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Agricultural tax incentives to stimulate economic investment in Poland

Abstract: To induce a taxpayer to act in a manner consistent with the objectives of the tax policy of the state, it is necessary to apply appropriate tax instruments, which are measures for the implementation of the incentive function of agricultural tax. These primarily include tax exemptions and reliefs. The subject of this study includes issues related to the use of tax instruments to stimulate the economic investments of agricultural taxpayers. The author's research intention is to demonstrate the truthfulness of the thesis that the effectiveness of these incentives is not optimal and can be increased by eliminating legal measures not adapted to the needs of fiscal stimulation. To achieve this objective, it is necessary to determine in the first place what is characteristic of each preference aimed at increasing economic investment in the farm. On this basis, in the second place, further groups of stimuli may be distinguished following the analysis of their features, both common and separate. Thanks to this, the disadvantages of the legal provisions applicable to stimulation preferences in the strict and largo sense are presented in separate chapters of this study.
Keywords: agricultural tax, relief, exemption, stimulation, incentive.

Preliminary remarks

Agriculture is an important branch of the national economy in Poland. This thesis is not only valid[1] but has historical justification. During the period of Poland's membership in the camp of socialist countries and its conduct of a planned economy, tax instruments were used, treating the state and cooperative economic units in a privileged way in comparison to other entities.[2]. In contrast, private operators were

1 In Poland, the share of agriculture in GDP creation is 3%, and in employment in the agri-food sector about 10%. By contrast the share of agriculture in the creation of GDP and employment in economically highly developed countries decreased to 1.4% [Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej 2019, p. 12; Miniszewski 2021, p. 11].

2 The basis of the social and economic system of the People's Republic of Poland was the socialist economic system, based on socialised means of production and socialist production relations. See Article 11 (1) of The Constitution of The Polish People's Republic adopted by the Legislative Sejm

subjected to de facto discrimination, which was contrary to the then constitutional standard[3]. Such a practice was intended to encourage them to participate in the collectivisation of agriculture [Luszniewicz 2002]. Despite the application of systemic tax inequality[4], Polish agriculture was unique among the countries of the Soviet bloc[5]. Individual farms were and are still numerous, which creates social and economic implications[6].

The Polish Act on Agricultural Tax was adopted in 1984[7]. It is undoubtedly an act of socialist tax law. Poland's systemic transformation consisted, inter alia, in replacing a centrally managed planned economy with a dominant role of state ownership with rules typical of a capitalist market economy based on private property[8]. It was also important to establish the principle of equality of entrepreneurs[9] and freedom to conduct business[10]. Despite the change in the economic, social and political system, the regulations governing the agricultural tax did not have to be repealed in their entirety but only partially modified[11]. Firstly, it confirms the thesis that farm taxation was not a typical solution, adapting Soviet standards to the conditions of individual socialist countries. Secondly, on this basis, the conclusion can be drawn that the incentives resulting from the provisions on agricultural tax are rooted in the tax law of the Polish

on July 22, 1952, Dz.U. 1952 no. 33 item 232, as amended, hereinafter referred to as the Constitution of the PPR.

3 Under Article 15 of the Constitution of the PPR, the state was to take care of individual farms, provide support and assistance to collective farms, develop and strengthen state farms.

4 The principle of tax inequality was typical of socialist tax law. It took into account the concept of the class nature of society [Brzeziński, Jezierski 1987].

5 Only in Poland and Yugoslavia was there no widespread collectivisation of private farms [Poczta 2013, p.25].

6 In 2020, out of a total population of 38,265,000 in Poland, as many as 15,360,000 people lived in rural areas. The registered agricultural producers are 2.423.423. The dominant part are natural persons in the number of 2.406.859. On the other hand, legal persons are 14,012, organisational entities without legal personality- 1.910, and the least are civil law partnerships – only 575. See Statistical Yearbook of Agriculture, Statistics Poland, [online], stat.gov.pl, access as of 11 May 2022. On the total number of 1.309.924 farms, most of them -848.661are geared towards selling their production. See Powszechny Spis Rolny 2020 – Charakterystyka gospodarstw rolnych w 2020 r. – część tabelaryczna. Tablice (część 1) w formacie XLSX, [online], stat.gov.pl, access as of 11 May 2022.

7 Act of 15 November 1984 on Agricultural Tax, consolidated text, Journal of Laws of 2020, item 333, amended, hereinafter referred to as the AAT.

