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OFFSHORE CENTERS IN THE INTERNATIONAL TAXATION SYSTEM

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ОФШОРНІ ЦЕНТРИ У СИСТЕМІ МІЖНАРОДНОГО ОПОДАТКУВАННЯ
The article reveals the essence of offshore centers and defines their role in shaping the international tax system in the context of globalization; highlights the features of offshore jurisdictions in the world economy; the positive and negative aspects of the functioning of tax havens in the national economy are characterized.

The authors analyze the use of offshore zones to avoid taxation by domestic taxpayers and money laundering. It has been proved that with the help of offshore centers, the world's leading countries are actively fighting for investment resources, money laundering, and increasing the level of tax competitiveness, taking into account national interests.

It is noted that the high degree of concealment of information about the activities of economic entities in offshore areas contributes to the development of corruption in the country and complicates the government's ability to identify sources of financial resources, which significantly reduces the financial security of the state. The expediency of using offshore jurisdictions by Ukrainian companies to avoid their illegal seizure and illegal change of business owners is argued.

It is argued that today offshore zones create many problems for the national economy, which are associated with the withdrawal of capital in the form of payments for investment capital, and greatly facilitate money laundering and withdrawal of resources from the budget system.

It is argued that to eliminate the negative phenomena associated with the cooperation of domestic businesses with offshore, it is advisable to create favorable business conditions, improve the investment climate, introduce a tax on withdrawal of financial resources from the country, and start administering mandatory payments. The key task in the process of optimizing the use of tax havens is the availability and predictability of regulatory support, which will allow companies to compare the conditions of registration in foreign and Ukrainian jurisdictions.

To overcome the negative impact of tax havens on the domestic economy, it is advisable to pursue a policy of deoffshorization, the main purpose of which is to create fair competitive conditions for the circulation of financial resources between different countries and prevent monopolies over others in compulsory payments. The strategic goals of the state in strengthening financial security are to prevent tax
evasion using offshore by implementing the following measures: reducing unpaid taxes and fees using tax havens, preventing the withdrawal of resources from the country, reducing the size of the shadow sector, preventing antisocial behavior, creating a favorable climate for economic activity and the introduction of modern innovative management technologies.

У статті розкрито сутність офшорних центрів та визначено їхню роль у формуванні міжнародної системи оподаткування в умовах глобалізації; висвітлено особливості діяльності офшорних юрисдикцій у світовій економіці; охарактеризовано позитивні та негативні сторони функціонування податкових гаваней у національній економіці.

Авторами проаналізовано напрями використання офшорних зон з метою ухилення від оподаткування вітчизняними платниками податків та відмивання грошових коштів, отриманих злочинним шляхом. Доведено, що за допомогою офшорних центрів провідні країни світу ведуть активну боротьбу за захоплення інвестиційних ресурсів, відмиванням капіталу та нарощують рівень податкової конкурентоспроможності з урахуванням національних інтересів.

Зазначено, що високий ступінь прихованості інформації про діяльність суб’єктів господарювання в офшорних зонах сприяє розвитку корупції в країні та ускладнює можливості уряду щодо визначення джерел походження фінансових ресурсів, що суттєво знижує рівень фінансової безпеки держави. Аргументовано доцільність використання офшорних юрисдикцій українськими компаніями з метою уникнення їх протиправного захоплення та незаконної зміни власників бізнесу.

Обґрунтовано, що сьогодні офшорні зони створюють багато проблем національній економіці, які пов’язані з виведенням капіталу під виглядом платежів за інвестиційний капітал, та значно полегшує відмивання коштів, отриманих злочинним шляхом й виведення ресурсів з бюджетної системи.

Аргументовано, що з метою усунення негативних явищ, пов’язаних зі співпрацею вітчизняного бізнесу з офшорами доцільно створювати сприятливі умови господарювання, поліпшувати інвестиційний клімат, запровадити
In modern business conditions, the main goal of companies is to increase financial results and the market value of capital. The
growing impact of globalization, the redistribution of productive forces, services, and labor, the development of financial markets, and the significant increase in capital mobility have significantly increased corporate profits, but it is becoming increasingly difficult to ensure their continued growth. In such circumstances, corporations are looking for reserves to increase profitability. Since the key ones (location of production in countries with cheap labor, access to low-cost production resources and capital, robotization of operational processes) are already involved, optimization of taxation in legal and illegal ways remains the only important reserve.

