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ESSENCE AND CONSEQUENCES OF THE SHADOW ECONOMY: ECONOMIC AND LEGAL ASPECT

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Abstract. *The article is devoted to the study of the essence and consequences of the shadow economy in the economic and legal aspect. The main approaches to defining the concept of "shadow economy", its factors, structural components and negative impact on society are considered. The mechanisms of combating the shadow economy and the possibilities of their application are analyzed. Some directions for improving the investment climate and business environment in Ukraine, bringing the economy out of the shadows are proposed.*

Keywords: *shadow economy, economy, legal regulation, tax burden, de-shadowing.*

The shadow economy is one of the most acute problems of modern economic development, which negatively affects the state financial system, social justice and law and order.

In modern conditions, the study of the shadow economy is extremely relevant, since it makes it possible to understand its level and negative impact on society and contributes to the development of ways to minimize the level of the shadow economy, ensure economic stability, social justice and law and order.

The article aims to systematize existing research on the essence, factors and indicators of the shadow economy within an economic and legal context. It also seeks to highlight practical proposals and their potential application in Ukraine in response to modern challenges.

The article analyzes the main theoretical approaches to defining the concept of "shadow economy", its components and factors contributing to its development.

The definition of the shadow economy by scholars has a different emphasis: some emphasize the illegality of its elements, others - on concealment from official statistics and taxation. The main factors contributing to the development of the shadow economy are also considered, such as the tax burden, high social contributions, insufficient efficiency of state institutions, corruption, social inequalities and economic crises. It is determined that the shadow economy can take various forms, including illegal activities (for example, drug

trafficking), hidden economy (such as understatement of income by enterprises) and other aspects.

The article also describes the complex interrelationships between factors that lead to the spread of the shadow economy, including imperfect legislation and its inconsistency with real economic conditions, as well as violations of legal norms and a low level of institutional trust.

The article highlights the serious consequences of the shadow economy, such as a decrease in state budget revenues, which complicates the financing of social programs, the deterioration of working conditions and competitiveness, as well as contributing to social inequality and economic injustice.

The conclusions of the article emphasize the importance of a comprehensive approach to combating the shadow economy, including legislative improvements, greater financial transparency, stricter oversight of economic activity, and incentives for legal entrepreneurship. The effectiveness of the fight against the shadow economy largely depends on the interaction of the state, business, and the public. Given modern challenges, particularly the consequences of martial law, de-shadowing of the economy is one of the key tasks for ensuring Ukraine's sustainable development and economic security.

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