8 In accordance with Article 22 of The Constitution of the Republic of Poland of 2 April 1997 (Journal of Laws No. 78, item 483, amended), hereinafter referred to as the Constitution RP, a social market economy is based, inter alia, on private ownership.

9 See Article 32 of the Constitution RP.

10 See Article 22 of the Constitution RP.

11 Particularly important was the amendment to the Act, which, which extended the scope of the agricultural tax to non-farm agricultural land from 1 January 2003. Until now, these had been subject to real estate tax.

People's Republic. Thirdly, the legal instruments that trigger the stimulus are universal in the sense that they are used in different economic and political systems.

This study aims to identify which preferences are of a nature to stimulate taxpayers of agricultural tax to economic activity and what are the barriers to their application. The initial thesis is adopted that the effectiveness of these incentives is not optimal and can be increased by eliminating legal solutions that are not appropriate to the needs of tax stimulation. The author's inference aimed at demonstrating the truthfulness of this statement required, above all, the use of dogmatic and economic methods of legal analysis. The historical method was less important, as it was used to describe the origins and essence of the Polish agricultural tax. In turn, the method of legal semiotics made it possible to draw additional conclusions from the analysis of the relatively limited number of designations used in the nomenclature of tax preferences.

The essence of tax preferences used to motivate taxpayers

Undoubtedly, taxes should not be viewed solely in fiscal categories. They are also used in the processes of redistributing Gross Domestic Product, stimulation of taxpayers to induce economic, social and political outcomes desired by the state and units of local self-government, as well as their control and collection of tax information[12]. So many functions are carried out through taxes. However, this does not mean that they are all equally important. The basic function is of a fiscal nature[13]. From the point of view of designing tax incentives, it is important that they do not cause distortions in the management of public funds. Tax preferences tend to harm the fiscal function, as they reduce budgetary revenues. A body governed by public law waives part of its budget revenue and expects other non-fiscal benefits in return. Tax incentives should be applied in such a way as to maximise their economic, social and political results. This is required by the rules of managing public funds, whose limited resources should not be wasted. It follows that the preferences in the agricultural tax should be regulated in such a way that they can be used to fulfil all non-fiscal functions in the most coordinated way. It is not reasonable to perceive them only in a context limited to tax stimulation.

12 For this reason, the doctrine of financial law distinguishes four tax functions: fiscal, stimulating, redistributive, information and control [Wójtowicz 2021, pp.27–28]. The functions of the agricultural tax were examined by Ryta Dziemianowicz and Renata Przygodzka [Dziemianowicz, Przygodzka 2011].

13 Taxes are public impost, which are the main instruments for providing money into the budget.

Tax preferences are mainly exemptions from taxation and reliefs[14]. In general tax laws, they are jointly defined for the purposes of applying the Tax Ordinance[15]. The definition of this tax credit in a broad sense does not apply to the provisions of the agricultural tax which are specific in nature. The statutory catalogue of preferences for this tax is contained in Chapter 4 entitled 'Exemptions and Reliefs'. It is interesting to note that this part of the legal act does not contain solutions common to both groups of instruments. This leads to a casuistic, normatively extensive description of individual reliefs and exemptions. The Polish Constitution allows the use of subjective preferences only on the basis of statutory provisions[16]. For this reason, their specification in the Act on Agricultural Tax is of a closed nature. On the other hand, objective preferences can be introduced by both statutory and executive tax regulations[17]. This means that in Poland, municipal councils have the opportunity to create incentives to stimulate investments in agriculture. This issue falls within the content of the tax authority, which is constitutionally guaranteed to be exercised by units of local self-government[18].

Agricultural tax preferences can be divided into two categories according to whether their primary objective is fiscal stimulation or adjustment of the tax burden to reduce the capacity of the taxpayer to pay. The group of stimulus reliefs and exemptions is used primarily to persuade the taxpayer to maintain the behaviour that is desirable for a public law entity. On the other hand, the compensatory preferences[19] have a different application as they are not aimed at fiscal stimulation. In their case, the reduction of the tax burden has a redistributive reason. This solution refers to social justice and the principle of tax convenience. A characteristic feature of stimulus preferences is the limited temporal scope of their application. By contrast, compensatory exemptions and reliefs are applied in principle indefinitely. It should be emphasized that the terms 'stimulative' and 'compensatory' do not appear in the text of any

14 The delimitation of the meaningful scope of tax reliefs and exemptions is a research dilemma for representatives of the Polish tax law doctrine [Durczyńska 2016, pp. 436–455]. This issue was the subject of research conducted by W. Nykiel, who perceives reliefs and exemptions as elements of the tax structure [Nykiel 2002, pp. 14–19, 22–30]. However, it should be emphasised that they are primarily tax policy measures. They are therefore not a technical element of the tax. On the other hand, W. Morawski aptly points out the lack of legitimacy of including other tax institutions as tax reliefs [Morawski 2009, pp. 249–264].

