

UDC 336.22.021:336.227.5

DOI <https://doi.org/10.26661/2414-0287-2023-2-58-14>**IMPACT OF OFFSHORE ZONES ON TAX PLANNING OF ENTERPRISES:  
TYPES, FEATURES, MEASURES TO COUNTERACT TAX EVASION****Ohrenych Yu.O., Krasnoshchok Ya.V.***Zaporizhzhia National University*  
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ORCID: 0000-0002-0294-1889**Key words:**offshore zones, tax planning,  
ukrainian companies, taxes,  
tax evasion,  
tax planning optimization

It is determined that in today's environment, many enterprises are interested in using tax benefits, obtaining confidentiality, and using offshore schemes to reduce the tax burden and increase profits. However, all this leads to a decrease in tax revenues to the budget, a decrease in expenditures, and this issue is relevant due to the desire of the Ukrainian government to bring the Ukrainian market out of the shadows. The article examines the existing approaches to defining the concept of «offshore zones» and considers special economic zones of Ukraine. The types of offshore zones, their location, and types of offshore banking centers are defined. Approaches to the interpretation of the definition of «tax planning» are analyzed, and the peculiarities of its use in offshore zones are determined. The tax burden on enterprises is analyzed and the methods of using offshore jurisdictions by enterprises to optimize taxation are studied. The author examines the harbor corporate tax index and the financial secrecy index, according to which the territories that are most attractive for capital withdrawal are identified. Representatives of offshore companies are considered and the level of the shadow economy in Ukraine is analyzed. The mechanisms of offshore tax planning (establishment of offshore companies, use of offshore bank accounts, double taxation treaties, free trade zones) are characterized. The advantages of offshore zones are identified, namely: reduction of tax liabilities; confidentiality; international expansion. The disadvantages of offshore zones are highlighted, in particular: reputational risks; legal difficulties; business risks; restrictions on operations; high costs; double taxation risks; and tax shortfalls. The author provides measures to prevent tax evasion by enterprises, such as: strengthening control over compliance with tax legislation; introduction of an electronic declaration system and electronic tax calculation; reduction of the tax burden on enterprises; development of international cooperation in the field of tax policy; development of alternative taxation methods. Ways to counteract offshoring have been formed: raising tax rates in the country; control over the operation of offshore companies; tax amnesty for companies returning from offshore; abolition of tax benefits for companies using offshore zones; control over the movement of capital and financial flows to offshore zones.

**ВПЛИВ ОФШОРНИХ ЗОН НА ПОДАТКОВЕ ПЛАНУВАННЯ ПІДПРИЄМСТВ:  
ВИДИ, ОСОБЛИВОСТІ, ЗАХОДИ ПРОТИДІЇ УХИЛЕННЮ ВІД СПЛАТИ ПОДАТКІВ****Огренич Ю.О., Краснощок Я.В.***Запорізький національний університет*  
Україна, 69600, м. Запоріжжя, вул. Жуковського, 66**Ключові слова:**офшорні зони,  
податкове планування,  
українські підприємства,  
податки,  
ухилення від сплати податків,  
оптимізація податкового  
планування

Визначено, що в умовах сьогодення чимало підприємств зацікавлені у використанні податкових пільг, отриманні конфіденційності, застосуванні офшорних схем задля зменшення податкового навантаження та збільшення прибутків. Проте все це призводить до зменшення надходжень податків до бюджету, зниження видатків та дане питання є актуальним через бажання українського уряду вивести український ринок з тіні. Досліджено існуючі підходи до визначення поняття «офшорні зони», розглянуто спеціальні економічні зони України. Визначено види офшорних зон, місце їх дислокації, типи офшорних банківських центрів. Проаналізовано підходи до трактування дефініції «податкове планування», визначено особливості його використання