On the other hand, the effects of global financial crises have become more painful for national economies and negatively reflected in all their areas, accompanied by a lack of financial resources and increased competition for direct investment in global capital markets. Most countries have begun to look for ways to increase domestic tax competitiveness to create more favorable economic conditions for the arrival of foreign investors. The result of this struggle was the creation of offshore zones, the main features of which are loyal tax conditions and the opportunity to partially invest financial resources obtained in a not very fair way. Offshore outsourcing comes with the great promise of cost savings and is gaining popularity around the world.

However, several journalistic studies in recent years have shown widespread abuses of loyal tax conditions and frequent use of offshore jurisdictions to violate tax laws in various countries. This provoked a barrage of criticism towards offshore and a new round of criminal financial investigations. Ukraine also suffers from offshore business, as it does not receive the expected new investment resources from it, but only mass abuses and splitting of tax bases. It is becoming increasingly clear that existing domestic businesses – large taxpayers – use offshore only to avoid paying mandatory payments in Ukraine. The consequence of such actions is significant fiscal losses of the consolidated budget and violation of financial security of our country, which requires thorough research in this area and finding ways to prevent violations of tax laws using offshore jurisdictions.

Analysis of recent research and publications, which initiated the solution of this problem and on which the author relies, the selection of previously
unsolved parts of the general problem, which is the subject of this article. The following Ukrainian scientists have devoted their works to the study of the problems of cooperation of domestic business with offshore jurisdictions and the search for ways to prevent tax evasion with the use of tax havens: O. Artiukh [1], N. Vasylechko [4], M. Vasylieva [2], T. Vasyltsiv [3, 4], Ya. Vereshchaka [13], M. Vinrichuk [7], V. Hordiienko [11], V. Iliushenkova [1], D. Kobylnik [6], D. Kozak [5], N. Kopytko [7], V. Krasovskyi [8], M. Kunytska-Iliash [9], R. Lupak [9], Z. Lutsyshyn [10], V. Martynenko [11], E. Mekhtiiev [10], O. Mulska [3], N. Nakonechna [9], D. Odnoroh [6], L. Prostebi [14], A. Steblianko [13], S. Yurii [14] and others.

Due to thorough research on the functioning of offshore business in Ukraine and the world, there are many unresolved issues related to the impact of offshore operations on the national economy. In particular, it concerns the use of positive effects from cooperation with tax havens, strengthening the fight against capital flight, finding effective ways to prevent violations of the tax legislation of Ukraine, and creating a favorable tax environment for doing business in the domestic economy and more.

Formulation of the goals of the article (task statement). The article aims to find ways to improve Ukraine's cooperation with offshore jurisdictions and effective ways to combat tax evasion and capital flight from the national economy in the context of increasing globalization.

Presentation of the main material of the study with a full justification of the obtained scientific results. Today, national economic systems are progressing under the influence of globalization processes, which have led to the formation of favorable economic conditions for individual countries to mobilize capital in the world market and find other adequate ways to increase investment attractiveness based on strengthening tax competitiveness. The reason for such competition in the global capital market is differences in tax systems in different countries (the presence of tax asymmetries), which encourage the organization of special tax conditions to interest companies in a particular country or region. The payment of taxes and fees significantly affects the final size of the financial results of enterprises, so the
emergence of areas with special tax regimes is of great interest to potential investors who want to minimize the number of mandatory payments to their budgets.

Offshore centers (zones, jurisdictions, tax havens) play a key role in creating favorable tax regimes, covering the whole country or their regions with favorable business conditions for foreign investors. In general, offshore banking, brokerage, and insurance services are provided, to which preferential tax regimes are applied. Also popular with companies are project and structural financing, which already covers the diversification of financial assets. Under such conditions, offshore centers began to mobilize significant financial resources and concentrate the lion's share of global financial flows. Offshore outsourcing comes with the great promise of cost savings. An important feature of offshore zones, which creates additional interest among foreign entrepreneurs, is the high degree of confidentiality of data on the volume of banking operations.

The concept of the offshore zone is usually applied to individual entities and their separate structures. Such business structures are characterized by simplified registration procedures, a low corporate income tax rate, or its zero level, and a simplified mechanism for submitting financial and statistical reports.

