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## **MECHANISMS OF DESHADOWING THE ECONOMY IN UKRAINE: GERMAN EXPERIENCE**

Nowadays, such problems as the increasing level of shadowing of the economy and corruption schemes don't lose relevance in Ukraine. The level of the shadow economy in Ukraine reaches 47.2% in 2018 [1].

Both Ukrainian and foreign scientists and financiers-practitioners study the problems of the shadow economy: A. Prikhodko, Z. Varnaliy, A. Goncharuk, F. Schneider, R. Kirchner, L. Feige and many others.

The experience of countries in the world where the level of the shadow economy is much lower than in Ukraine is quite useful for the implementation of instruments and measures for shading. Thus, in neighboring Poland, the level of the shadow economy is 16.7%, the Czech Republic - 10.5%, Slovakia - 11.2%, Latvia - 16.6%, Estonia - 18.5%, Lithuania - 18.6%, Hungary - 20.5%, Bulgaria - 20.8%, Romania - 22%. Western and Northern Europe is even whiter - in Germany the ratio of the shadow economy to GDP is 7.7%, Switzerland - 6.9%, the Netherlands - 7.8%, the United Kingdom - 8.3%, Ireland - 9.6% [2].

Countries of the world have developed a significant and diverse experience in combating counteraction, containment and, where appropriate, promoting shadow activity. But the most valuable in its framework is the identification of methods, mechanisms, principles and means of public administration of the nationalization of the national economy. From this point of view, we find the experience of Germany interesting. Its' experience is considered to be one of the most successful in Europe.

Germany has rich experience in the fight against the shadow economy. Vital steps for reversing this growth of the shadow economy are improving institutions and respect for government by strengthening tax morale, voice and accountability, rule of law, governance, regulatory quality, and by reducing corruption. The German government had created a number of measures that encouraged citizens to work legally and decreased the level of the shadow economy in the country.

First of all, the tax rates were decreased for small and medium enterprises by German government. Given that the Ukrainian business sector is represented by small and medium-sized businesses, it would ease the tax burden on enterprises and stimulate their development.

Secondly, there was an increasing the effectiveness of existing laws. A control over the legalization of business was strengthened by the relevant state departments, referring to German laws. Besides German Anti-corruption Department had made the fines higher for breaking a law.

All in all the European experience is very useful and can be implemented into the economy of Ukraine. Our government should increase the country's GDP and create a large number of new jobs. The level of official employment is one of the most important indicators for the shadow economy, which is understood as illegal labour, as well as criminal activity (drug trafficking, fraud, etc.). It means that the Ukrainian government should control each person to have legal job. So, it stimulates the significant revenue mobilization and the increasing of GDP level.

Moreover the Ukrainian government should pay more attention to the effectiveness of the legislative framework and regulate the awarding penalties, in particular, toughen administrative penalties for small and medium enterprises.

### Literature

1. Bloomberg Billionaires Index. – Global Risk Briefing. – February 2, 2017. – URL: <https://www.bloomberg.com/billionaires/2017-02-02/cya>

2. Medina, L., Schneider, F. Shadow Economies Around the World: What Did We Learn Over the Last 20 Years? IMF Working Paper, January, 2018. 76 pages.