

**GLOBAL TRENDS IN THE DEVELOPMENT
OF THE TAXATION SYSTEM AS A POLICY TOOL
OF SUSTAINABLE DEVELOPMENT OF SMALL AND MEDIUM
BUSINESS ON THE EXAMPLE OF SLOVAKIA
AND SINGAPORE**

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Loyal tax system is one of the strongest factors, which can influence for develop small and medium businesses. I propose to consider this statement on the example of countries that have had successful experience.

Today Singapore is one of the largest financial centers in the world. One of the factors of rapid business development was the loyal tax system. This country provides tax benefits, has concluded a number of agreements to avoid double taxation. According to the international ranking of Doing Business 2020, Singapore ranks 2nd with a score of 86.2 [2]. However, the income tax rate in Singapore was 40% until 1986. Such high rates were not effective, so the Singapore government decided that it was necessary to move from direct to indirect taxes and reduce tax rates. Individual entrepreneurs pay a tax at a progressive rate of 3.5% to 20% of income earned in Singapore. In the first three years of operation, the first 100,000 Singapore dollars of the company's taxable income are exempt from tax, and up to 200,000 there is a reduced tax rate (8.5%) [3]. In this country capital gains, tax and income from the sale of real estate is not taxable.

Slovakia is a country with a weak economy (a balance of payments deficit of up to 9%) and corruption (enterprises were privatized mainly in favor of government-affiliated entrepreneurs). However, today Slovakia is a fairly developed country and has a stable economy. As a result of the tax reform, the income tax rate, regardless of income, was 22% until 2016. In 2017-2018 it was 21%. Individual entrepreneurs pay income tax of 19% [1]. The tax is 15% if the annual income is less than 100,000 euros. The amount of tax-free income was increased 2.5 times, as a result of which the effective tax rate decreased for the poorest, remaining progressive: the poorest pay nothing, the rich pay at a rate of 21%.

In conclusion, the main directions of development of the taxation system as an instrument of sustainable development policy can be considered the introduction of indirect taxation system, signing of agreements on avoidance of double taxation, reducing the tax burden for small and medium business.

References:

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3. Singapore Tax Season 2020 [Electronic resource]. - Access mode: <https://www.activpayroll.com/news-articles/singapore-tax-season-2020-what-you-need-to-know>