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FINANCIAL AND ECONOMIC IMPACT OF SOLE PROPRIETORS' ACTIVITIES ON THE DEVELOPMENT OF RURAL TERRITORIAL COMMUNITIES

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Abstract
The study examines the financial and economic impact of the activities of sole proprietors on the development of rural territorial communities in the context of the formation of local budget revenues. The research aims to assess the role of sole proprietors in strengthening the financial capacity of rural communities and stimulating local socio-economic development. The study is based on statistical, comparative and analytical methods. The empirical basis includes statistical data on the number of active sole proprietors, the structure of their economic activities and the volume of tax revenues to local budgets. The analysis focuses on rural territorial communities of Mykolaiv region, Ukraine. Surveys were conducted among the heads of 43 rural councils and 442 sole proprietors from 4 rural communities, representing approximately 30% of active entrepreneurs in the studied communities. The results show that sole proprietors play an important role in the formation of local budget revenues, job creation, the development of local markets for goods and services, and the provision of socially significant services to the population. However, several factors limit the full realisation of this potential. In particular, a mismatch between the place of tax registration and the actual place of business activity leads to disproportions in the distribution of tax revenues between communities. The study highlights the need to improve interaction between the entrepreneurial sector and local self-government authorities, strengthen information and advisory support for entrepreneurs, and expand their participation in public procurement and grant programmes in order to enhance the financial capacity and sustainable development of rural territorial communities.
Keywords: sole proprietors, taxation system, local budgets, rural territorial communities.

Introduction

Individual entrepreneurs represent an important component of the national economy, contributing to the satisfaction of social needs, the development of small businesses and the formation of budget revenues at different levels. In rural territorial communities, sole proprietors often constitute the foundation of local economic activity. Owing to relatively simple registration procedures and simplified regulatory requirements, this form of business organisation significantly stimulates entrepreneurial initiative, particularly in trade, transport and social services.

Entrepreneurship is widely recognised as a key driver of economic development, particularly in the context of rural areas, where it contributes to employment generation, income growth and the strengthening of local economies. In modern conditions, entrepreneurial activity is increasingly viewed as a crucial factor in ensuring sustainable development and economic resilience (Sadriddinovich, 2025; Pratama, 2023). At the same time, the role of taxation in shaping entrepreneurial activity has gained significant attention, as appropriate tax policy instruments can stimulate business development and reduce barriers to market entry (Boar & Knowles, 2024; Gordon & Sarada, 2018). In Ukraine, any citizen, who has reached the age of sixteen and has an officially registered place of residence, may register as an individual entrepreneur. In the context of decentralisation reforms and the expansion of fiscal autonomy of territorial communities, the role of local taxes and fees as a key source of local budget revenues has significantly increased. Among these sources, the single tax paid by entities operating under the simplified taxation system plays a particularly important role, especially for sole proprietors.

The simplified taxation system has become one of the main instruments supporting the development of small businesses while ensuring stable fiscal revenues for local budgets. At the same time, current socio-economic transformations, including the consequences of the full-scale war in Ukraine, demographic changes and structural shifts in the entrepreneurial environment, have intensified the need to reassess the role of individual entrepreneurs and the simplified taxation system in ensuring the financial sustainability of territorial communities.

This issue is particularly relevant for regions experiencing significant socio-economic challenges, such as Mykolaiv region, where the stability of the local economy largely depends on the development of small entrepreneurship and the stability of local budget revenues.

The aim of the study is to assess the financial and economic impact of the activities of sole proprietors on the development of rural territorial communities and to determine their role in strengthening the financial capacity and socio-economic resilience of local communities. To achieve this aim, the following research objectives were formulated: to analyse the role of sole proprietors and the simplified taxation system in the formation of local budget revenues; to assess the sectoral structure and dynamics of entrepreneurial activity in rural territorial communities of Mykolaiv region; to evaluate effects of sole proprietors' activities on local community development; to identify key challenges limiting the effective functioning of sole proprietors; to develop practical recommendations aimed at enhancing the financial capacity of rural territorial communities.

Materials and Methods

The research is based on a combination of general scientific, statistical and specialised economic

methods applied to assess the financial and economic impact of the activities of sole proprietors on the development of rural territorial communities.

