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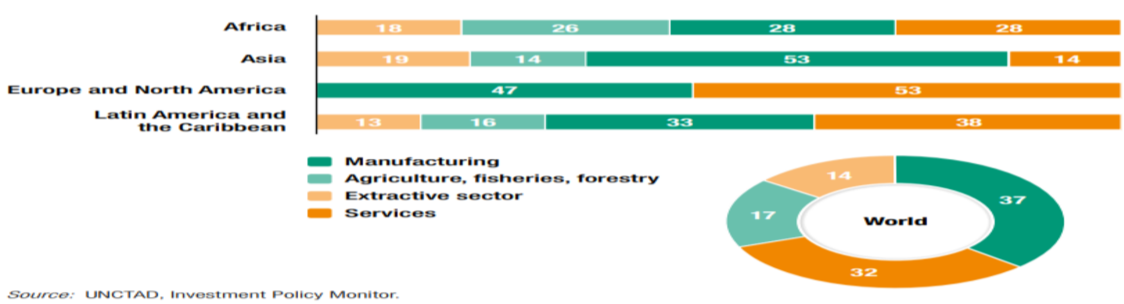
ATTRACTING FOREIGN INVESTMENT AND TECHNOLOGIES TO THE COUNTRY'S ECONOMY BY INTRODUCING A PREFERENTIAL TAX SYSTEM

ПРИВЛЕЧЕНИЕ ИНОСТРАННЫХ ИНВЕСТИЦИЙ И ТЕХНОЛОГИЙ В ЭКОНОМИКУ СТРАНЫ ПУТЕМ ВВЕДЕНИЯ ЛЬГОТНОЙ СИСТЕМЫ НАЛОГООБЛОЖЕНИЯ

Abstract: This article analyzes the methodology of applying tax incentives and the causes and consequences of attracting investment to the country's economy. The importance of taking into account the tax policy and the national characteristics of the local market in the introduction of tax benefits is considered.
Keywords: tax, investment, tax policy, local market, capital, tax rate, food security, application by sectors, economic impact

Аннотация: В данной статье анализируется методология применения налоговых льгот, причины и последствия привлечения инвестиций в экономику страны. Рассмотрена важность учета налоговой политики и национальных особенностей местного рынка при введении налоговых льгот.
Ключевые слова: налог, инвестиции, налоговая политика, местный рынок, капитал, налоговая ставка, продовольственная безопасность, применение по отраслям, экономический эффект.

Any country aiming for economic development aims first of all to accelerate and strengthen the process of investment entry into the country's economy. It is known from the experience of developed and developing countries of the world that the most optimal and still used method of investment attraction is through taxes. As the great economist Adam Smith mentioned in his theory, capital and labor resources go to countries with a favorable tax climate. This, in turn, has a negative impact on the economy of the country from which capital has flowed, and on the contrary, contributes to the development of the country where capital and resources have entered. Looking at the numbers, according to the United Nations Conference on Trade and Development's 2022 World Investment Report, foreign direct investment flows reached $1.6 trillion. Generally speaking, the main factor to be taken into account when directing foreign and domestic investments to certain activities through the introduction of tax incentives is the level of importance of this type of activity. In particular, the United Nations in its report issued on November 15, 2022 mentioned that the world's population has exceeded 8 billion. I can answer the question of what these numbers mean in the economy as follows. In other words, every state and government has the task of providing basic necessities such as food and shelter to 8 billion people. In this case, the importance of the tax is to transfer the types and volume of activities that provide food to the population to a reserve status in case of a sharp increase in order to ensure food security. But if we look at the statistics, if we look at the indicators of the World Investment Report 2022, it can be seen that only 17% is for agro-industry and 32% for the services sector.



1-table. Sectoral distribution of new tax incentives for investment, by region and world, 2011–2021

First of all, every economist should think not only about attracting investment, but also about which sector to direct the investment. In particular, in order to attract investment in the food industry at the level of the states, it will consist of introducing a preferential tax regime for food producing, processing and agro-industrial industries.

In agreement with the above-mentioned Adam Smith's opinion that capital and labor resources will be transferred to countries with a favorable tax climate, the application of a preferential tax regime should be divided into 3 main stages:

1) reduction of tax rates in order to attract foreign investment

2) to make it easier for the investor to withdraw his profits and assets if he wants to leave the country

3) to support the involvement of more local suppliers of raw materials and workers in carrying out the activities of an investor or a certain enterprise, producer

At the first stage, it will be possible to achieve the above-mentioned results by reducing tax rates, introducing tax incentives or establishing preferential tax zones. In other words, this situation can be described as “an economic trap”. In most cases, preferential tax rates are responsible for this task. That is, after the introduction of a certain tax regime, after those involved reach a certain amount, this tax regime is canceled, and the profit of the involved entrepreneur, investor becomes a tax object and causes the growth of the tax base.

In the second stage, ensuring the economic security of every investor, that is, preventing the illegal intervention of the state or providing clear, stable legislation that takes away its own benefits. For example, in the practice of Uzbekistan, it is mentioned that state authorities can limit the use of funds in the accounts of enterprises with foreign and local investments or forcibly withdraw them only in accordance with the law.

The third stage will be aimed at reducing production costs by exempting them from certain taxes for a period of time. It has a positive effect by reducing the cost of production by exempting certain taxes for a period of time. As an example, it can be shown that in 2020, the Apple Inc. company tried to move its workers from China to America. Even if Apple Inc. completely moves to another place other than China and its technology, the company's employee would still have the skills and new innovative technologies would remain in China, allowing similar products to be produced locally.

In conclusion, it should be mentioned that the interdependence of investment and taxation in the country's economy can be seen in 2 main cases. The first is to attract foreign investors with a preferential tax, and the second is to retain investors by introducing alternative tax rates for both parties. But before introducing favorable tax incentives for foreign investors and companies, it is necessary to take into account the state and characteristics of the country's national market. In this case, the exempted potential tax base should not be an additional burden on the remaining taxpayers.

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