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The role of tax exemptions contained in Libyan tax legislation in encouraging investment to support and promote sustainable development in Libya

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Abstract

The main aim of current study is reflected in its modernity, and the role of exemptions, privileges, and tax incentives to encourage investment in Libya in order to support sustainable development, to reach accurate results about the effectiveness of incentives, exemptions, privileges, and investment guarantees in the State of Libya. To achieve the objectives of the study, the descriptive analytical approach was used by referring to books, scientific periodicals, theses, and theses as secondary sources of data. The study using a set of statistical methods represented in the frequency distributions and the percentage of data description, the arithmetic mean to know or determine the level of response of the individuals participating in the study, the standard deviation to find out the level of dispersion of answers, T-test to find out the statistical significance of the arithmetic mean. *Keywords*: sustainable development, tax exemptions, Libyan tax

1.0.INTRODUCTION

Taxes have been known in Libya since ancient times, similar to any other urban society that constrained to a certain authority. The particular authority tends to collect sums from individuals, partnerships, and local and foreign companies according to fundamental principles that they set.
For example, a form of taxation known as the head tax appeared in Libya during the Turkish era and it was a tax imposed on each and every person. Later on, the tax was given several other names according to the development of its concepts and the foundations that it was imposed on. It was appointed names such as: assistance, aid, contribution, obligation, sacrifice, duty and tax compulsion. In addition, as a tax legislation in the modern era, the first tax law appeared in Libya in the year 1968 and was known as Law No (21). Following that he year 1973 had the Law No (64), the year 2004 had the Law No (11) and the year 2010 had the law No (7). The fundamental principles on which the tax law imposed the principle of tax legality therefore, no tax shall be imposed except by ones by the law, the principle of the tax territoriality. Therefore, the taxes are to be imposed by the position of money, the principle of justice and equality and an individual's shares shall be according to the income achieved by the principles of economy regarding the collection expenses, hence the taxes are required to be planned, organized and paid at the lowest costs.
Taxes imposed on capital assets, such as realestatetaxing, livestock taxing, and poultry taxing have been abolished and no longer exists. The aim of the customs exemption is to grant industrial establishments, local and foreign companies an exemption from paying the scheduled customs duties on their imports of machinery, equipment, spare parts, and raw and semi-manufactured materials needed for production. This is conducted with the aim of encouraging and supporting the national industries to ensure they are being able to compete in the local and global markets in an approach that does not conflict with regional and international agreements. Especially the World Trade Organization agreement, given that industry field is one of the most important strategic options to achieve development[1]

It facilitates trade exchange between countries and contributes to the growth of countries' exports as well, as well as strengthening and means of economic cooperation, as tax exemptions have an effective role in achieving sustainable development and encouraging investment. Najeb [1] studied highlights the performance of the Libyan economy prior to and after the economic reform programmer which covered recent historic background of Libya, political and economic environment, growth and structure of the Libyan economy, the background of the Libyan economic reform programmer period, deregulation and privatization programme.

Notwithstanding the importance of income tax to the Libyan tax system and the financial resources and economic, social and political objectives achievable by imposing these taxes, attract local and foreign enterprises that help to encourage local and foreign investment; Therefore, incentives and exemptions to encourage investment by these companies must be in Libyan law as Libyan tax laws must comply with the methods of encouraging investment by these companies. The main purpose of the research. The purpose of the study is summarized as follows. Get to know the reality of local and foreign direct investment in the Libyan country to identify sectors of foreign direct investment in the Libyan country confirming the role of exemptions and incentives referred to in Law No. 9 of 2010 in relation to encouraging investments to support sustainable development in Libya[2]
The importance of this study is reflected in the role of exemptions, privileges and tax incentives to encourage investment in Libya to support modernity and sustainable development and to arrive at accurate results on incentives, exemptions, privileges and the effectiveness of investments. Guaranteed by the Libyan country.