The empirical basis of the study consists of statistical data on the number of active sole proprietors, the structure of their economic activities, and the volume of tax revenues received by local budgets. The analysis was conducted using data from official sources and open data related to the formation of the revenue side of local budgets of territorial communities (State Tax Service of Ukraine; Opendatabot; Clarity Project). The study focuses primarily on rural territorial communities of Mykolaiv region and on indicators characterising the contribution of sole proprietors to the formation of local budget revenues and the development of the entrepreneurial environment.

In the course of the research, methods of analysis and synthesis were applied to reveal the economic essence of entrepreneurial activity carried out by sole proprietors and to determine its role in the development of the local economy. The comparative method was used to examine the specific features of the simplified and general taxation systems and to assess their influence on the formation of tax revenues at the local level. Statistical and analytical methods were employed to analyse the number of sole proprietors, the structure of their activities, the dynamics of tax payments and selected indicators of entrepreneurial activity within the communities.

To assess the impact of sole proprietors' activities on the development of rural communities, the grouping method was applied. Using this approach, 43 territorial communities of Mykolaiv region were divided into three groups according to indicators such as the number of sole proprietors, the area of the community and the size of the population. One community from each group was selected for further detailed analysis, which made it possible to conduct an in-depth examination and calculate a system of indicators characterising entrepreneurial activity and the financial and economic impact of sole proprietors on local development.

To generalise the role of sole proprietors in community development, the approach of socio-economic profiling of entrepreneurial activity was applied. This approach made it possible to assess the contribution of sole proprietors to the formation of budget revenues, employment of the population, development of the local market for goods and services, participation in public procurement procedures and the implementation of socially significant functions within the community. The application of elements of the multiplicative effect assessment of small business activity enabled the identification not only of the direct fiscal impact of sole proprietors' activities but also of their indirect effects through job creation, support of local demand, participation in reconstruction processes and the provision of goods and services to the population. The methods of grouping and classification were also used to systematise the types of economic activities carried out by sole proprietors and to identify those sectors in which they provide socially important services to the population.

To identify the practical aspects of interaction between entrepreneurs and local self-government authorities, a sociological survey method was applied. In particular, a survey of the heads of 43 rural councils in Mykolaiv region was conducted in order to assess the effectiveness of sole proprietors' activities, their role in the socio-economic development of communities and the existing challenges in the field of local economic development.

In addition, within the framework of the public initiative 'FOP from Zero', a survey of sole proprietors was conducted in four rural councils of Voznesensk district of Mykolaiv region. The survey covered 442 respondents, representing approximately 30% of the active sole proprietors in the respective communities. The results of the survey were used to evaluate the level of awareness among entrepreneurs regarding local budgets, public procurement procedures, grant programmes, community initiatives and the issue of conducting business activities outside the community where the entrepreneur is officially registered.

The method of logical generalisation was applied to formulate conclusions regarding the socio-economic consequences of the activities of sole proprietors for the development of rural territorial communities. It was also used to substantiate practical recommendations aimed at strengthening the financial capacity of communities, stimulating entrepreneurial activity, expanding the participation of sole proprietors in public procurement and grant programmes, and improving interaction between the entrepreneurial sector and local self-government authorities.

Results and Discussion

The development of entrepreneurship, particularly in rural areas, depends on a combination of economic, institutional and regulatory factors. A number of studies emphasise the importance of creating favourable conditions for business activity, including access to financial resources, effective taxation systems and institutional support mechanisms (Irmeja & Leibus, 2025; Sproģe et al., 2024).

Individual entrepreneurs constitute one of the most widespread forms of business organisation in Ukraine. This form allows individuals to engage in entrepreneurial activities, create jobs and generate income with their intellectual and physical labour.

Both individual entrepreneurs and legal entities that meet specific criteria regarding income levels, the number of employees and the types of economic activity apply the simplified taxation system. Compared to the general taxation system, the simplified system provides reduced tax rates, simplified accounting procedures and less complicated reporting requirements. Consequently, it is particularly attractive for small and medium-sized businesses.

As of 2026, there are approximately 2.1 million sole

proprietors registered in Ukraine, which is six thousand more than at the end of 2025. Overall, during the four years of the full-scale war, the number of sole proprietors has increased by approximately 194 thousand. However, the growth rate has gradually slowed. The largest increase was observed in 2023, when the number of entrepreneurs grew by more than 5%. In 2024, the growth rate decreased to 3.5%, and in 2025 it dropped to only 0.39%.