15 See Article 3 point 6 of the Act of 29 August 1997 – Tax Ordinance Act, consolidated text, Journal of Laws of 2020 item 1325, amended, hereinafter referred to as the T.O.A.

16 See Article 217 of the Constitution RP.

17 Under Article 94 of the Constitution RP, these resolutions are local legal enactments and may be introduced on the basis of and within the limits of the authorizations specified by statute.

18 See Article 168 of the Constitution RP. Agricultural tax and other local self-government taxes occur only in the budget of the municipality. This means that the tax authority in this respect is vested in the municipal bodies.

19 Sometimes they are called corrective exemptions [Burzec 2021, pp. 431–432].

legal act. For this reason, they are the concepts of lawyer's language, not the legal language used to make regulations. Therefore, they did not require the determination of their meaning through statutory definitions. However, from a doctrinal point of view, it is reasonable to define them, because thanks to this, it is possible to determine the presence of functionally and structurally different tax incentives in the agricultural tax, as well as to indicate the characteristics of both categories of preferences.

Incentives can take the form of both tax exemptions and relief. In this case, therefore, there is an accumulation of formally separate tax policy instruments. This solution is beneficial for the taxpayer, as it is longer covered by preferences that remove the burden of agricultural tax or reduce the amount of tax obligation. The same circumstances are prerequisites for both the exemption and the relief. Therefore, the taxpayer does not have to incur further expenses to acquire the right to apply another preference. It should be emphasised that, in a typical situation, the application of the exemption renders the use of the relief pointless. It is no coincidence that the Agricultural Tax Act regulates exemptions in the first place. They may result in agricultural land not being taxed in general terms. Conversely, the reliefs are applied by way of deduction from the agricultural tax. Therefore, they primarily serve to reduce the amount paid by the taxpayer in the performance of the tax obligation. It follows that stimulus relief can only be used consecutively to the exemptions available for the same legal title. The identity of the premises and purposes of the use of preferences of different structures justifies their classification into the same group of tax incentives and the application of the same nomenclature to them[20]. They can be described as stimulation preferences in the strict sense. In contrast, the second group consists of exemptions and reliefs used for incentive purposes, which have separate premises, constructions and purposes of use. This justifies their assignment to the group of stimulation preferences of largo sense. For obvious reasons, these incentives must be identified by their names and not by a collective nomenclature.

Controversies over the regulation of stimulus preferences in the strict sense

To stimulate economic activity carried out in the field of agriculture, preferences related to the creation of a farm, increasing its area, merging agricultural land or the management of useless land are used[21]. From a formal point of view, they are differentiated into separate exemptions and reliefs. In reality, however, they are functionally linked. Their use is sequential, which is a solution that strengthens the effectiveness of these stimuli. Reliefs in respect of the same titles shall apply after exemptions from

20 For example, P. Smoleń uses the term 'exemption with stimulus objectives' [Smoleń 2002, pp. 299–300]. The redundancy of this name takes the form of the term 'stimulus exemption'.

21 Compare Article 12 (1) and Article 12 (6) of the A.A.T.

the taxation. They reduce the amount of tax in the first year from 75%, and in the second year by half[22].

It is controversial that area limits have been introduced on the area of land eligible for the exemptions for the acquisition or extension of a farm. These preferences are aimed at taxpayers farming up to 100 ha of land[23]. An area limitation is not economically justified, as increasing the area of the agricultural farm contributes to reducing the efficiency, specialisation and innovation of agricultural production. Once the statutory area ceiling is reached, the taxpayer ceases to react to the incentive linked to the exemption, which ceases to be an instrument of the incentive function of the agricultural tax. Undoubtedly, the analysed preference is needed to achieve the objectives of agricultural transformation and to enable Polish farmers to compete on the common EU market. According to a study carried out by W. Poczta, in 2003, the average farm in Poland occupied an area of 6.6 ha, which in 2010 increased to 9.6 ha [Poczta 2013, p. 23]. In contrast, the area of such a farm in the United Kingdom increased from 57.4 ha to 70.8 ha, in the Czech Republic from 79.3 ha to 152.4 ha, and in Denmark from 54.7 ha to 59.7 ha.