в офшорних зонах. Проаналізовано податкове навантаження на підприємства та досліджено методи використання офшорних юрисдикцій підприємствами з метою оптимізації оподаткування. Досліджено індекси корпоративного податкового індексу гавані, індекс фінансової таємниці, згідно з якими визначено території, які є найбільш привабливими до виведення на їх території капіталу. Розглянуто представників офшорних компаній та здійснено аналіз рівня тіньової економіки в Україні. Охарактеризовано механізми офшорного податкового планування (створення офшорних компаній, використання офшорних банківських рахунків, договорів про уникнення подвійного оподаткування, зон вільної торгівлі). Визначено переваги офшорних зон, а саме: зменшення податкових обов'язків; конфіденційність; міжнародна експансія. Виокремлено недоліки офшорних зон, зокрема: ризики для репутації; юридичні складнощі; ризики для бізнесу; обмеження для операцій; високі витрати; ризики подвійного оподаткування; недонадходження податків до бюджету. Наведено заходи щодо запобігання ухиленню від сплати податків підприємств, такі як: посилення контролю за дотриманням податкового законодавства; запровадження системи електронного декларування та електронного розрахунку податків; зменшення податкового навантаження на підприємства; розвиток інтернаціонального співробітництва в сфері податкової політики; розвиток альтернативних методів оподаткування. Сформовано способи протидії офшоризації: підвищення податкових ставок в країні; контроль за функціонуванням офшорних компаній; податкова амністія для компаній, які повертаються з офшорів; скасування податкових пільг для компаній, які використовують офшорні зони; контроль за рухом капіталу та фінансовими потоками в офшорні зони.

### Statement of the problem

The use of offshore zones for tax planning is widespread today, especially abroad, and this process leads to a reduction in tax revenues to the budget of countries. Reduced tax revenues lead to an imbalance in the country's financial system, have a negative impact on economic development and the competitive environment in which businesses operate.

There is a widespread practice of using offshore zones for tax evasion, which also leads to a reduction in tax revenues and a violation of the fairness of the tax system. In the context of economic globalization and international trade, the problem of using offshore zones for tax planning is becoming more urgent. In addition, military actions have led to difficult economic conditions for businesses, which has increased the need for tax benefits to resume operations. Accordingly, the issue of using offshore zones in tax planning is relevant and there is a need to develop measures to counteract tax evasion and ways to counteract offshoring.

### Analysis of recent studies and publications

The problem of functioning of offshore zones, operation of offshore companies, determination of their legal status has been studied in the works of scientists, namely: O.B. Hamuha [7], M.I. Karlin, O.A. Ivashko [14], I.M. Kobushko, I.V. Govorun, S.O. Panchenko [15], I.S. Komar [16], V.I. Franchuk, A.S. Pryshla [24], D.D. Kose [26].

Along with this, the issues of using offshore zones as a method of tax planning, providing economic benefits, ways to choose the most appropriate jurisdiction, tax planning, and studying the impact of offshore zones on the socio-economic development of countries

are covered in the works of scientists, in particular: O.V. Adamyk [5], L.M. Vasilieva [6], Y.S. Grinchuk, V.Y. Grinchuk [9], O.A. Ivashko [13], S.O. Koretska [17], Ya.V. Samusevych, A.V. Vysochyna [22], Z. Lutsyshyn, N. Yuzhanina, T. Frolova, M. Mazur, D. Perebyinis [23], G.O. Shamborovskyi [25].

However, the vast majority of works do not summarize the consequences of using offshore zones, nor do they consider the problem of offshore zones in the context of international tax competition, their impact on the global economy, nor do they identify the disadvantages of offshore zones, measures to prevent tax evasion by enterprises and ways to counteract offshoring. In the context of changing legislation, these issues are relevant for both companies and states.

### Objectives of the article

The purpose of the article is to study the impact of offshore zones on tax planning of enterprises and the specifics of using offshore zones in tax planning of enterprises; to determine the advantages and disadvantages of offshore zones for tax planning of enterprises; to formulate measures to counteract tax evasion and ways to counteract offshoring.