The functioning of territorial communities largely depends on the stability of local budget revenues. In this context, the single tax paid by entrepreneurs operating under the simplified taxation system is one of the most significant sources of financial resources for local budgets.

In 2025, Ukrainian sole proprietors paid UAH 59.89 billion in single tax, which is 9% more than in 2024. Approximately 80% of this amount was paid by entrepreneurs of the third tax group, amounting to UAH 47.84 billion.

The situation in Mykolaiv region clearly illustrates the fiscal importance of this tax. During January-December 2025, local budgets of Mykolaiv region received UAH 1.9 billion in single tax revenues, which is 14.5% more than in 2024. The share of the single tax in total local budget revenues amounted to 16.3%.

Individual entrepreneurs operating under the simplified taxation system paid most of these funds. In particular, sole proprietors contributed approximately UAH 1.2 billion.

Thus, the single tax represents a stable financial source that enables territorial communities to finance social infrastructure, education, healthcare and other socially significant areas.

According to the Tax Code of Ukraine (Verkhovna Rada of Ukraine, 2010), the simplified taxation system in Ukraine is based on the division of taxpayers into several groups depending on income levels, types of activity and the number of employees.

Income limits for entrepreneurs are determined according to the minimum wage established on 1 January of the respective year and remain unchanged during the year: Group 1 - 167 minimum wages; Group 2 - 834 minimum wages; Group 3 - 1167 minimum wages.

Exceeding these limits may lead to the application of higher tax rates, mandatory transfer to another tax group or transition to the general taxation system.

For entrepreneurs belonging to the first and second groups, the single tax rate is fixed and does not depend on the actual income received. This allows entrepreneurs to easily predict their tax burden during the year.

According to the Tax Code of Ukraine, the maximum tax rates are determined as follows:

- Group 1 - up to 10% of the subsistence minimum;
- Group 2 - up to 20% of the minimum wage.

Local authorities determine the exact rates within these limits depending on the type of economic activity.

In 2026, the unified social contribution (USC) for entrepreneurs is set at 22% of the minimum wage. When entrepreneurs employ hired workers, they act as tax agents and must pay additional payroll taxes, including personal income tax (18%), the military levy (5%), and the unified social contribution (22%).

Table 1 presents a comparative overview of the main characteristics of the simplified taxation system for sole proprietors in Ukraine.

In addition, research highlights that public policy instruments, including taxation and state support measures, which determine incentives for business creation and expansion (Gordon & Sarada, 2018; Pratama, 2023), significantly influence the effectiveness of entrepreneurial activity.

The financial and economic impact of sole proprietors on the development of rural territorial communities is manifested through several key dimensions that determine the scale and structure of their contribution to local socio-economic development. Based on the results of the conducted research, the following main directions of influence can be distinguished: fiscal impact; impact on the quality of life and employment of the population; impact on the development of the local economy and entrepreneurial environment; impact on public procurement procedures; influence on social responsibility and civic engagement; and image-building and crisis-response functions.

The fiscal impact is primarily reflected in the contribution of sole proprietors to local budget revenues. The amounts of the single tax paid to local budgets represent an indicator of the economic capacity of a community and its support for small businesses. These financial resources are directed towards meeting the socio-economic needs of residents, including expenditures on education, healthcare, municipal infrastructure, public lighting, civil protection shelters and social programmes. In communities with relatively small population and territory, sole proprietors often form the foundation of stable budget revenues.

In this context, the role of self-employment and small-scale entrepreneurship becomes particularly important for rural development. In many countries, self-employed individuals constitute a significant share of the workforce and make an important contribution to the functioning of rural economies. For instance, within the European Union self-employment represents a considerable proportion of total employment, with a particularly strong presence in rural areas where economic opportunities are more limited and labour markets are less diversified (Irmeja & Leibus, 2025). Self-employed individuals often operate in sectors such as agriculture, tourism, crafts and local services, thereby contributing to the diversification of rural economies and the development of local markets.

Researchers emphasise that self-employment performs several important socio-economic functions in rural

areas. In addition to creating employment opportunities, self-employed individuals contribute to the provision of
essential services to rural residents and support the circulation of financial resources within local communities. Such activities strengthen local economic systems and reduce dependence on urban labour markets. Consequently, the development of self-employment is increasingly considered an important mechanism for supporting sustainable rural development and regional resilience.