Offshore centers determine the states or territories within their borders, in which at the governmental level for a certain type of business entities owned by foreign citizens, significant tax benefits have been introduced, simplified financial accounting procedures, and reduced or no customs bar 'era. Entrepreneurial entities operating in the offshore zone are controlled by the jurisdiction that conducted their registration. An important condition for such companies is to operate offshore, which helps to minimize costs and increase the inflow of foreign capital into the economic system in which the offshore zone is organized. The increase in an offshore jurisdiction is the payment of various fees by business entities registered in it, the growth of demand for the services of law firms and financial centers, and the rent of offices, apartments, and other assets in the country.

Offshore company registration procedures are characterized by the confidentiality of real shareholders, as their owners are lawyers or trust funds. Effective organization of offshore centers helps corporate owners to avoid a
significant tax burden, and the government creates a favorable investment climate and attracts the necessary financial resources to the country. The benefit for countries hosting offshore companies is to increase production capacity, create new jobs, provide products produced by start-ups, and more. The exception is the situation in Ukraine, where existing business entities are re-registered in offshore jurisdictions to evade taxation, so such procedures do not lead to new investments, and no enterprises are created in this case.

The OECD uses the term «tax haven» for offshore areas and is quite negative about such tax policies. It systematizes offshore jurisdictions on certain grounds, in particular: tax payments are not made or they are insignificant in volume; there is a high level of confidentiality of business information, there are significant restrictions on the exchange of data with authorities and international organizations, as defined by national law; non-transparent national legislation has been established that does not allow identifying offshore jurisdictions; There is no clear regulation in national regulations that would allow for transparency in the process of attracting foreign investment and further taxation of offshore companies.

A common feature of all offshore jurisdictions is the low or zero level of taxation in the process of registering companies, which allows real owners to mobilize capital at an affordable price and avoid paying mandatory payments without violating tax laws. In addition, they make it possible to launder financially obtained financial resources and minimize the risk of being exposed to various kinds of abuse.

It is worth noting that offshore centers have the following features: they are focused on providing services to foreign clients; state regulation of their activities is minimized; significant tax benefits or no taxation at all; low transparency in the process of collecting taxes and fees; a high degree of confidentiality of data related to the activities of economic entities.

Today, there are about five dozen tax havens in the world, which have concentrated one-tenth of all financial resources. Each offshore zone can have its specifics of operation and be characterized by positive and negative sides. It should be emphasized that today offshore jurisdictions are increasingly associated with money laundering and strengthening the fight against this phenomenon. That is why
today we can often hear calls in the scientific literature for the deoffshorization of the national economy.

The set of global offshore centers can be systematized into three major groups. The first covers the European tax havens, which were formed in 1914-1918 in the context of increasing tax burdens in the countries participating in World War II to cover the rapidly growing military expenditures. In these circumstances, a significant number of businesses have intensified the identification of ways to reduce the tax burden in legal and illegal ways.

The next group is quite large and covers the lion's share of the world's offshore, which are united by a solid web with a heart in London, which positions itself as the international center of tax havens.

The latter group of jurisdictions is located in the United States, which was also established in the 20th century as opposed to strict tax regimes. The U.S. government has consistently fought against any tax havens and businesses that have been registered with them. This was enshrined in law and aimed at combating tax evasion.

Today, the situation has changed little and the set of jurisdictions covers several levels. At the highest level, to mobilize the financial resources of foreigners in the tax haven, the federal government guarantees benefits in the payment of mandatory payments. At the state level, jurisdictions have also been established that offer simplified tax conditions to foreign companies. The lower level is formed by small overseas jurisdictions, the most popular of which are the Virgin and Marshall Islands.

It should be emphasized that, in essence, offshore zones should not be equated with negative phenomena, as they provide tax benefits by the law. The positive features of tax havens include the formation of an attractive investment climate that will increase the inflow of financial resources into the national economy; reducing the level of fiscal burden on businesses, thereby increasing business activity in such international countries; reducing the risk of investing in the economy and ensuring compliance with property rights, which stimulates stable progress of the country; receipt of registration payments from business structures as budget revenues; registered companies in tax havens use local infrastructure and create additional jobs;
increasing the competitiveness of economic entities and forming adequate long-term development plans; establishing relations with foreign countries; creating a precondition for creating an environment for attracting foreign innovative information technologies in business, insurance, banking, etc.

