Tax legislation is tax law issued by the legislative authority (people'scouncil) according to the institutional rule: the right of establishing, adjusting andcanceling taxes is a pure right for the legislative council of the community.In thepost-WTO world, developed countries also adopt tax regimes that favor exportactivities and seek to afford their resident corporations a competitive advantagein the global marketplace.The incentives are used for direct investors to real investment in productiveactivities rather than investment in financial assets, and are often directed toforeign investors on the grounds that there is insufficient domestic capital for thedesired level of economic development and that international investment bringswith 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 orcustoms duties.Now if Taxincentives are successful in encouraging more investors, then tax revenues willautomatically be increased as a result of the increase in the gross domesticproduct and this will compensate the decrease of tax revenues because of theprovided tax incentives.Tax incentives: They are those special exclusions, exemptions, ordeductions that provide special credits, preferential tax rates or deferral of taxliability.Governments, as well, may not be successful in attractinglocal and foreign investments through tax incentives, and this result may beexplained by the limited tax incentives, or because international investors haveother good places to invest, or may be because of some unsuitable internationaleconomic and political circumstances.In developed countries, tax incentivesoften take the form of investment tax credits, accelerated depreciation, andfavorable tax treatment for expenditures on research and development.Almost all countries use tax incentives.