2.0 EXPERIMENTAL

This study consists of two independent sections and a conclusion. The first section dealt with the theoretical aspects of the study of the legal scope of exemption under Libyan law. The second topic covered the practical aspects, mechanisms of immunity and the scope of practical effects. Finally, it was a conclusion containing the research results and recommendations.
The legal scope of tax exemptions Investment is one of the most important basic means of implementing sustainable development programs. The success of the economic development policy depends to a large extent on the volume of available investments in how they are distributed among the various programs and also raising the use of these forms. Investment is one of the most important factors in bringing about national structural change to reach real justice for the advancement of the national economy at the local and international level.
Therefore, attention to the availability of positive elements that encourage investment is considered a basis in facing many of the problems of developing countries and contributes to attracting investments aimed at achieving economic development. The aim is to raise the standard of living for individuals within the country, enhance the culture of work and production, and maintain the sustainability of the economic wheel.
The first requirements/investment patterns and conditions related to foreign investment. It deals with patterns of foreign investment. There are many forms that play a specific role in preventing foreign investment from entering or leaving the country. This form of foreign investment is urgently needed to attract foreign investors and increase returns and benefits that will contribute to the sustainability of investment projects. This is reflected in resources and national income, especially in countries with economic returns that are reflected in increased resources. It eliminates the country's

public finance and fiscal deficit, sometimes putting the country in economic trouble through foreign borrowing, which causes economic inflation beyond the control of the state if there are no sources that aim to improve the country's public finances. It is to get rid of public debt and make the national economy difficult. Investment patterns and their diversity help countries take on. This is the most important reason why it is necessary to take measures to diversify investment in front of foreign investors despite the country's conquest orientation and diversity of investment patterns.

Investors choose different types of investments, but there is no match in their financial and technical capabilities, or the controllability of each style, and what each style achieves in verifying the profitability of each style. Special developing countries compete to diversify the facilities and privileges offered by investors, which distinguishes countries according to the degree of freedom granted to those investors. The diversification of investment forms does not affect national sovereignty and does not allow foreign investors to control the economic process and economic wheel when state investment and foreign investment are balanced. Diversification of investment and acquisition forms does not lead to more foreign investor diversification for the project, especially if the country has a strategic plan to protect domestic investors[3], [4].

Second, the exogenous continuum Therefore, the investment can be divided into two parts. Direct and indirect investment. First: Direct investment is a project set up and managed by a foreign investor because the foreign investor either has full ownership of the project or participates in the project capital with a stake that justifies the management of the project, so we think as follows. This definition may be equivalent to a project invested directly through a foreign individual or company. Alternatively, investment is made indirectly by subscribing to equity in the project, so foreign investment always requires control of the project when the investor establishes an institution or takes the form of participating equally and unequally. Full or partial ownership of an investment project that can be divided into two types[5]. Fully owned foreign direct investment

Since this investment is considered one of the important, direct and wholly owned investments by companies operating within state investment and foreign companies, this investment is responsive and welcomed by foreign investors as it seeks substantive guarantees for maintaining the economy. And despite fears of some countries benefiting from this investment, legal rights are sometimes unwilling to make this type of investment, implicitly or explicitly, granting approval, and sometimes even denied by national authorities. I agree. For foreign investors, for economic, social, political or security reasons, this type of investment can lead not only to production, marketing and financial policies, but also smooth communication with international and international economic institutions, thus providing more economic benefits and improving the production process. Reduce costs associated with economic speed.

As this investment plays an important role in encouraging foreign investment, some countries are adopting these free zones as mechanisms and economic solutions and means to encourage foreign direct investment and the transfer and settlement of modern technologies. The idea of setting up a free zone to receive the benefits of a public free zone is that import and export duties, duties and taxes on goods exported or imported by a free zone project, all projects operate within the free zone

3.0 RESULTS AND DISCUSSION

The study population included workers in local and foreign investment companies in Libya

Table 1. Distributed, received and analyzed questionnaires

Questionnaires	The questionnaires distributed over the sample	Questionnaires received and analyzed
The number	13	13

The weighted arithmetic mean was determined with weights determined based on a five-dimensional Likert scale (Five Point Likert) to determine the relative importance of each item as follows.

3.1. DATA ANALYSIS

The field study aims to identify the role of tax exemptions in encouraging local and foreign investment to "support Libya's sustainable development" through descriptive statistical analysis. Given the nature of the study and the goals it wants to achieve, the researchers A descriptive analytical approach that reviewed various studies in the field of Libya's tax and investment law and an analytical method of analyzing a questionnaire designed as part of the field study were used, and foreign investment to support Libya's sustainable development was confirmed, and the field side The role of tax exemption in encouraging foreign investment to support Libya's sustainable development was emphasized and analyzed in the second study of this study.