The negative features of the functioning of offshore jurisdictions include: the creation of preconditions for violation of tax laws and unfair competition, as a result of which the budgets of different states do not receive huge amounts of mandatory payments; violation of the stability of the economic system as a result of mobilization by tax havens of significant speculative and shadow financial resources from third countries; offshore is a key factor that encourages the withdrawal of funds from the domestic economy abroad; increasing the share of the shadow sector of the economy and creating the conditions for money laundering; have a detrimental effect on the stability of the social sphere in donor countries, as entities are massively abusing tax legislation; investing significant amounts of capital in companies registered in tax havens compared to foreign investments, as such entities typically use them as intermediaries; use by domestic structures of the domestic offshore market in order to establish dumping prices for its own products that do not meet the parameters of world standards; significant inaccuracy of the formed macroeconomic forecasts; falling employment in donor countries.

Given the above shortcomings in the operation of offshore centers, international organizations need to step up the fight to use them as a mechanism for tax evasion and money laundering.

Offshore centers emerged in the last century and with the intensification of globalization in the world economy gradually gained popularity and conquered capital markets. The use of tax havens to minimize fiscal payments has become widespread not only among large multinational corporations, but also among small businesses, banking and insurance companies, and entrepreneurs around the world. Over time, in the process of studying the impact of offshore centers on the international economy and economic systems of individual countries, the opinions of scientists and practitioners were divided into two camps. Some believe that offshore business contributes to the rationalization of financial flows in the world economy.
and stimulates investment activity, ie sided with entrepreneurs. Others justify the detrimental impact of offshore on the economies of some countries, arguing that their budgets are short of significant revenues and increasing the level of the shadow sector, ie side with the government. It is the latter views that are quite popular today, and some states have enshrined in national legislation various kinds of prohibitions on cooperation with offshore centers to prevent corruption and tax evasion.

Accumulation of significant capital in need of legalization, lack of political and economic stability in the country, the unreliability of banking and monetary and financial systems, unreasonably high tax rates, the danger of declaring high incomes, insecurity of property rights, raiding and tax pressure, high levels of corruption, as well as the unfavorable investment climate and business conditions in Ukraine annually only increase the outflow of capital to offshore. Business registration in offshore jurisdictions has several advantages for owners, which are shown in (Fig. 1).

**Fig. 1. Positive aspects of registration of companies in offshore zones**

formed by the authors using [5, p. 142]

They are registered in offshore centers to reduce financial pressure on business structures. To do this, they have several tools and schemes in place, including shredding property between different offshore companies to erode the tax base by
transferring funds to partners operating in other harbors in the preferential tax system; use a loan scheme in which the interest rate is inflated and the body of the loan is regulated and used to take financial resources out of the jurisdiction; sale of products at extremely low prices by participants of the offshore center with the use of internal pricing to generate financial results that will be covered in the jurisdiction; receiving remuneration for the use of intellectual property rights, which were once transferred to an offshore company to reduce mandatory payments; use of joint ventures that can be registered and operate in different offshore zones and thus minimize the level of taxation.

It should be emphasized that, given the specifics of the operation of offshore centers, developed countries are fighting against money laundering in their interests and national interests. For example, in the event of an outflow of funds from the United States or the European Union, governments will impose appropriate sanctions and use methods to combat financial crime. However, if third countries are involved in offshore jurisdictions, they will not take any action, as these are the countries that will accept the final investment and increase their financial capacity. That is, developed countries will not be very interested in the sources of capital in tax havens, the main thing is that it will continue to work for their national economy. The National Council on Foreign Trade of the United States of America highlighted the grounds for approving cooperation with companies with offshore centers, in particular: investing in countries with a high degree of legal protection and low levels of corruption to prevent non-return of financial resources; protection against foreign regulations and strict state regulation or significant fluctuations in the exchange rate of foreign currencies; creating preconditions for effective investment in the company through the use of international asset diversification.

The high level of secrecy of business information guaranteed by offshore centers is used to prevent raids on businesses, which is quite common in third-world countries, where government corruption is rampant. The opposite feature of this specificity of offshore is the increased risks of violating the financial security of the state due to the inability to trace the actual sources of capital formation and its real owners. The presence of such phenomena requires the development of a mechanism
for interstate regulation of the functioning of tax havens with the involvement of international organizations and national banks.