Table 1
Key characteristics of the simplified taxation system for Groups 1–3 of sole proprietors as of 2026

Criterion	Group 1	Group 2	Group 3
Types of activities	Retail sale of goods at market stalls; household services to the population	Production and sale of goods; restaurant activities; services provided to the population and single-tax payers	All types of activities except those restricted by Article 291.5 of the Tax Code
Criterion	Group 1	Group 2	Group 3
Annual income limit	UAH 1,444,049 (167 minimum wages)	UAH 7,211,598 (834 minimum wages)	UAH 10,091,049 (1,167 minimum wages)
Number of employees	Not allowed	Up to 10 employees	No limit
Single tax rate	UAH 332.80 per month (up to 10% of subsistence minimum)	UAH 1,729.40 per month (up to 20% of minimum wage)	5% of income (without VAT) or 3% of income (with VAT)
Military levy	UAH 864.70 per month (10% of minimum wage)	UAH 864.70 per month (10% of minimum wage)	1% of income
Unified Social Contribution (USC)	UAH 1,902.34 per month	UAH 1,902.34 per month	UAH 1,902.34 per month
Reporting frequency	Annual declaration	Annual declaration	Quarterly declaration
Typical use	Small-scale businesses without employees and low income	Service sector, retail trade, restaurants	Businesses working with larger clients, international trade, higher turnover

Sole proprietors also play an important role in ensuring employment within territorial communities. According to available statistical data, the number of sole proprietors of Ukraine employing hired workers reached 259,976 in 2025, providing employment for more than 673 thousand employees. Although the number of workers employed by sole proprietors declined during the first years of the full-scale war, a gradual recovery has been observed in recent years, highlighting the stabilising role of small businesses in the labour market and their contribution to economic recovery.

The activities of sole proprietors stimulate the development of trade, services, processing industries, agribusiness and transport, ensuring that financial flows remain within the community. Through their activities, residents gain access to goods and services locally, which is particularly important for small rural communities where alternative economic infrastructure may be limited.

Another important aspect is the participation of entrepreneurs in public procurement procedures. The role of public procurement and interaction with local authorities is increasingly recognised as a significant factor influencing the effectiveness of entrepreneurial activity at the local level (Cheban et al., 2025). In rural communities of Ukraine, up to 18% of sole proprietors participate in public procurement, while in sectors such as food supply, repair services and transport their share in procurement contracts reached 38% in 2025. This contributes to faster provision of goods and services for community needs and ensures that public funds remain within the local economy.

In addition to their economic contribution, sole proprietors demonstrate high levels of adaptability to changes in the economic environment, taxation policies and social conditions. Many entrepreneurs actively introduce new service formats, digital solutions, delivery services and online platforms. Such activities perform an important image-building and crisis-response function for local communities.

Moreover, more than 50% of active sole proprietors support the Armed Forces of Ukraine, assist schools, hospitals and kindergartens, and participate in local community initiatives. Entrepreneurs frequently contribute to community improvement projects, the organisation of public events and social initiatives, thereby strengthening social cohesion and civic engagement.

Thus, sole proprietors should be regarded not only as taxpayers but also as active actors in the socio-economic development of territorial communities. They contribute to the formation of local budget revenues, create employment opportunities, ensure the availability of goods and services, participate in public procurement and contribute to improving the quality of

life of the population. In this sense, sole proprietors act as a multiplier of local development, combining fiscal, economic, social and infrastructural functions that collectively contribute to strengthening the financial capacity and sustainable development of territorial communities.

