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OPTIMIZATION OF FISCAL INSTRUMENTS IN THE CONDITIONS OF TRANSITION TO A CIRCULAR ECONOMY AND DETINIZATION IN UKRAINE

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Abstract. *The article is devoted to the study of the essence, fiscal incentives, and consequences of the development of the circular economy in Ukraine. The main approaches to defining the concept of "circular economy" and fiscal instruments for implementing state environmental policy are considered. The main factors hindering the transition of Ukraine's economy to the principles of sustainable development and the circular economy are analyzed. Specific areas for improving fiscal mechanisms are proposed with the aim of increasing the effectiveness of the transition to a circular economy, which will also contribute to reducing the shadow economy.*

Keywords: *circular economy, sustainable development, enterprise economics, fiscal instruments, shadow economy, de-shadowing.*

The article is devoted to the study of the essence, fiscal incentives, and consequences of circular economy development in Ukraine. The study examines the main approaches to defining the concept of the "circular economy" and the fiscal tools used to implement state environmental policy. The foundation of a circular economy lies in the reuse of materials, while its key principle is the preservation of resources within the circulation by extending their life cycle and implementing zero-waste production. The primary advantages of a circular economy include reduced consumption of raw materials and energy resources, mitigation of negative environmental impacts, minimization of waste generation, promotion of innovation, and the reduction of the shadow economy. The use of tax mechanisms allows for influencing the behavior of economic entities, encouraging them to adopt resource-saving technologies and circular economy principles. The core elements of the fiscal model underlying state environmental policy include environmental taxes, waste disposal taxes, "green" excises, tax incentives for recycling enterprises, and energy efficiency support instruments.

The study analyzes the main factors hindering the transition of Ukraine's economy to the principles of sustainable development and a circular economy. Economic constraints manifest in a lack of investment, low profitability of recycling activities, and an absence of

sufficient state incentives, which reduces business interest in implementing ecologically oriented solutions. Simultaneously, legal barriers are linked to the fragmentation of the regulatory framework, the lack of comprehensive legislation on the circular economy, and weak mechanisms for monitoring compliance with environmental requirements. Institutional challenges include the absence of a unified coordinating body, the presence of corruption risks, and an insufficient level of digitalization in waste collection and processing systems.

The article proposes specific directions for improving fiscal mechanisms to enhance the efficiency of the transition to a circular economy, which will also contribute to reducing the shadow economy. To increase the effectiveness of this transition, a comprehensive transformation of fiscal policy is required, combining increased pressure on unsustainable environmental management with a diversified system of incentives for ecologically responsible businesses. Priority steps include revising and differentiating environmental tax rates (specifically for waste disposal), implementing extended producer responsibility, and introducing compensatory mechanisms. Optimizing fiscal tools through a system of environmental taxes, incentives for processing enterprises, and the introduction of extended producer responsibility creates economic conditions under which legal activity becomes more profitable than shadow operations.

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