In the context of globalization of the global financial system and increasing competition for international financial resources, Ukraine should not stand aside, but set its own strategic goals in the international capital market. Today, offshore zones create a lot of trouble for the national economy, as they contribute to the withdrawal of capital of domestic enterprises abroad under the guise of payments for foreign investment. This situation is exacerbated by the high level of corruption in our country, which helps officials and politicians to launder money obtained by criminal means and «spray» the resources of the budget system without consequences. Therefore, today is the time to form an effective regulatory framework for regulating the process of cooperation with offshore jurisdictions, which would create the preconditions for intensifying real investment activity in Ukraine and prevent the outflow of capital in an unknown direction. Interaction with the government's tax havens must be restored to a mutually beneficial path, such as the highly developed countries of the world, which set an exemplary example of defending national interests and demonstrating a high level of financial security.

Today, a large number of Ukrainian businesses keep their assets behind the guise of foreign corporations to prevent all sorts of abuses and raids. There is a flurry of criticism of offshore business today in the scientific literature and positive reviews that see positive aspects for small businesses, as jurisdictions provide some protection from the massive negative phenomena that are observed today in the domestic corrupt economic system.

This requires focusing on the positive aspects of cooperation with offshore centers, which are manifested in the creation of preconditions for: increasing international capital flows and increasing business activity of domestic enterprises; accelerating the circulation of financial market instruments; growth of operations on the domestic stock market; ensuring access to cheap borrowed resources and more efficient investment of money; comprehensive reduction of fiscal pressure at the international level and due to this increase in business activity and strengthening the impact of globalization on national economies; a significant reduction in the level of
risk for individual companies to be acquired by large corporations, which guarantees property rights and is a factor in the socio-economic development of the region, which exports financial resources to offshore centers in large quantities; tax havens create the preconditions for the economic progress of the countries to which they belong by increasing the quality of human resources in all sectors, which intensifies the growth of the international economic system as a whole; the degree of competitiveness of economic entities in the domestic and international economy increases, as they have access to the implementation of flexible progressive strategies.

However, most Ukrainian businesses register their businesses in tax havens, usually to achieve a rational amount of mandatory payments. Of great interest is also the convenient use of jurisdictions in the process of concluding contracts for the sale of real estate, sale of businesses, or other financial assets, as such transactions in prestigious offshore centers do not require any taxes or their amount is insignificant. In addition, as a result of starting a business in the tax haven, all economic disputes are transferred to this jurisdiction, which will be a powerful argument for protection against raider seizures and unfair decisions by corrupt courts.

The key factor influencing a business entity’s choice of place of business registration is the tax burden. The overall level of the tax burden on the economy of Ukraine from 2000 to 2021 varied from 17.78% to 26.63% of GDP, ie a significant part of the funds of economic entities and the population was alienated in favor of the state [12].

The practice of leading European countries proves that an effective way to solve the economic problems that can be found in the national economy today is possible through the use of offshore mechanisms. In addition, some downsides and abuses that may arise in the process of cooperation with offshore can also be returned to the sphere of national interests, if you correctly define the goals to be achieved.

The main disadvantages of offshore zones are a violation of competitive conditions in the field of taxation and transfer of financial results to the jurisdiction; promoting the emergence of financial crises in the world economy as a result of offshore significant amounts of international financial resources; creating
preconditions for withdrawing money from the country; providing unfair tax benefits to certain businesses and others.

Assessing the positive and negative aspects of the functioning of offshore zones, we can conclude that the same factors can be analyzed from different perspectives. Today, it is important to study the factors that motivate Ukrainian companies to hide financial resources in tax havens and find ways to prevent such phenomena. In addition, it is necessary to build a concept of combating evasion of mandatory payments through offshore centers. To do this, it is necessary to understand the motives for the registration of domestic companies in tax havens: tax evasion and money laundering; optimization of economic activity to increase the efficiency of tax management of the enterprise, and gaining competitive advantage in the market. Coverage of offshore centers in the national economy only from a negative point of view will contribute to significant losses due to the non-use of their positive aspects for the development of domestic business and intensification of investment activities.

To eliminate the negative phenomena associated with the cooperation of domestic businesses with offshore, it is advisable to create favorable business conditions, improve the investment climate, introduce a tax on the withdrawal of financial resources from the country, and begin to administer mandatory payments at the place of business. Today, most developed countries pursue a policy of double standards about offshore centers, ie give legislative consent to conduct only those operations or activities that will benefit the national economy. Ukraine needs to take the same side, as strengthening control in the field of entrepreneurship will not yield the expected results.

