

## **HIGHLY DEVELOPED COUNTRIES EXPERIENCE OF INNOVATIVE BUSINESS DEVELOPMENT UNDER GLOBALIZATION CONDITIONS**

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Business development is closely connected with implementing novelties, as in current conditions of tough competition on the international markets innovations play one of the key roles in promoting business. By innovation we mean the process from emergence and development of the initial idea to creation of new products, services and technologies or their enhancement with provision of legal protection of copyright, with subsequent creation of a prototype or a model proving their practicability. It should be noted that under current financing and management certain opportunities occur to accomplish the most perspective innovation projects and high-tech developments that require several years of hard work to be successfully commercialized. Commercialization ensures market demand satisfaction within a single scientific and reproduction cycle. Such process of continuity and consistency depends on the level of integration of science, education, production and market.

In Great Britain tax credits for innovation developments (ID) are the main component of a complex of measures on implementation of government liabilities on ID growth in the country along with the other ways to support business.

Tax rebates for innovation for small and medium business (SMB) were introduced in 2000, and in 2002 this scheme was extended to large companies. By 2011 more than 17000 applications for tax credits had been handed and more than 1.3 billion pounds were requested according to this scheme. Since 2011 deduction from the taxable base of costs for ID has been 175% for SMB, 130% for large companies (earlier it was 150% for SMB and 125% for large companies), for small companies that do not have income there existed direct reimbursement of expenses for ID as well as tax rebate for ID for the companies, developing vaccines against infectious diseases. According to experts, tax rebates allow decreasing ID expenses for SMB by 15.75% at a most, for large companies – by 8.4%, companies without income can achieve 24.50 pounds for every 100 pounds spent for ID. The research of 2012 showed that due to tax rebate saving own costs for ID increased on average from 4 to 8% of general costs for ID in 2009-2012. The companies have begun to assess this mechanism more positively, 90% of the companies are going to keep on asking for rebates [1].

Initially in the USA the law provided for a discount on income tax of 25% of the additional costs of companies for qualified ID comparing to the corresponding average annual cost of ID for the previous three years. In accordance with the current legislation tax rebate is reduced to 20%. It concerns the ID carried out by private companies (native or foreign) only on the territory of the USA. Tax crediting to promote industrial ID by American companies abroad is excluded [1].

According to the new legislation average annual income on ID are calculated for the previous four years and takes into account the wages of those participating in

research process, cost of materials and 65% of the amounts of payments due under contracts with external executors of ID (75% in the case when a top executor is a research consortium which reflects the state's desire to promote cooperation in science). Thus, a big part of tax credit (70%) is given as a payment for labour in ID area.

In regional legislation of at least thirty states innovative industry development incentives are assumed, though the size of rates is different [2]. For example, more than half of them have repeated the structure of federal credit, i.e. these regional tax credits are of incremental nature with the financed base and a size of rates fluctuates from 16.9 (Rod Island) to 2.9% (Minnesota). Ten more states offer incremental credit with variable average base during the last 2-4 years (the same as with the earlier federal legislation). In three states – Connecticut, Hawaii and West Virginia – tax credits have no incremental nature, i.e. all qualified researches are taken into account [2].

Japan, as it is noted in publication of the Institute of World Economy and International Relations of Russian Academy of Science “Tax stimulation of innovative processes”, is a pioneer in the issues of development and wide usage of tax rebates as a tool to influence science in private sector [2]. In 2003 the system of tax credit to the total expenditure for scientific research was adopted. According to it the rate of special tax credits to the total expenditure for ID is from 8 to 10% of this indicator. As a pilot project on stimulating industrial investments in science for the period of 2006-2011 a special tax rebate (tax credit) was adopted at the rate of 10-12% for the total expenditure of a certain business for science. Small and medium businesses (with capital less than 100 million yen) had the rate of tax credit of 12 % of the total expenditure for science. Besides, 12% of these businesses' allocation in ID were deducted from the tax base of these businesses when calculating local taxes.

During the research the basic principles of taxation of highly developed countries of the world in contemporary economic environment have been studied. The analysis of fiscal policy of Great Britain for small and medium businesses having tax credits in their country has been given. The mechanism of calculating tax rates for enterprises involved in innovative sphere in the USA has been considered. The example of Japan was given which has already built a considerable base in the issues of development and wide implementation of tax rebates as a tool to influence science in the private sector. A list of measures for reducing taxation of innovative enterprises of the Russian Federation considering experience of foreign countries has been substantiated.

#### References:

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