. International cooperation of Ukraine in the field of innovation activities with the EU countries, international experience of using the tax instruments of its promotion will help to increase volumes of investments into the innovative sector.