

Секція 1. Фінанси, страхування і біржова діяльність: інноваційно-інвестиційні стратегії.

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UKRAINIAN STATE SUPPORT OF STARTUPS

To begin with, a new direction startup has emerged due to activation of the interest in scientific and technological innovations in the market. Over 50% of Ukrainians employ in small and medium enterprises, and another 28% are physical persons-entrepreneurs. And only 21% of Ukrainians are working in large enterprises.

The term “startup” has been bandied around with increasing frequency over the past few years to describe scrappy young ventures, hip San Francisco apps and huge tech companies. But what is a startup, really?

“A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed,” says Neil Blumenthal, cofounder and co-CEO of Warby Parker. A startup is usually a company such as a small business, a partnership or an organization designed to rapidly develop a scalable business model. [1].

Startup is a totally new project that has differences from already existing companies. Practice showed that only those enterprises that implement and develop innovations can succeed in this competition. And only those, who engaged in radical innovations are able to receive superprofits.

The development of startups at the present stage of Ukraine's economy is an important aspect in enhancing the attractiveness of the investment climate, development of innovative activity and support for small and medium

businesses. Innovative businesses are in search of radical, lucrative, profitable business model [2, p. 24], and therefore they form the basis of innovative activity of country.

For examples there are such well-known projects like Wikipedia, Instagram or YouTube. And it is just the tip of the world "iceberg" with the strange name "startup". The creation of a new enterprise leads to some risks.

The main of them are shown below:

1. Missing of the area of interest of the target audience;
2. Incorrect definition of the target audience;
3. Insufficient activity of the audience;
4. Unsuccessful business model;
5. Delays in the development;
6. Non-involvement of project participants;
7. Design;
8. Missing of the trend;
9. Weak team;
10. Invalid allocation of resources;
11. Lack of competent management;
12. The reluctance of banks to engage in partnerships with startups;
13. The lack of an ecosystem for the development of start-ups in the country, region, area;
14. Difficult economic circumstances (crises);
15. Lack of project evaluation over time (business planning);
16. The uncertainty of prospects for the development of innovation;
17. Absolute faith in state support;
18. The difficulty of doing innovative business in Ukraine;
19. The unwillingness of Ukrainian investors to invest in the idea stage or prototype;
20. Inefficient grant support for start-ups in the pre-stage.

It is important that the term "startup" is absent in legislation of Ukraine. Most startups are Internet projects and IT-projects. However, the startup may be any project booming in any of the existing industries.

First of all, it is necessary to determine the legal basis for the possibility of innovative activity. Regulatory and legal basis of maintaining start-ups and investment activities in Ukraine are shown in the following (table. 1.).

Table 1

Legislation of Ukraine used for startup development [6]

The Law of Ukraine "About investment activity" from 18.09.1991 y. №1560-XII	The Law of Ukraine "About foreign investment" from 19.03.1996 y. №93 / 96-VR
The Law of Ukraine "About innovation activity" from 04.07.2002 y.№40-IV	The Law of Ukraine "About Scientific Parks" from 25.06.2009 y. №1563-VI
The Law of Ukraine "About Copyright and Related Rights" from 23.12.1993 y. №3792-XII	The Law of Ukraine "About Protection of Rights to Inventions and Utility Models" on 15.12.1993 y. №3687-XII
The Law of Ukraine "About Protection of Rights to Trademarks for Goods and Services" dated 15.12.1993 y. №3689-XII	The Law of Ukraine "About Personal Data Protection" from 01.06.2010 y. №2297-VI

Startups as a kind of companies with a high turnover of capital will become new objects for investment, but the main problem of startups in Ukraine is the lack of adequate support from the state. The legislation does not provide any initiatives, such as in Belarus, where there is a 9 percent income tax for employees of companies of the national High-Tech Park [3], or in Romania, where the income tax rate for employees in software development is 0% [4]. The government usually becomes an obstacle to innovation; since the latter usually are threaten for "peace" of government officials. In addition, the government evades the development of investment priorities, and venture capitalists on their own cannot determine which industries should be invested in first of all [2, p. 116].

It is guaranteed, that startups as a kind of companies with a high reversibility of capital will become new object for investment. So, soon startups will find popularity in Ukraine and practical importance for individual businesses and for the economy as a whole. This conditioned that for the profitable investment of capital to its growth and diversification the investor (including Ukrainian) is constantly looking for new business.

Ukrainian government can help entrepreneurs to develop in a few steps. First of all, it can improve the regulatory and institutional environment. The second step should be ensuring access to finance. The third part of the improvement program must be simplification of the tax administration, it is a very important part, the government can give the ability to invest in startups with reduced rates of taxation. Moreover, it will not be superfluous to popularize the culture of entrepreneurship. Furthermore, it will be very useful to develop export. And finally, the great thing would be to promote innovations, support new ideas, organize exhibitions and invite foreign investors.

References

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