Impact of taxation laws on small businesses and entrepreneurs: Comparison between USA and Finland

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Centria-ammatikorkeakoulu
2018
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Julkaisun pysyvä osoite on

Tieviestelmä
Increasingly complex are the regulations applicable to legal issues in the business world, law is a part of every aspect of human existence and in everything we do, rules and regulations exist in the business world and regulatory environment.

The study of law and legal issues by business people needs to be a little more than a passing acquaintance with the law and legal issues.

Administrative heads also need sound knowledge of the law in order to make better choices and be aware of legal consequences of every decision, most importantly knowledge of legal liabilities, limitations, rights and obligations set by law are important and play a significant (often ignored role) in the effective administration of any business.

In addition, laws and regulation in its effectiveness in business administration play an additional role in grounding of business fundamentals such as economics, accounting, marketing and management to appreciate how legal issues affect and regulate decision making.
1. Theoretical Impacts of Taxation on Entrepreneurship

Economic theory suggests that a country’s tax system can have complex and ambiguous effects on the level of entrepreneurship. The common view presented in the literature is that entrepreneurship, unlike wage work, offers an uncertain return. Tax law may disallow full loss offsets. Even if they are permitted, an individual’s ability to take advantage of the law may be limited by the amount of taxable income from other sources that is generated over the relevant period. Tax laws that allow individuals to carry losses forward over a number of years are more likely to result in full loss offsets in practice. Of course, tax systems are complex and interactions between different elements of the tax code can generate interesting outcomes. All the Member States with the exception of Finland reported either stable employment or an increase in employment between 2014 and 2015, with growth ranging from 0.1% in France to 4.8% in Malta. Finland was the only Member State to experience a decrease in employment at -0.3%. They compared Germany, France, Italy, Sweden and the United Kingdom with the USA and concluded that the birth and death rates of enterprises are more than two times higher in the USA than in these countries. This higher rate of start-ups in the USA increases the probability of development of faster growing companies.

Worthy of note and importance is taxation law; federal or government set laws for businesses and internal laws; those set by the business owners themselves abiding with government law and how both these different laws sometimes conflict and therefore affect small businesses.

This thesis is an attempt to analyze and possibly evaluate the concept of taxation law and its effects (positive or and negative) on the survival of small businesses. For purpose of brevity and precision, focus will be limited largely on an examination of the united states of America tax system and pass- sively the Finnish taxation systems and how these systems affect small businesses and entrepreneurs in effective management and business administration.

Kokoelmat

Degree programme in Business Management