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## **THE PROBLEM OF THE SHADOW ECONOMY**

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The level of development of economy in all countries depends on the functioning of the consumer market as the most important element of the market infrastructure which concentrates the totality necessary for the life of the population of trade flows. So at the present time due to the constant changes in the world economy the informal sector represents a huge danger for the consumer market of the region and the regional economy as a whole. The activities of the various illegal businesses and individual illegal traders pose an immediate threat to the life and health of the person. People are caught up in the criminal system which impacts on quality of life and deprives law-abiding citizens of the ability to meet their needs. The problem of the shadow economy is also relevant because of the instability of the economy of the region functioning as a result of the replacement of one social order by another. In developed countries the transition from industrial society to post-industrial at the turn of XX–XXI centuries led to the aggravation of social-economic relations which pose threat to human life. The democratization of political power and its increasing interference in market mechanisms has led to the active participation of underground entrepreneurs in the production and distribution of prohibited goods and services. As the economy of the region economically affects on humans and a factor of social stability, illegal actions are a profitable source of income in the bypass state and at the same time contribute to the overthrow of political, economic and juridical institutions. Of course, the income of the informal sector is not included in official state bodies because they represent the result of informal economic agents operating outside the law. However in today's world the amount of unreported income grows in scope every year. This is due to the absence of the ruling forces awareness of the need for strong regulation of the regional economy in order to achieve the desired and significant results for society.

In developed countries the share of shadow economy is not so great. But even here every year there is a gradual increase in the number of enterprises engaged in criminal activity. For example, the U.S. share of the illegal income

made by 2015 is 10–15 %, although in previous years reached approximately 8–20 % of GDP. This situation can be explained by the enormous spread of hundred dollar bills, which increasingly are persons outside the law. To prevent further spread of the influence of the shadow sector on the development of regional economy of the ruling forces of countries around the world need to develop a universal set of measures for the elimination of criminal organizations. Thus the main goal of the struggle with shadow economy must be the legalization of the unofficial economy which doesn't contrary to the laws of the state and the suppression of different factors which contribute to the strengthening of criminal organizations. Using certain tools, it is necessary to consider both the economic and legal aspects, along with social. This will eliminate the informal sector at all levels of public life and normalize the functioning of the regional economy. In spite of the significant increase in the share of income received illegally the Ukraine bodies apply certain measures to counteract it: 1. Reforms in tax system help to remove money supply from the underground environment. 2. Cruel fight against corruption. 3. The organization of a favourable investment climate in the country provides a return exported capital. 4. The suppression of clandestine production facilities. 5. Preventing money laundering by strengthening the control over financial flows.

As one of the measures the complex system to combat the shadow economy, the Finance Ministry of Italy has proposed to introduce non-cash payment transactions exceeding the amount of one thousand euros which, in their opinion, will provide the cash flows to real economic sector of the region. Another possible measure was proposed in the United States. The least common of the informal sector is achieved here thanks to extensive work on the identification of the facts of tax evasion in connection with the export of funds from the country and their relocation abroad .

In regard of key importance to the economy of the region for foreign economic activities of the leadership of any country must create equal opportunities for all regions in the overseas market and to strengthen the legal framework for the regulation of taxation. This will reduce the activity of monetary circulation among the criminal elements. Finally, another measure to reduce the shadow sector can be motivating powers of the region to cooperate with legal small business. In conclusion, in the conditions of market mechanisms worldwide shadow economy represents a huge danger to the regional economy because it contributes to the degradation of society at all levels and, increasing number of people in a criminal environment, destroys the system of trade flows which is necessary for normal functioning of the population.

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## **SOME ASPECTS OF EXPANDING THE DIGITAL SEGMENT OF THE ECONOMY**

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Digital economy can be defined as a modern, innovative stage of economic development based on the integration of physical and digital resources in the production and consumption field of the economy and society. It is characterized by new methods of generating, processing, storing and transmitting information in all areas of human activities. Digital economy increases the information area and creation of information products reduces information costs. It significantly speeds up and simplifies the search for information, its comparative analysis and exchange. Digital economy is responsible for and strengthens the cohesion and cooperation of companies, which, in turn, affects the way businesses operate, find solutions profitable for people, and establish mutual understanding and interaction between the population of the country and its government.

The main condition for the expansion of the digital segment of the economy is the development of the transaction sector, which includes public administration, advisory and information services, finances, wholesale and retail trade, as well as providing of various media, personal and social services responsible for more than 70% of the national GDP in developed countries. However, the digital technology segment is a very meager component of the global and national economy. Its share in the GDP is 6% in the OECD countries and much lower in the developing countries. In the United States, 8 of the world's 14 largest and profitable high-tech companies bring return of 7% of the GDP. For example, the same index is 12% for Ireland, a country that does not have its own Silicon Valley.

However, the digital technology segment is attractive for many foreign companies due to its competitive business environment and favorable tax rates. In Kenya, where the information and communication technology (ICT) sector is one of the largest in Africa, the share of the added value of the information and