The application of the area limit of the farm, which is a prerequisite for the incentive exemption, is justified by important social considerations. The Constitution RP protects family farms, which are the basis of Poland's agricultural system[24]. The vast majority of them have an area not exceeding the statutory ceiling. Family farms are run jointly by the farmer and his family. Undoubtedly, their privilege in constitutional terms is also the pro-family solution. The family is a basic social cell, protected by the state, which also takes care of it[25]. The Constitutional Standard is directly applicable and has a higher legal force than the Tax Act[26]. From this point of view, it should be considered that it is controversial to deprive a farmer of the right to exemption when he acquires land to establish or enlarge a farm from his spouse and other family members[27]. As a result of such a transaction, family farms may be created.

It is also worth noting that in the European Union agricultural production is regulated under the Common Agricultural Policy[28]. Maximising the surplus of agricultural products is not desirable. The market mechanism and the operation of the law of supply and demand may result in price decreases that translate into a reduction in farmers' incomes. For this reason, EU law stimulates the reduction of the area culti-

22 See Article 12 (6) of the A.A.T.
23 See Article 12 (4) of the A.A.T.
24 See Article 23 of the Constitution RP.
25 See Article 18 of the Constitution RP.
26 See Article 8 of the Constitution RP.
27 See Article 12 (5) of the A.A.T.
28 Common agricultural policy [online], https://www.consilium.europa.eu/en/policies/cap-introduction/, access as of 11 May 2022.

vated[29], for example by changing their use for forest land, meadows and pastures. The Set-Aside Land Option scheme has been applied in European Union since the late 1980s as part of the Common Agricultural Policy[30]. It finds justification in the need to reduce agricultural surpluses and strive to balance prices on the world food market [Sotherton 1998], [Firbank 2003].

There is an inconsistency between the incentives triggered by the agricultural tax legislation and Union law. The release of the land of the farm resulting from the sustainable management of the wasteland[31] has counterproductive outcomes to the expected effects of the Set-Aside Land Option. It is worth noting that this tax incentive is not strong, as it does not cover all agricultural land created by this development. This is due to the existence of two maximum area limits. The first is a 20 per cent norm, which is applied to the area of agricultural land created from the development of wasteland. This means that in practice only a fifth of the land area can be covered by the stimulus preference. The second limit is set at 10 ha of farmland. This results in the fact that the larger the area of developed wasteland and thus the larger the area of the agricultural holding, the smaller the financial benefits for the taxpayer. Therefore, it should be emphasised that the analysed preference is constructed on the basis of the regressivity of its motivational impact.

Controversies over the regulation of stimulus preferences in the largo sense

A separate instrument to stimulate investment in the farm is investment relief[32]. It is not functionally linked to the prior application of any exemption from agricultural tax. This incentive aims to stimulate investment in utility buildings and equipment used in agricultural activities. The tax reduction is granted both for the construction and renovation of livestock or environmental buildings. Fiscal stimulation is also aimed at improving farm access to water resources. In this case, the investments shall take the form of the purchase and installation of rainwater treatment plants, drainage facilities or water supplies for the farm. Increasing the use of renewa-

29 The common agricultural policy – instruments and reforms: Fact Sheets on the European Union [online], https://www.europarl.europa.eu/factsheets/en/sheet/107/instrumenty-wpr-i-ich-reformy, access as of 11 May 2022.

30 Set-aside field should not be confused with fallows and abandoned crop fields [Orłowski, Nowak, 2004].

31 According to geodetic data, the wasteland in Poland covered 458.614 ha in 2021, and 459.800 ha in 2020. It follows from these data that there is a weak trend in the development of of this land. See Statistical Yearbook of Agriculture [online], https://stat.gov.pl/obszary-tematyczne/roczniki-statystyczne/roczniki-statystyczne/rocznik-statystyczny-rolnictwa-2021,6,15.html, access as of 11 May 2022.