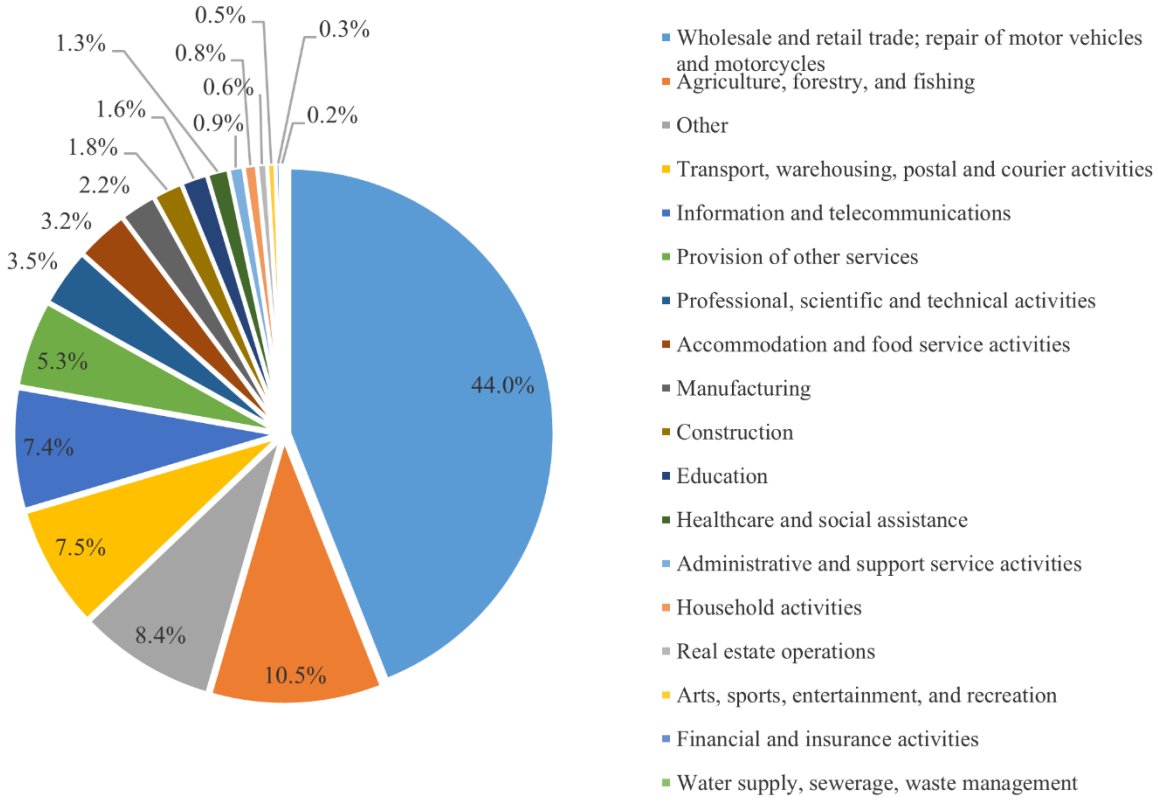
However, the extent to which this potential is realised in practice largely depends on regional conditions for conducting business activities, the specific characteristics of local economies and the effectiveness of cooperation between entrepreneurs and local self-government authorities. For this reason, rural communities of Mykolaiv region were selected for an in-depth analysis.

The selection of this region is explained by its strong agricultural orientation, the significant role of small entrepreneurship in providing goods and services to the population and the considerable impact of wartime and socio-economic challenges on local economic development. The research was also supported by the scientific and practical activities of Mykolaiv National Agrarian University, which actively cooperates with territorial communities in matters related to entrepreneurship development, strengthening the financial capacity of communities and implementing educational and advisory initiatives.

Analysis of the distribution of sole proprietors across sectors in rural territorial communities for the period 2024–2026 demonstrates a concentration of entrepreneurial activity in several key areas (Figure 1).

Figure 1

Distribution of Sole Proprietors in Rural Territorial Communities of Mykolaiv region, Ukraine by Economic Activity, 2024–2026



The largest share of entrepreneurs, approximately 44%, operate in wholesale and retail trade, as well as in the repair of motor vehicles and motorcycles. This is followed by agricultural, forestry, and fishing activities, which account for 10.5% of all sole proprietors, reflecting the traditional economic base of rural communities. Transport, warehousing, postal, and courier services comprise 7.5% of entrepreneurs, while information and telecommunications services account for 7.4%. Other services, including professional, scientific, and technical activities, collectively represent smaller proportions ranging from 0.3% to 5.3% of all rural sole proprietors.

The distribution indicates that rural entrepreneurship in Ukraine is heavily oriented towards trade, services, and agriculture, which are sectors that generate frequent cash flows and directly contribute to local economic activity. The predominance of trade- and service-oriented sole proprietors supports the formation of a stable tax base through single tax payments, thereby enhancing the fiscal capacity of local communities. Meanwhile, the presence of entrepreneurs in agriculture, transport, and other sectors diversifies the local economy and contributes to employment generation, including seasonal and part-time positions.