A key task in the process of streamlining the use of tax havens is the availability and predictability of regulatory support, which will help businesses to compare the conditions of registration in foreign and Ukrainian jurisdictions. That is, it is necessary to legislate the benefits of starting a business in the economic system of Ukraine and in such conditions, interaction with foreign jurisdictions will be minimized. Today, the national government needs to implement long-awaited reforms that would allow businesses to generate planned financial results or simply
stay afloat in difficult economic conditions. The essence of the reforms should be to simplify reporting to fiscal authorities, create fair and effective tax mechanisms, optimize the tax burden on business investment, complete the reform of financial decentralization, and strengthen cooperation between business and local authorities.

To successfully implement offshore policy in the national economic system, it is also necessary to overcome the significant level of corruption in public authorities, as the existence of free economic zones in the past has proved negative. However, due to the significant outflow of financial resources from the country, the existence of a high level of shadowing of the economy, and criminal activity in the field of finance, the development of such a policy is extremely important today. The formation of national tax havens will help increase the competitiveness of domestic businesses, reduce the negative impact of offshore, and reduce the outflow of capital from the country. Such conditions will create favorable conditions for the growth of business activity of Ukrainian business structures, help increase the resources of the budget system, optimize the movement of financial resources in the country for different groups of taxpayers and provide targeted support to those who need it. It should be noted that the creation of national jurisdictions is necessary on mutually beneficial terms for the state and business, which will meet current trends in the world economy.

It should be emphasized that for many countries, revenues from offshore companies are a key source of capital and, consequently, the resources of the budget system as a result of various payments. In addition, such states increase employment and real estate rent payments, and so on. Cooperation with tax havens has always been interesting for business structures due to loyal financial and currency legislation, low or zero tax rates, high secrecy of commercial and banking information, favorable financial incentive policies, and more.

For domestic businesses, offshore jurisdictions are attractive in terms of the wide range of opportunities for tax evasion, the low risk of raider attacks, the availability of different methods of withdrawal, and the embezzlement of funds obtained through various corruption schemes. Today, the tax authorities of Ukraine proved in the process of cooperation with foreign partners that the lion's share of
enterprises engaged in a foreign economic activity conducted separate transactions with the participation of trust offices from offshore jurisdictions in Cyprus, Switzerland, and others.

It is worth noting that today the system of monitoring domestic pricing contains many omissions and shortcomings and needs to be improved to strengthen the fight against money laundering through tax havens. In addition, our state is not making much effort to increase information transparency in the fiscal sphere and improve the data exchange system to violate tax laws using offshore businesses. The presence of loopholes in domestic legislation and the lack of regulations on cooperation with international institutions and organizations significantly facilitates the process of avoiding responsibility for crimes in the tax sphere and facilitates their concealment. This requires a thorough study of the tools and methods used to evade mandatory payments to the budget through offshore centers.

Today in Ukraine the shadow segment of the economic system is gaining significant momentum (about 50% according to various expert estimates). The main reason is the untimely identification of tax evasion transactions in the following main areas (Fig. 2).

![Fig. 2. The main directions of counteraction to evasion of obligatory tax payments in the national economy](image)

Domestic business structures use a wide range of ways to violate tax laws, which usually result in false tax returns and concealment of the real scale of operations and objects of taxation, respectively. This necessitates the construction of effective mechanisms to prevent the implementation of such crimes in the fiscal sphere, which are systematized in Fig. 3. Such a mechanism will make it possible to
reduce losses in the revenues of the budget system and perform the functions and
tasks assigned to it by the state to ensure the socio-economic development of the
country.

| MAIN SCHEMES AND METHODS OF LEGALIZATION OF FUNDS OBTAINED AS A
RESULT OF AVOIDANCE FROM TAXATION USING OFFSHORE ZONES |
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<tr>
<td>«Step» method</td>
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<td>Separation of assets between different offshore jurisdictions, allows assets to gain personal legal, and financial content and allows for the erosion of the tax base due to payments to counterparties located in the jurisdiction that provides tax benefits</td>
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<tr>
<td>Credit scheme</td>
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<tr>
<td>Providing interest-bearing loans, which helps to withdraw funds offshore. The scheme under which the amount of credit funds is overstated with the minimum amount of share capital is considered a «thin capitalization»</td>
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<td>Transfer pricing</td>
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<td>Sale of goods to residents of offshore financial centers at a reduced price for resale, the income from which will be declared in the offshore zone</td>
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<td>Payment of royalties</td>
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<td>Registration of copyrights with their subsequent transfer to a resident of a jurisdiction with high taxes in exchange for the relevant payments</td>
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<td>Application of tax hybrids</td>
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<tr>
<td>Use of companies that may be registered in a tax jurisdiction but be a tax resident in an offshore zone</td>
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Fig. 3. Key schemes and methods of money laundering received as a result of a violation of tax legislation with the help of offshore formed by the authors using [7, p. 85]

