Investment incentives

Business

Introduction: Investment incentives varies depending on the goals or objectives the government or country wish to attain. A country, therefore, offers different forms of incentives in order to meet different targets in the form of investments. Investment incentives may include regional incentives that are offered by a country in order to encourage development of various regions, for example, the rural areas. The country, therefore, may issue favorable operating tax rates and less regulatory terms to investors in the rural areas so as to encourage development of such rural regions of a country. The sectorial incentives may also be offered by a country in order to encourage or promote development of various sectors of the economy that are very important for the development of the country as a whole. Some sectors may therefore be exempted from taxation or VAT in order to encourage the development of such sectors like gaming activities and medical activities in a country (Sola, 2013 p. 12). Incentives are also offered in form of export incentives in order to promote the markets of various products like coffee and tea which are produced in that country. This helps in widening the markets for such agricultural products.

The provision of incentives has been effective in the transfer of technology especially in the production and manufacturing sectors. This, therefore, helped in the transmission of relevant knowledge and expertise in the production of various goods and commodities. The incentives played a crucial role in encouraging foreign investors leading to development of most countries especially in the manufacturing and agricultural sectors through sectorial incentives and investment tax deductions. On the other hand, the tax incentives that aimed at reducing poverty levels in some countries led to higher costs compared to the benefits. The costs of administering such incentives made them burdensome to the country.

Works Cited

Sola, Olorunfemi, Tomola M. Obamuyi, Felix O. Adekunjo, and E. O. Ogunleye. " MANUFACTURING PERFORMANCE IN NIGERIA: IMPLICATION FOR SUSTAINABLE DEVELOPMENT." (2013): Print.