

Tax legislation is tax law issued by the legislative authority (people's council) according to the institutional rule: the right of establishing, adjusting and canceling taxes is a pure right for the legislative council of the community. In the post-WTO world, developed countries also adopt tax regimes that favor export activities and seek to afford their resident corporations a competitive advantage in the global marketplace. The incentives are used for direct investors to real investment in productive activities rather than investment in financial assets, and are often directed to foreign investors on the grounds that there is insufficient domestic capital for the desired level of economic development and that international investment brings with it modern technology and management techniques. Tax incentives can take the form of tax holidays for a limited duration, current deductibility for certain types of expenditures, or reduced import tariffs or customs duties. Now if Tax incentives are successful in encouraging more investors, then tax revenues will automatically be increased as a result of the increase in the gross domestic product and this will compensate the decrease of tax revenues because of the provided tax incentives. Tax incentives: They are those special exclusions, exemptions, or deductions that provide special credits, preferential tax rates or deferral of tax liability. Governments, as well, may not be successful in attracting local and foreign investments through tax incentives, and this result may be explained by the limited tax incentives, or because international investors have other good places to invest, or may be because of some unsuitable international economic and political circumstances. In developed countries, tax incentives often take the form of investment tax credits, accelerated depreciation, and favorable tax treatment for expenditures on research and development. Almost all countries use tax incentives.