SUBJECTS OF SMALL BUSINESS: A CONCEPT, A GENERAL CHARACTERISTIC, A VALUE IN THE MODERN ECONOMY, FEATURES OF FUNCTIONING

Annotation

Small business is one of the most important elements of a market economy. This sector of the economy creates the necessary atmosphere of competition, is able to respond quickly to any changes in the market situation, and creates additional jobs.

**Keywords:** small business, tax holidays, government guarantees, small enterprises.

Nowadays small enterprise plays the enormous role in economy of the Russian Federation. The companies of the small business are one of leading sectors of the economy. They determine the rate of the economic growth, level of employment of the population, as well as the indicators of the domestic national product.

The development of this sector gives an incentive to create new jobs for the population of the country, revitalize the situation in commodity markets and service markets, leading to the formation of both an independent and additional source of income for citizens, as a result of which there is an increase in the living standards of the population.
It is worth noting that the small business companies have the opportunity and the potential to satisfy the demand for a particular product, because their distinguishing features are the ability to adapt quickly to various changes and fluctuations in the market and to the overall economic, political and social situation in the country, innovation, mobility.

Small businesses have great opportunities for mobile use of local resources, both labor and material. Moreover, greater awareness and knowledge of the local market allows small entrepreneurs to target a specific consumer by preliminary studying the demand for a certain list of goods and services in a particular region.

Among small businesses there is a fairly high level of competition, which forces companies to strive to improve the quality of goods and services produced. According to the Federal Tax Service on January 1, 2018 in the territory of the Russian Federation registered 239030 small businesses, without taking into account individual entrepreneurs and microenterprises. In this sector of the economy employs more than 6.3 million people.

However, the Russian Federation has not achieved the performance of developed countries, which are Russia's main economic partners. In the European Union, small businesses create about 70% of all available jobs, and their share in the gross domestic product is more than 50%. While in our country these indicators do not reach 7% and 10-12% respectively.

In international practice, there are three criteria in order to classify a company as a small business entity: sales of goods and services, book value of assets and number of employees.

In accordance with the Federal Law of 24.07.2007 N209-FZ «On the development of small and medium-sized businesses in the Russian Federation», small and medium-sized businesses are registered in accordance with the laws of the Russian Federation and corresponding to the terms of this law economic societies, partnerships, production cooperatives, peasant or Farms, production cooperatives and individual entrepreneurs.
Criteria for the attribution of companies to small businesses are established by the state. In 2017, three basic requirements were set for enterprises, subject to which it would be assigned to small business entities.

The first condition affects the legal status of the economic entity. The share of participation of the Russian Federation, constituent territories of the Russian Federation, municipalities, public and religious foundations and organizations in small enterprises in the capital of small companies should not exceed 25%. The share of other legal entities, including foreign ones, should not exceed 49%.

The second condition for assigning companies to small businesses is the number of employees. The average number of employees for the previous calendar year should not exceed the limits for each category of small businesses. The admissible average number of employees for microenterprises is 15 employees, for a small company -100 employees.

The third condition for classifying economic entities as small enterprises is the level of companies' income, which is determined in accordance with Art. 248 of the tax code of the Russian Federation. The government of the Russian Federation in Resolution No. 265 of 04.04.2016 «On the Limit Values of Income Obtained from the Implementation of Entrepreneurial Activities for Each Category of Small and Medium-Sized Enterprises» established the following income thresholds. The maximum allowable amount of annual revenue without VAT for the previous year for microenterprises is - 120 million rubles, and for small businesses - 800 million rubles.

Thus, if an economic entity fulfills all three conditions, then it can be attributed to a small business entity.

For individual entrepreneurs, the same criteria apply: by revenue and number of employees. However, if an individual entrepreneur does not have employees, then his category is determined only by one single condition - the amount of revenue.

At present, small business is considered an integral structural unit of a market economy, and the market economy cannot function and develop to the full
without small businesses. Owing to them, a competitive environment is formed in the market and a basis for the development of a civilized exchange is created.

The legislation of the Russian Federation establishes a multitude of tax, administrative and financial benefits for small businesses. The benefits for small businesses are understood as advantages that are provided by the state to certain categories of entrepreneurs, which puts these subjects in a more privileged and advantageous position compared to other business entities.