Accumulation of funds obtained as a result of certain activities in the shadow sector of the economic system is carried out by underestimating the actual amount of income to significantly reduce the tax base and non-payment of mandatory payments. Offshore centers play a key role in this process, as they greatly facilitate the process of bleaching the proceeds of crime. This is facilitated by: a low or zero tax burden; distribution of the lion's share of tax preferences only to non-resident enterprises operating outside the territory of the tax haven; high level of secrecy of information on banking transactions; only citizens of other countries can register a company offshore; the existence of contracts to eliminate double tax administration; commercial transactions are conducted exclusively with the use of foreign currency funds of external origin; mandatory payment of customs duties.
It should be noted that offshore jurisdictions allow for various types of transactions that are accompanied by significant flows of financial resources. This allows foreign jurisdictions to pay significant or no taxes at all and are more likely to ensure the safety of such abuses.

The main directions in the field of combating evasion of mandatory payments to the budget by Ukrainian enterprises are to improve the domestic regulatory framework for their activities, taking into account the possibility of cooperation with offshore jurisdictions. It is also necessary to strengthen consultations and the practical component with international organizations involved in the fight against money laundering and terrorist financing, as well as to take into account the experience of developed countries in this area. It is advisable to take into account all possible methods and tools available to offshore centers used for tax evasion and to develop appropriate measures to prevent their use, which will avoid large losses in the budget system of Ukraine.

Today, global companies often use mechanisms to erode or disperse the tax base and transfer property and financial results from the field of taxation to offshore zones with the help of their structural units. Under these conditions, large corporations have gained significant competitive advantages in the world by avoiding paying taxes and putting small and medium-sized businesses on the brink of extinction, which is limited in their potential to cooperate with offshore jurisdictions. To reduce the number of such phenomena in the international economy, the OECD in cooperation with several leading countries has developed a comprehensive plan to facilitate the fight against the use of mechanisms to disperse tax bases and transfer financial resources to avoid mandatory payments to national budgets.

The Organization for Economic Cooperation collects and analyzes a significant amount of information to develop recommendations to prevent the erosion of the tax base by companies for member states and is the basis for organizing consultations on financial issues. With the help of this organization, effective mechanisms have been established, the aim of which is to completely stop the use of offshore centers by some countries to attract a significant amount of financial resources into the national
economic system, regardless of their origin. As a result of the use of methods of erosion of the tax base, the state budget of Ukraine also incurs significant losses.

Today, the global strategy to combat tax evasion and money laundering is being modernized with the involvement of many nations, as globalization alone will be difficult to overcome. It has become clear that the use of existing methods to prevent such abuse is not effective enough. In addition, several countries have benefited significantly from investing in the national economy of unknown origin, so today it is important to join forces to overcome the growing trends in this area. This is evidenced by the annual aggregate losses of states from corporate income tax evasion of close to $240 billion, the main reason for which is the use of international companies' aggressive planning of the number of mandatory payments to budgets.

The OECD, in cooperation with leading countries, developed a comprehensive program of measures to prevent tax evasion, which includes stricter international standards and outlines special forms of assistance to governments in preventing BEPS (tax erosion and extortion). This plan covered fifteen stages, which are presented in Fig. 4.

In modern conditions, the OECD creates the preconditions for the introduction of all actions envisaged in the concept at the international level by each state and works to improve existing and develop new standards in the fight against concealment of performance. To this end, an innovative mechanism has been developed for the participation of states that have agreed to cooperate in the fight against BEPS, the essence of which is to conduct thorough consultations and negotiations to attract new countries to develop effective measures to prevent violations of national tax laws. The purpose of such cooperation is to increase the level of transparency of the global tax system, and the program itself contains the following proposals: setting standards for other outstanding issues; introducing the general minimum level of standards with the formation of an effective control mechanism; monitoring of current problems in the field of erosion of the tax base, taking into account modern information technologies; creating preconditions for the economic development of OECD member states.
To implement the BEPS plan, the following key areas need to be identified. It is first necessary to adjust the agreements on the prevention of double collection of
taxes by concluding the MLI Agreement, which provides for the granting of tax preferences to the business entity, provided that the reality of the business is confirmed. In case of detection of signs of tax optimization or aggressive planning, it is necessary to immediately cancel the benefits provided and return them. Our state also concluded such an agreement, according to which amendments were made to 44 agreements regulating the field of double taxation of financial results.

