European Liberal Forum EVENTS

ZOOM Webinar and workshop

"Tax competitiveness in the EU: A comparison between "new" and "old" member states" Wednesday 9th November 2022 15:00 – 18:30 (CEST)

15:10-16:45 Webinar and ELF publication presentation Tax competitiveness as a mechanism to promote or distort small economies: The case of North Macedonia





elf



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Online event

ZOOM Webinar and roundtable

Tax competitiveness as a mechanism to promote or distort small economies case of North Macedonia

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> European Liberal Forum **EVENTS**

#ELFEvent #ThinkingAloud



Determinates to invest in developing/transition countries

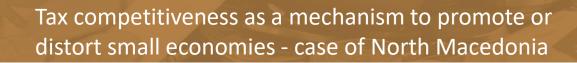
- Geographical position and demographics (the capacity of human resources /ageing population) of the country;
- Promotions;
- Economic stimulus packages by the governments for foreign investments;
- One stop-shop registration in the trade register;
- Fiscal incentives;
- Low or zero tax rates;
- Custom reliefs.



Overarching priorities for developing tax competition in the small economies

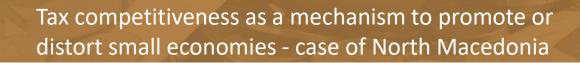
- Tax autonomy
- Strategic interaction among tax policies in the region
- Should concerns all government levels
- Ability to shift the tax base
- Bilateral and multilateral trade and tax agreements. (Free Trade Agreements)





Accelerating the tax competition though:

- Flat taxation;
- Free Technological Industrial Zones (Free Trade Zones);
- Fiscal incentives;
- Tax exemptions (Non-taxation of reinvested profit);
- Low personal and corporate tax rates (equal for residents and non residents) and VAT;
- Payroll taxes;
- State aid
- Social contributions



Recommendations

- The tax system should follow the functions.
- Flat taxation should continue to be part of the tax system, respecting the principles of flexibility and sufficiency of the tax system and *in favorem* of individual and trade company profits.
- To reduce the unemployment and allocate the capital.
- To enhance the business activities and investment initiatives among the domestic and cross-border companies.
- To adopt digital service tax.
- Monitoring of the implementation of the Strategy for managing public debt (2022-2024)



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Tax competitiveness as a mechanism to promote or distort small economies - case of North Macedonia

THANK YOU



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