Below there are the main benefits for small businesses:
- the ability to keep any amount in the cashier's office (this requires an order from the company's manager);
- provision of tax holidays for companies that are engaged in social, scientific and industrial fields;
- maintenance of accounting in a simplified form;
- supervisory holidays, exemption from non-tax inspections;
- obtaining government guarantees to increase the chance of obtaining a loan;
- providing small enterprises with direct financial support, for example, subsidies.

Despite the fact that the Russian government has developed a large number of bills and programs aimed at supporting and developing small business, it is not so easy for small entrepreneurs to implement innovations in the realities of modern times. In connection with the existence of serious economic, tax and administrative barriers, the potential of small business remains unrealized to the full, which hampers the creation and development of this sector of the economy.

One of the problems that stands in the way of small business development in our country is insufficient awareness and ignorance of the existence of state programs supporting small business. According to Rosstat, only 3.1% of individual entrepreneurs and 2% of small businesses use state support measures and less than a third of representatives of this sectors knows about the existence of such programs. Since the government provides programs to support small businesses at the federal, regional and local levels, small entrepreneurs face the problem of unclear participation in a particular incentive program. A large business receives
all the necessary information directly from the authorities; however, small businesses are deprived of such sources of obtaining the necessary information.

Legal and regulatory framework plays a major role in the development of small business in the Russian Federation. In order for small business to develop and its activities gain momentum, it is necessary to have a full-fledged and well-developed legislative system that promotes the development of this sector of the economy and the solution of many problems.

An important stage in the development of the legal regulation of small business was the entry into force of the Federal Law of 24.07.2007 N 209-FZ «On the development of small and medium-sized businesses in the Russian Federation». In this law, a new definition of the term «small business» has been legislatively established. The main and most important innovations of this legal act are clearly defined criteria for classifying small business entities (Figure 4, p. 19). Here were introduced such concepts as: medium entrepreneurship and microenterprises. This law outlines the main goals and principles of state policy for the development of small business and the specifics of the regulatory and legal regulation of this branch of the Russian economy. Here is an exhaustive list of grounds and conditions for refusing to provide state support to small business entities, and some specifics in providing some types of support.

In Russia, small business regulation is carried out by a multi-stage system, which includes federal, regional and local levels of government. Unfortunately, such hierarchy of regulation makes it difficult to create complex legal systems. State, regional and municipal legal regulation of small business cannot be underestimated. However, very often there are contradictions in legislative acts of various levels. Thus, at the present time, there are a lot of problems that small business entities face due to the lack of a legal framework that regulates this sphere of the economy.

Despite such a complex and wide-ranging system of legislative regulation of small business, our country has not yet reached the level of small business development in developed countries.
The government of the Russian Federation has already made a lot in developing regulatory legal acts that regulate activities and promote the development of small businesses. However, the total number of small enterprises, as well as the financial performance of their activities, shows that in Russia there is a lack of efficiency in the legal regulation of this industry. Consequently, there are many directions for improvement in this area of law.

For the development of small business in Russia it is necessary to take into account the experience of foreign countries with a developed and modern system of legal regulation of small businesses.

It is worth noting that the Federal law «On the development of small and medium-sized enterprises in the Russian Federation» does not fully correspond to the realities of the present. The changes in the economic situation, the development of small business in the field of high technology, on the Internet, offline and online trade have greatly influenced the activities of small business in our country. This law does not take into account the industry specific features of small businesses in the Internet, which in turn leads to a significant lag in the development of small businesses in Russia. Unlike the laws regulating the activities of small businesses in foreign countries, the above federal law does not envisage the introduction and implementation of special measures of state support for small businesses in the field of information technology.

Thus, the main recommendations for improving the regulatory framework for the regulation of small businesses, including Federal Law No. 209-FZ of July 24, 2007 «On the development of small and medium-sized business in the Russian Federation» includes:

• introduction of differentiated quantitative criteria (number of employees, revenue) for enterprises depending on the branches of the economy;
• introduction of additional quantitative criteria for enterprises depending on the branches of the economy;
• the creation of separate laws that regulate the activities of small and medium-sized businesses;
• development of a section that regulates the activities of small businesses on the Internet.

The Russian government has already made a considerable way in order to develop small business. However, much remains to be done to achieve the performance of developed countries in this sector.

**Literature:**