32 See Article 13 of the A.A.T.

ble energy sources in agricultural production activities is also an important objective of applying the reduction. Expenditure on the purchase and installation of equipment powered by wind, biogas, sun, and falling water is eligible for the agricultural tax reduction. It is controversial to omit from this statutory catalogue other unconventional energy sources that can be produced on the farm. Biomass and biofuels are eloquent examples. Stimulating their economic use through investment relief would have a positive impact on reducing the costs of the taxpayer's agricultural activity, increasing its profitability, environmental protection and energy security of the state.

The incurrence of investment expenses is a necessary condition for the application of investment relief[33]. The taxpayer should prove the fulfilment of this condition and document the amount and number of expenses incurred. It is worth noting that the act restricts evidence[34]. It requires the taking of evidence from an account, i.e. from a private document[35]. This leads to an excessive formalization of the proceedings conducted by the tax authority regarding the granting of investment relief. It also undermines the effectiveness of this stimulus. The taxpayer should attach to the request to initiate proceedings a list of expenses incurred and receipts documenting such an event. The lack of an attachment prevents the substantive consideration of the tax case. Then the tax authority is obliged to notify the applicant of this formal defect and call him to remove it within 7 days[36]. Failure to comply with the summons has negative consequences for the taxpayer, as its petition does not cause any legal implications. In this situation, the tax authority issues a ruling on leaving an application form without examination[37].

The essence of investment is the incurring of monetary or non-monetary expenditures for the creation or replacement of fixed assets of an agricultural taxpayer. The components of these assets are tangible assets and intangible fixed assets[38]. The fact that the tax law omits the possibility of deducting expenses incurred by the taxpayer for the purchase of computer software, petitioners and other property rights on intangible assets as part of the application of the investment relief raises doubts. The assessment of the investment effects should not be limited to establishing that they have resulted in the acquisition or production of a tangible asset. It is also important for the taxpayer to use this item economically for farming. Devices are useless when they cannot be put into operation with intangible fixed assets. The economic analysis of tax law justifies the view of a comprehensive, functional perception of the components of fixed assets used in agricultural activity.

33 See Article 13 (1) of the A.A.T.
34 See Article 13 (2) of the A.A.T.
35 This excludes the use of other evidence, e.g. from witness testimony, hearing the party.
36 See Article 169 (1) of the T.O.A.
37 See Article 169 (4) of the T.O.A.
38 Compare Article 3 (15) and Article 3 (14) of the Act of 29 September 1994 on Accounting, consolidated text, Journal of Laws of 2021 item 217, amended.

The term 'expenses incurred' used in the Tax Act undermines the effectiveness of the investment relief and limits its use for incentive purposes. It excludes the granting of this preference before the start of the investment. Instead of pre-financing, the formula for the subsequent reimbursement of part of the money spent by the agricultural taxpayer was adopted. The investment relief may be granted only after the completion of the investment. The effectiveness of this stimulus is undermined by the ban on public funding or co-financing of investments with public funds. It would undoubtedly be broken if investment expenditure were pre-financed. From the taxpayer's point of view, the inability to finance the investment during its implementation is an obstacle to achieving a stimulating result. Acquisition or production of tangible assets requires depletion of the investor's resources or incurring additional external financing costs. It can also lead to an extended deadline for the completion of the investment process. Therefore, there is no economic and pragmatic justification for prohibiting the financing of expenditure by public funds[39].

The name of the investment relief is misleading as it suggests that it is aimed only at carrying out the investment. However, this stimulus also takes into account the economic use of the object or device. Relief for the same investment is in time. It must not be used for more than 15 years[40]. The taxpayer loses the right to the investment relief if he or she sells the building object or device and changes its use for purposes other than those covered by the tax stimulation during this period. The effects of these events are *ex nunc*. This means that the taxpayer does not have to reimburse part of the amount of the preference used before the date of the loss of the right to use it. Such regulation should be considered controversial, as public funds should be spent effectively[41]. In the case of investment relief, this principle of public finance is not implemented when the purpose of stimulation is achieved initially and not definitively.

