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## **THE IMPACT OF THE TAX SYSTEM ON THE DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESSES**

Formulation of the problem: Small and medium-sized businesses occupy one of the leading places in global economy. Small business entities ensure the establishment and development of democracy in the state and solve the problem of employment. This understanding of the role of small business forms the direction of the main emphasis of state policy and the choice of special mechanisms of state regulation. The purpose of the research is to investigate how the tax policy affects small and medium-sized businesses in Ukraine, and to highlight the advantages and disadvantages of a simplified taxation system.

The development of small and medium-sized businesses is one of the main directions of economic development of the leading countries of the world. In the European Union, small businesses provide around 50% of the total value added. In Ukraine, small businesses account for 5-6% of the gross product, but about 30-35% of the population are employed in small businesses.

Changes in Ukraine's tax legislation in recent years accompany increased tax burden on small businesses through quasi-payments and a single tax. Such are payments increase extraction from enterprises, creating additional compulsory load, and reducing limited financial resources. During the last three years, conditions have changed significantly use of simplified tax system by entrepreneurs, size and tax rates, limits income and amount of a single social contribution.

From 01.01.2017, the Law of Ukraine "On Amendments to the Tax Code on Improving the Investment Climate in Ukraine" entered into force in Ukraine.

Special tax regimes, which are used by most small businesses, have undergone significant changes. So, for single taxpayers of the first group, the rate is 10% of the subsistence minimum (160 UAH / month), ECU-50% of the minimum insurance premium (352 UAH). That is compared with the previous 2016 year tax burden increased by 12.7% (in 2016 an entrepreneur was to pay 5450.64 UAH taxes, in 2017 was to pay 6144 UAH).

For second-payers, the prospect is even less optimistic. If in 2016, without hired employees, it was necessary to pay 7,105 UAH of taxes and fees; in 2017, the payment is UAH 16,128, which is 2.23 times more than in the previous year. At the same time, the maximum amount of annual income for both payers of the first, and for the payers of the second group remains unchanged. For taxpayers of the third group, the tax conditions changed significantly in 2016: the limit of income was reduced by 4 times (from UAH 20 million in 2015 to UAH 5 million in 2016) and tax rates increased from 2% to 3% (for VAT payers), and from 4% to 5% (for non-payers of VAT). These trends, along with a significant increase in prices for all goods and services, indicate that the state implements a discriminatory tax policy for small businesses [2, p.1-2].

It is worth noting which benefits the simplified taxation system offers:

1. Simplification of procedure and procedure for registration of taxpayer. That is, small business entities can switch to a single tax payment from the beginning of the year and from the beginning of any quarter.

2. Calculations related to the determination of tax amounts are much simpler.

3. Instead of the various forms of tax reporting for taxes and fees that are replaced by a single tax, one form of reporting is filled in – the calculation of the single tax payment by a small business entity – and submitted to the tax authority once a quarter [3, p.284].

However, along with the advantages of the simplified system of taxation of small businesses, there are certain disadvantages that hamper the development of small business in Ukraine, in particular:

1) Limiting the volume of revenues of small businesses that give the right to use a simplified taxation system;

2) The amount of the single tax paid by a payer in advance for the reporting period (quarter);

3) It does not take into account whether the proceeds from the implementation of such activity during the reporting period will actually be received;

4) An element of double taxation in a simplified system at a rate of 6%, subject to VAT [3, p.285].

Assessing the shortcomings and imperfections of the current system of taxation of small business entities, it is necessary for the authorities to refine the provisions of the Tax Code of Ukraine, in which it is advisable to eliminate obstacles to the development and cooperation of enterprises of different sizes for the sake of dynamic and forward-looking development not only of small

business entities, but also the economy as a whole. Consequently, today the main task of tax policy in Ukraine remains the formation of conditions for the development of small business, which will facilitate further development of entrepreneurship in Ukraine, increase of budget revenues, creation of a competitive environment and elimination of abusive schemes by a simplified system.

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### **CROSS-CULTURAL MANAGEMENT**

Cross-cultural management is the study of management in a cross-cultural context. It includes the study of the influence of societal culture on managers and management practice as well as the study of the cultural orientations of individual managers and organization members . The globalization of the business environment requires people from different cultures to work together.

In the development of cross-cultural management three main stages are distinguished. The first of these is characterized by studies of problems at the global and transnational level. This is due to the expansion of large companies