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TAX REGULATION OF SOCIAL DEVELOPMENT

The tax system is a powerful regulatory mechanism in market conditions and ensuring selected development priorities. Taxes are not only one of the financial levers with which the state influences the economy from the outside, implementing social balancing functions, ensuring a certain redistributive minimum and supporting the activities of public institutions. At the expense of tax revenues, the state has the opportunity to perform a wide range of functions, in particular, to ensure human development. It is known that by imposing certain taxes, influencing the scope of the subject and object of taxation, the tax base, changing tax rates, introducing or canceling benefits or certain sanctions, in general, changing the conditions of taxation, the state stimulates or restrains phenomena, effects and trends in the national economy.

Taxes have an impact on the social sphere not only in terms of fiscal qualities. Due to the use of the benefits tool, they can also effectively implement the incentive function. This is important given the fact that the support and development of education and health care systems is a long-term process and requires the presence of effective systemic state strategies. Tax policy is an important tool for the implementation of state programs aimed at supporting the educational sphere in most developed countries. There are two main ways in which the tax system can influence the educational sphere and stimulate human development. The first concerns the regime of taxation of educational services, the second – stimulation, at the expense of tax benefits, of the formation of expenses in the field of education and personnel training for both legal entities and individuals. In this context, the most effective tax policy tools are exemptions from the payment of individual income tax on the profit of enterprises and value added tax. These are, as a rule, allowances for training expenses incurred by individuals or companies, as well as allowances for income received from the sale of educational services, etc. Fiscal instruments that are used to promote human development are mainly tax benefits, tax credits, and tax discounts.

Support and development of education systems is a long-term process and requires effective systemic state strategies. Tax incentives are an alternative to direct government spending to achieve certain economic and social goals. Tax incentives are generally granted by government bodies to encourage specific behaviors (in our case, education or certain vocational skills) and/or to provide benefits for specific target groups (individuals or businesses/companies).

Examining the taxation regimes of providers of educational and training services with corporate income tax, the general trend is that private educational and training institutions are generally not exempt from the obligation to pay income tax, while public (as well as those that have the status of non-profit organizations, in some countries) are exempt from paying the specified tax. However, there are significant disparities between countries in the level of taxation of income from the sale of educational and training services.

Availability of favorable tax regimes for attracting charitable contributions to university endowment funds is also an important factor in state support. In most EU countries, there are tax benefits for the costs of educational and training activities for companies and private individuals with regard to individual income tax and corporate income tax, which allow to deduct the costs of education and training when calculating tax liabilities. This is done to stimulate investment in education, which contributes to lifelong learning and the development of human capital in the country.

The action of the mechanism of stimulation in any field is based on a motivating motive, under the influence of which the corresponding actions take place. In the field of taxation, such a motive is the opportunity to reduce the tax burden for legal entities and individuals at the expense of receiving benefits. Education tax credits are usually defined as tax measures that result in a favorable rather than a "neutral" tax treatment of human capital. More specifically, tax expenditures on education are defined as the loss of state revenues as a result of the application of tax benefits. Such state intervention is justified from the point of view of compensating the undesirably low level of private investment in education and strengthening social justice.

All these norms make it possible to reflect the relevant costs in the tax declarations of business entities (enterprises – when paying income tax, employees – when paying taxes on wages – depending on the peculiarities of interpretation in national legislation). The main objectives of providing benefits are: encouraging training and improving the qualifications of

employees; encouraging the presence of student interns at enterprises; encouraging professional development of entrepreneurs who are business owners, individual entrepreneurs, and not employees. As a rule, the size of the enterprise does not matter for receiving the benefit, and special conditions for receiving educational tax benefits for small business entities are very rarely stipulated.

Expenses of enterprises for improving the qualifications of employees (especially if the subject of training coincides with the field of activity of the enterprise) are considered as expenses related to obtaining a profit, that is, they can be attributed to the cost price, thereby deducted when calculating tax liabilities. It should be taken into account that the costs of education and professional development are only one of the many categories of costs that the employer can include in the production costs when calculating the profit, therefore, depending on the specifics of the interpretation of the relevant norms in the legislation of each country, they are not even always interpreted as tax benefits (moreover, such expenses may be considered by the tax authority as a non-monetary remuneration to employees, therefore they are included/taken into account within the framework of the legislation on taxation of individuals).

Personal income tax (income tax) is one of the types of direct taxes, which has a significant impact on human development, since the level of income that remains with a person after paying tax payments depends on the mechanisms of its management. The modern tax payment system, which is one of the types of direct taxes, as it is collected directly from the payer's income, provides for a reduction of the tax amount, taking into account benefits and deductions allowed according to legal regulations. Such deductions include the tax-free minimum, the size of which depends on a number of economic, financial and social factors. In addition to the tax-free minimum, the payment of income tax by citizens is affected by family discounts, discounts for children and dependents, contributions to insurance and social funds. In general, the tax-free minimum is the most widespread benefit in the tax systems of various countries of the world and is formed in two main ways. The first involves subtracting from the amount of taxable income a fixed amount, the size of which is established by law. According to the second – taxation of a citizen's income is carried out starting from a certain amount, below which a zero-tax rate is applied. The size of the tax-free minimum can vary depending on the price level and economic development of each specific country, but the common principle is that incomes that do not exceed the subsistence minimum cannot be subject to income tax. For example, for a married couple, and

even more so for parents with children, the level of tax-free income is calculated in total, based on the amount that allows to ensure the minimum necessary standard of living for each member of the family. The problem of using income tax as a tool for implementing the principle of justice and the social function of taxes is key.

In the EU member states, the size of the non-taxable minimum usually corresponds to the real subsistence minimum necessary for a person's living and normal nutrition. Moreover, in many EU countries, taxation is successfully applied, which allows more rational and fair withholding of income tax, taking into account all the peculiarities of the existence of the family – the number of children, their age, the number of breadwinners, expenses that affect the lives of family members (expenses for child care personnel, purchase of school supplies, etc., compensation for travel to work may be taken into account).

An important feature of the tax systems of different countries is the existence of a mechanism of progressive taxation. This mechanism ensures a fair distribution of the tax burden and fulfills an important social role. Therefore, due to the application of various instruments in the field of taxation, such as the non-taxable minimum, deductions, benefits and tax credits, the performance of both fiscal and social functions is ensured.