

## **ECOTAX LABOR REFORM AS THE BASIS OF A GREEN ECONOMY**

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Eco-tax labor reform is the basis of a green economy.

From the perspective of a green economy, economic activity of mankind is seen as the creation and consumption of wealth in the process of converting matter to energy use, in which both matter and energy are taken out from the environment. It is not sufficient to take in account market demand for determine the real value of any product. The price of the goods or services in this approach should include the costs of the biosphere but not only the costs directly incurred by the person at their production and consumption. Cost for the whole system is the cost of energy and material resources what were spent on its production, including their deficit not only for humans but also for the biosphere, and the cost of using environment: the disposal of waste from its manufacturing and consumption, and to restore the resources used.

The main idea eco-economy is the concept of "natural capital".

"Natural capital" here is used as the fund that produces a stream of natural resources and services. The components of natural capital are deposits of minerals, natural populations of industrial plants and animals, freshwater pools that offer water, fertile soils and restoration of soil fertility, photosynthesis and oxygen regeneration, circulation of substances in nature, self-cleaning air and water, waste absorption, recreation services and other. Thus, income that comes from natural capital includes natural products and environmental services. The most important thing for understanding is the fact that man-made or fiscal capital cannot replace natural capital. Against the classical market economy that provides for the replacement of natural capital equivalent to the cost of artificial capital, environmental economics considers natural and human capital only partially commutative and, in most cases - complementary and indispensable.

In EU countries have found a logical way of development to the concept of "eco-tax reform". These countries have reformed their taxation systems long ago. The essence of their reforms is simple and obvious for everybody. It means the transfer of tax burden from labor and capital on the resource feed.

One of the greatest advantages of eco-tax reform is a double dividend.

Taxation is a strong incentive to reduce an inefficient use of natural resources, will promote less intensive technologies, implementation of energy efficiency measures, pollution prevention and others improve points. In addition, physically healthy nation works more efficient.

Tax system of Ukraine is still based on outdated approaches. Four main taxes - tax on personal income, tax on company profit, value added and excise tax – makes up over 80% of revenues to consolidated budget.

However, the share of "environmental" taxes in total tax revenue in Ukraine is only 3-4%. 90% of this number is the royalties mining companies in mining of mineral resources. Actually, the "green" tax that was paying for pollution, including fines, charges and energy charges for the using of non-renewable resources, were in different years, only 0.3-0.5% of the revenues of the consolidated budget.

Assessment resources should rise gradually each year for 10 years, but all marginal tax rates should be announced in advance. So businesses will get enough time to adapt to new conditions, with a warning about future cost increases. With increasing of "eco-tax" every year rates of deductions from payroll and citizen's income must be decreasing.

Another mechanism of implement of the new tax is the returning the part of "eco-tax" in the energy-saving technologies.

Ways of solving the problem were proposed.

At first, increase rates of carbon tax with the useful mechanism in some stages.

As the second, raise the tax rate and emission rate of tax on waste disposal. Similarly, as the carbon tax, these raised taxes may be about 5 times higher than set out in the Codex now and provide further annual increasing of these rates by 50%. Only in that case these taxes will be a real incentive for the implementation of more cleanly ecological technologies and production.

Thirdly, the list of "eco" taxes must be put on consumption of water, electricity, and all fossil fuels. These taxes are applied on a progressive scale, and also increase annually over the next 10 years.

As the fourth, you must provide annual reduction of corporate profit tax, personal income and value added in proportion to the rise of "eco".