3.1.1. Distribution of participants by educational qualification:

The distribution of participants according to the qualifications they hold, that 39% of the participants hold a university degree (bachelor), while those with higher degrees constitute 46%, and that 15% of the participants hold a diploma, and this result indicates that the vast majority of participants are certificate holders.

Undergraduate and above. These indicators indicate the availability of the appropriate scientific qualification required by the examination process.

3.1.2. Distribution of participants according to scientific disciplines:

Distribution of participants according to scientific disciplines, where the proportion of holders of accounting qualifications represents 15% of the total participants, and it is noted that a small percentage of holders of economic majors are 9%, and the rest of the participants have other specialties, which means that the vast majority of participants have the appropriate scientific background for the tasks they perform and this reinforces the results of the study.

3.1.3. Distribution of participants according to years of experience:

The distribution of participants according to their years of experience in the field of investment, as 23% of the participants have experience from five years from 15 to 10 years and less. And 31% of the participants have experience of more than 15 years, and these percentages indicate that the participants have long experience in the field of investment, which enables them to perform their tasks well and also enhances the results of the study because the participants have long experiences.

3.1.4. Distribution of participants by job:

It is being noted that 53% of the participants are general managers, and this category came in the first place, while other jobs came by 39%, either the financial manager category came at 0%. This may benefit the study's objectives in that the majority of participants are knowledgeable enough to answer the questions posed by virtue of their administrative work.

4.0. Results

By studying the role of tax exemptions in encouraging foreign investment to support sustainable development in Libya, we can conclude the following:

Studying tax exemptions and how to grant them to benefit from them in developing the economic sectors in Libya. Providing many tax exemptions to support and encourage investment in Libya to raise the wheel of economic development. The current tax exemptions in accordance with the Libyan legislation help support investment projects. The current tax exemptions in accordance with Libyan legislation for foreign residents in Libya encourage foreign investment

Table 2. This is the caption for this table.

	Arithmetic mean	Standard deviation
Tax exemptions mean that the taxpayer is exempted from tax for economic, social or political motives	4.08	0.641
The current tax exemptions approved by the Libyan tax legislation are sufficient to achieve economic development.	3.31	0. 751
The current tax exemptions are able to give the local investor the opportunity to participate in economic activity.	3.85	0.801
The current tax exemptions are in line with the Libyan Investment Law No. 9	3.69	0.855
The current tax exemptions according to the Libyan legislation are insufficient to attract foreign investment.	3.23	0.927
The current tax exemptions in accordance with the Libyan legislation help to encourage literary and scientific work and raise the cultural level.	3.31	0.630
The current tax exemptions in accordance with the Libyan legislation help to support investment projects.	3.38	1.121
The current tax exemptions in accordance with the Libyan legislation related to banks help to save and reduce consumption.	3.46	0.776
The current tax exemptions in accordance with the Libyan legislation for foreign residents in Libya encourage foreign investment.	4.15	0.801
The current tax exemptions do not meet all the wishes of the funders of the investing companies.	3.15	0.801
Exempting companies for a period of five years in their first productive life is a positive step to encourage investment.	3.509	0.847
There is no difference in tax exemptions in the current and previous tax legislation.	3.85	0.899
Corporate tax rates and exemptions granted to companies are a positive opportunity to participate in economic activity and achieve development	3.15	0.801
general arithmetic mean	3.509	0.847

5.0 CONCLUSION

The main conclusion can be made. The lack of tax legislation in some aspects that would affect the role of tax exemptions in encouraging foreign investment to support sustainable development in Libya.

Based on the findings of the study, the researchers recommend the following: The need to work on addressing the shortcomings in some articles of the Libyan tax legislation and the investment law. Work to raise the efficiency and effectiveness of the executive tool (tax administration) in all organizational, technical and media aspects. Work to create the appropriate security and political conditions that lead to the normal flow of work and contribute to raising the wheel of sustainable development in Libya. The necessity of the cooperation of all state agencies in exchanging information, such as the Ministry of Finance and the Ministry of Planning and Economy, which supports sustainable development in Libya.

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