These findings are consistent with previous research highlighting that small businesses and individual entrepreneurs play a crucial role in sustaining local economies, providing employment opportunities, and forming an essential component of local budgets (Sadriddinovich, 2025). Moreover, the sectoral structure of rural entrepreneurship reflects the importance of aligning tax policies and simplified taxation incentives with the economic characteristics of each community. Such alignment is particularly relevant in regions facing high socio-economic vulnerability, where sole proprietors serve as a primary driver of local revenue generation and community resilience.

For the purpose of conducting a comparative analysis of the entrepreneurial activity of sole proprietors in rural territorial communities, the grouping method was applied. According to this approach, 43 communities of Mykolaiv region were divided into three groups based on the number of sole proprietors, territorial area and population size. One representative community was selected from each group, which made it possible to conduct an in-depth analysis and calculate a system of indicators characterising the level of entrepreneurial activity and the financial and economic impact of sole proprietors (Table 2).

Table 2

Characteristics of entrepreneurial activity and the financial and economic impact of sole proprietors in selected rural territorial communities of Mykolaiv region in 2025

Indicator	Veselynove community	Ochakiv community	Nechaiane community
Number of sole proprietors	705	458	116
Area of the community, km²	432.0	295.0	203.8
Level of entrepreneurial activity (number of sole proprietors per 1,000 inhabitants)	47	38	110
Territorial concentration of business (number of sole proprietors per 1 km²)	2	2	1
Coefficient of entrepreneurial renewal (ratio of newly registered sole proprietors to the total number)	0.133	0.183	0.189
Coefficient of entrepreneurial growth (ratio of the difference between newly registered and closed sole proprietors to their total number)	0.016	-0.024	0.009
Share of sole proprietors among participants in public procurement, %	5.9	7.3	3.2
Number of sole proprietors receiving grant support / volume of support, thousand UAH	2 / 620	3 / 840	0
Share of sole proprietors in the formation of local budget revenues, %	17.3	18.1	23.7

The results of the analysis indicate that sole proprietors play a significant role in strengthening the financial capacity of rural territorial communities, ensuring a substantial share of local budget revenues, which ranges from 17.3% to 23.7% in the analysed communities and may reach up to 30% in certain communities of Mykolaiv region.

The highest level of entrepreneurial activity, along with the greatest dependence of the local budget on the activities of sole proprietors, is observed in Nechaiane community, which demonstrates the crucial role of small business in ensuring its economic resilience. In Veselynove community, a relatively stable trend in entrepreneurial development is observed, whereas Ochakiv community shows a negative dynamic (negative growth coefficient), primarily due to the significant destruction experienced over the past four years of martial law.

The level of participation of sole proprietors in public procurement and their involvement in grant funding remains relatively low, which limits their potential contribution to local economic development.

Overall, the activities of sole proprietors constitute a key factor in community economic development, as they ensure not only tax revenues but also support recovery processes. The findings confirm that the financial and economic impact of sole proprietors is complex and manifests through a combination of fiscal, economic and social effects; however, the level of its realisation largely depends on local business conditions and the effectiveness of interaction between entrepreneurs and local self-government authorities.

The findings of this study are consistent with previous research emphasising the importance of institutional support, regulatory frameworks and public policy measures in fostering entrepreneurial activity and enhancing local economic development (Irmeja & Leibus, 2025; Sproģe et al., 2024).

In order to identify practical aspects of the impact of entrepreneurial activity on territorial development, the authors conducted a survey among 43 heads of rural councils in Mykolaiv region regarding the effectiveness of sole proprietors' activities and their role in community development.

The results showed that despite the significant contribution of sole proprietors to local development, several challenges limit the full realisation of their potential. The most significant issue identified by respondents was the mismatch between the place of tax registration and the actual place of business activity. As a result, part of the tax revenues is transferred to the budgets of other communities rather than to those where economic activity actually takes place. And vice versa. The community receives budget replenishment, but remains without necessary goods and services, which reduces the level of social security of the population. Another issue highlighted by respondents concerns the need to stimulate entrepreneurial activity and improve the development of entrepreneurial infrastructure. It was also noted that limited knowledge and experience prevent entrepreneurs from actively participating in public procurement procedures, while insufficient information and practical guidance restrict their ability to apply for grant funding.

In addition to the survey of local authorities, the authors participated in the public initiative 'FOP from Zero' and conducted a survey of entrepreneurs in four rural councils of Voznesensk district of Mykolaiv region.