An unlimited stimulus is more effective than a limited incentive. For this reason, the introduction of a maximum period for the application of the investment relief should be considered as praxeologically unjustified. However, from the point of view of the need to perform the fiscal function of agricultural tax, it is a regulation that deserves approval. There is also an amount limit in the Tax Act. The taxpayer may deduct only 25% of documented investment expenses from the agricultural tax[42]. The reimbursement of expenses incurred is not full or even predominant in terms

39 A positive assessment of the ban on the use of relief, when the investment was financed or co-financed by public funds, has also been formulated in the literature. This was justified by the need to remove legal doubts related to the application of the provisions on investment relief. [Pahl 2009; Bursztynowicz 2014]. However, this argument is not convincing.

40 See Article 13 (3) of the A.A.T.

41 See Article 44 (3) of the Act of 27 August 2009 on Public Finances, consolidated text, Journal of Laws of 2021 item 305, amended.

42 See Article 13 (2) of the A.A.T.

of amount. An investment relief is a form of public aid that is granted in a too small amount. The agricultural tax shall be proportionate to the specific tax rate and tax base which, in the case of a farm, is the number of equivalent hectares[43]. Typically, the amount of investment is so significant and the amount of tax obligation for a given year is so small that, the taxpayer is not able to take full advantage of the investment relief within a maximum period of 15 years.

Conclusions

Incentives used to stimulate the growth of economic investments in agricultural holdings are regulated by tax law. The shortcomings in the content of these provisions are a major factor undermining the effectiveness of the reliefs and exemptions from agricultural tax. They have further adverse consequences in the process of applying tax law. The agricultural taxpayer should be assured that the provisions governing stimulus incentives will be interpreted and applied in a predictable, uniform manner by tax authorities and administrative courts. This issue is particularly important, because tax stimulation takes place voluntarily, and is not using authoritative forms of public administration. The addressee of the incentive ceases to respond to the financial benefit when it is not certain that it will receive it for the expected amount.

The group of instruments used to stimulate economic investment on the farm is intrinsically diversified in terms of quantity and quality. It covers both exemptions from the tax and reliefs. Each of these incentives should be applied in a coordinated manner with the other fiscal stimulus instruments. A group of preferences should have features typical of the system, not a set of separate elements. An optimal tax policy must not lead to distortions in the use of incentives and requires their axiological and pragmatic harmonisation. Undoubtedly, this condition is met in the group of stimulation preferences in the strict sense. Stimulus reliefs are applied after exemptions, extending the time of tax stimulation. All these instruments are used to achieve the same social, economic and political objectives. It is worth noting that the tax act does not directly regulate the conditions for the use of incentive reliefs in the strict sense. This solution should be assessed positively. The taxpayer is sure that it will also receive a monetary advantage in the form of a relief after the conditions of applying the exemption are met. Stimulation preferences in the strict sense can be considered as a model for systemic solutions. This positive overall assessment does not preclude criticism of the specific provisions governing stimulus exemptions. The conducted research shows that there is an inconsistency between the objectives of the Polish tax policy and The Set-Aside Land Option scheme. For this reason, the exemption of land resulting from the management of wasteland is controversial. The effectiveness

43 Compare See Article 4 (1) and Article 6 (1) of the A.A.T.

of the incentive is also weakened by the area standard of the farm, which entitles to its application, and by restrictions on the acquisition of agricultural land in the context of transactions between members of the same family.

The investment relief is not correlated axiologically and praxisologically with the preferences of the strict sense. It is a separate instrument of tax stimulation. For this reason, its level of regulation is more advanced. Excessive regulation of tax law stimulus incentives is not conducive to their effectiveness. This applies in particular to the investment relief, the application of which is conditioned by numerous material and procedural prerequisites. It should be emphasized that tax law has a protective function for the taxpayer. It eliminates the freedom of action of the tax authority and binds its decisions with legal provisions. However, too casuistic regulation of the mechanism of application of the investment relief may discourage the taxpayer from reacting to the benefits resulting from it. The limitation of the possibility to obtain a monetary benefit from the completion of the investment, the prohibition of financing or co-financing the expenditure with public funds, the too narrow catalogue of building objects and devices covered by the scope of the preference and the obligation to document the outlay with receipts should be considered as disadvantages. The incentive power is also weakened by the time and amount constraints of the application of the relief and the uncertainty that the financial support received is definitive.

Summing up these considerations, it should be stated that the research thesis has been fully confirmed. The effectiveness of incentives for agricultural taxpayers to make economic investments is not optimal. The effectiveness of exemptions from the tax and reliefs can be increased by eliminating legal solutions not adapted to the needs of tax stimulation.

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