The next important step in the development of regulations that will apply to foreign businesses operating in Ukraine. They should include requirements for controlled foreign firms to report financial results for tax purposes. Such obligations should create the conditions of the unprofitability of concealment and erosion of the object of taxation and prevent the concealment of capital in offshore jurisdictions. It is also advisable to oblige the citizens of Ukraine to show in the reporting declarations the income they received from their business structures for taxation under Ukrainian law. Under such conditions, the motives for registering a business abroad to withdraw financial resources will disappear.

Strengthening the processes of offshoring of national economic systems today poses a significant threat to the development of individual countries, as they stimulate the outflow of financial resources from the state and create the conditions for tax evasion on a large scale. This situation has given rise to reverse processes at the international level, which have been called «deoffshorization». These processes have not left Ukraine out either, as the amount of money withdrawn from the national economy is estimated at $ 170 billion, and the annual losses from Ukrainian companies' cooperation with tax havens are close to 2% of gross domestic product. Given the large amount of public debt in Ukraine and the difficult socio-economic situation, the problem of deoffshorization is becoming increasingly important today.

The deoffshorization mechanism should include the following sectors:

1. Legislative sector, which forms an effective legal regulation in the field of offshore companies and an effective system of tax collection in the state. This component is responsible for the legal limits of cooperation of Ukrainian companies with international offshore jurisdictions and state fiscal authorities.
2. Motivational sector, which is the main parameter in the national mechanism of deoffshorization. Today, Ukraine is in a difficult socio-political and economic situation, so Ukrainian businesses lack incentives and reasons to return financial resources to the national economic system and stop cooperating with the tax havens of foreign countries.

3. Institutional sector, which includes a set of relationships between the state budget and tax institutions at all levels of the financial system of the national economy.

4. Information sector, which includes the transfer of information at the international level, within the country, between economic entities, etc. The main task of this subsystem is to increase the transparency of information flows at all levels for the government to make effective decisions.

The main purpose of the process of deoffshorization at the international level is to create fair competitive conditions for the circulation of financial resources between different states and to prevent the monopoly of individual countries over others in the field of mandatory payments. The anti-offshore policy also takes into account the legislative, political, administrative, and fiscal components, which in the long run will help achieve economic growth in Ukraine by increasing the business activity of businesses and improving the conditions of business structures.

Thus, an effective regulatory financial policy should be formed in our country, which will help reduce the interest in offshoring taxes and increase the responsibility of taxpayers.

The strategic goals of the state in strengthening financial security are to prevent tax evasion using offshore by implementing the following measures: reducing unpaid taxes and fees using tax havens, preventing the withdrawal of resources from the country, reducing the size of the shadow sector, preventing antisocial behavior, creating a favorable climate for economic activity and the introduction of modern innovative management technologies.

To achieve these, it is necessary to implement the following tasks in the field of financial incentives: to improve the management mechanism for combating tax evasion with the help of jurisdictions; increase the effectiveness of state control over
unfair cooperation with offshore business; build an effective institutional component for the implementation of deoffshorization policy; to create interest among taxpayers in conducting legal business; strengthen antitrust measures in the national economic system and improve the investment climate; to create preconditions for the introduction of modern achievements in the field of digital information technologies in all parts of the financial system.

Conclusions from this study and prospects for further exploration in this direction. Thus, the increasing globalization of finance in the world contributes to the accelerated circulation of financial resources and intensified the process of struggle for investment, which has led to the emergence of offshore centers in different countries. The activities of such tax havens have positive and negative aspects of the impact on national economies. The first includes attracting foreign investment, using local infrastructure, using the services of office workers, and more. The latter include tax evasion, withdrawal of capital from the country, and money laundering. It is worth noting that the world's leading countries usually use double standards about offshore jurisdictions and try to get the most out of them and often «turn a blind eye» to the sources of capital.

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