The survey was carried out between February and May 2025 and covered 30% of active entrepreneurs, 442 sole proprietors participated in the survey.

The results revealed several important trends: 28% conduct their business activities in other communities; 51% do not possess sufficient information about the formation and use of local budget funds; 72% expressed interest in participating in grant programmes but lack experience and knowledge of application procedures; 57% are not aware of existing regional initiatives aimed at supporting entrepreneurs and territorial community development.

These findings indicate the existence of a significant information gap between the entrepreneurial sector and local self-government institutions, which limits the effective use of financial instruments for business development and reduces the potential contribution of entrepreneurs to the socio-economic development of territorial communities.

Taking into account the results of the authors' empirical research; the experience of Voznesensk City Council, which introduced advisory positions supporting small and medium-sized businesses; the results of surveys among rural council heads and entrepreneurs, a set of practical measures aimed at strengthening the financial and economic impact of sole proprietors on community development was developed.

The implementation of these measures will contribute to improving cooperation between entrepreneurs and local authorities, expanding opportunities for attracting financial resources for business development and strengthening the financial capacity of territorial communities.

Table 3

Policy measures for enhancing the financial and economic impact of sole proprietors on the development of rural territorial communities in Mykolaiv region, Ukraine

Policy area	Mechanisms of implementation	Expected outcomes
Enhancing financial awareness of sole proprietors	Organisation of training events, seminars and public presentations on local budget formation, participation in public procurement	Increased transparency of budget processes and improved trust
Developing information and advisory support systems	Establishment of business support advisory centres within local authorities; dissemination of information on development opportunities	Increased entrepreneurial activity and improved efficiency of business
Facilitating participation in grant programmes	Provision of training on grant application procedures; dissemination of information on national and international funding programmes	Increased access to external financial resources for business development
Formation of institutions for interaction with the authorities	Organisation of regular meetings, forums and consultation platforms for dialogue between business and local authorities	Strengthened partnerships and improved coordination of local economic development
Promoting civic and business engagement	Informing entrepreneurs about the activities of NGOs, business associations and entrepreneurship support initiatives	Increased involvement of entrepreneurs in community development processes
Stimulating place-based business registration	Creation of favourable business conditions, infrastructure development and incentives for conducting business within the community	Increased local tax revenues and strengthened economic capacity of the community
Policy area	Mechanisms of implementation	Expected outcomes
Improving local tax policy instruments	Introduction of preferential single tax rates for selected types of activities and informing on the benefits of local business registration	Legalisation of economic activity and expansion of employment
Digitalisation of interaction between entrepreneurs and local authorities	Development of digital platforms for communication, access to services, grant information and public procurement opportunities	Reduced administrative barriers, improved access to information and increased efficiency of interaction

These proposed measures are summarised in Table 3. The proposed recommendations were submitted to the heads of rural councils in Mykolaiv region for consideration and possible implementation. The recommendations were accompanied by links to practical resources, including examples of best practices from Voznesensk City Council, databases of grant programmes and contacts of academic staff and student initiatives of Mykolaiv National Agrarian University.

The practical contribution of the authors also includes participation in the creation of open information resources for entrepreneurs, the development of an electronic platform for interaction between entrepreneurs and local authorities and the organisation of consultations aimed at improving the financial literacy of entrepreneurs, particularly in relation to local budgets and public procurement procedures.

Conclusions

1. The study confirms that sole proprietors constitute a significant factor in the socio-economic development of rural territorial communities, ensuring a substantial share of local budget revenues and contributing to employment and the provision of essential services.
2. It has been established that the financial and economic impact of sole proprietors is multidimensional and manifests through fiscal, economic and social effects, including the formation of local budget revenues, development of local markets and strengthening of community resilience.
3. The results of the empirical analysis reveal considerable differentiation in the level of entrepreneurial activity across the analysed communities, which is determined by local economic conditions, demographic characteristics and external challenges.
4. The study identifies key constraints that limit the full realisation of the potential of sole proprietors, in particular the mismatch between the place of tax registration and the actual place of business activity, as well as the low level of participation in public procurement and grant programmes.
5. The proposed system of measures aimed at enhancing interaction between entrepreneurs and local self-government authorities, strengthening information and advisory support, and expanding access to financial resources can contribute to increasing the financial capacity and ensuring the sustainable development of rural territorial communities.

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