### The main material of the research

The impact of offshore zones on corporate tax planning is one of the most relevant and complex topics for many countries, including Ukraine. Every year, Ukrainian entrepreneurs withdraw millions of dollars to offshore zones, which negatively affects both the Ukrainian budget and Ukraine's ranking in the global market. Offshore zones are a popular tool for companies wishing to reduce their tax costs and minimize tax risks, as the use of offshore zones ensures an increase in profits and a reduction in tax revenues, which negatively affects the state of the

economy. In such circumstances, there is a need to develop measures to counteract tax evasion and ways to counteract offshoring. In addition, international competition in the market increases the pressure on companies to reduce costs, which necessitates effective tax planning.

In the light of international initiatives aimed at combating tax evasion, it is important to have a clear strategy that ensures an adequate level of tax revenues and fairness in society.

Offshore zones are widely used in business because of their effectiveness in minimizing tax costs, obtaining benefits, and promoting the growth of companies' profitability in the global market. These zones have attractive financial conditions, such as low or zero income tax rates, which are necessary for companies to operate. The analyzed approaches to defining the concept of "offshore zone" are presented in Table 1.

Thus, taking into account the existing approaches to the definition of "offshore zone", it can be noted that it is a territory with a special tax regime and preferential conditions that facilitates the investment of assets in these zones, the growth of profitability of enterprises, and the attraction of investment funds.

Ukraine does not have offshore zones, but there are special economic zones (SEZs) where companies can receive benefits and support from the state. SEZs are located on the territory of enterprises and have special conditions for taxation and wages. Companies located in SEZs may receive benefits (reduced income taxes, reduced land lease costs, customs privileges). Special economic zones include:

“Azov”, “Donetsk”, “Zakarpattia”, “Interport Kovel”, “Resortopolis Truskavets”, “Mykolaiv”, “Porto Franco”, “Port Crimea”, “Reni”, “Slavutych”, “Yavoriv” [18].

In accordance with European practice, offshore zones are divided into two categories: with full (complete exemption from reporting, payment of taxes at low rates) and tax offshoring (reduced tax rate, no exemption from accounting and reporting) [23].

In particular, there are three types of offshore banking centers (Table 2).

Conventionally, offshore zones can be divided into:

- “1) African (Seychelles, Liberia, Mauritius);
- 2) Asia-Pacific (Vanuatu, Cook Islands, Labuan, Nauru, Samoa, Tonga);
- 3) Caribbean (Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Bermuda, British Virgin Islands, Dominica, Cayman Islands, Grenada, St. Kitts and Nevis);
- 4) European (Andorra, Gibraltar, Liechtenstein, Monaco, Isle of Man, Channel Islands);
- 5) Middle East (Bahrain, Dubai, Lebanon)” [14, p. 12].

In modern conditions, the use of offshore zones in tax planning of enterprises is a popular issue, as it allows enterprises to reduce tax costs, minimize tax risks, increase profitability, and attract investment in development. At the same time, the use of offshore zones has negative consequences in the form of reduced tax revenues to the state budget and a negative impact on its rating in the global market.

Before studying the peculiarities of tax planning in offshore zones, it is necessary to analyze the existing approaches to the definition of “tax planning” (Table 3).

Table 1 – Definition of “offshore zone”

Author	Definition of the concept
Franchuk V.I., Pryshla A.S.	the territory of another country that has certain privileges in relation to taxation of foreign capital [24, p. 234]
Komar I.S.	is a part of the territory of the state where tax, customs, financial benefits are established for investors in order to attract additional investment funds to intensify production, trade, foreign economic and other activities [16]
Kobushko I.M., Govorun I.V., Panchenko S.O.	a specific tool for stimulating investment activity and increasing revenues to the budgets of depressed territories, the economic effect of which is based on the phenomenon of growth of state revenues due to the expansion of the tax base (using its special type of income received only from foreign economic activity) and minimizing the tax burden [15, p. 186]
Kose D.D.	one of the types of free economic zones. They are referred to as service free economic zones, the peculiarity of which is the creation of favorable monetary, financial and fiscal regimes for entrepreneurs, a high level of banking and commercial secrecy, and loyalty to state regulation [26]
Encyclopedia of Modern Ukraine	zone of favorable conditions for doing business [11]
Hamuha O.B.	the territory of a jurisdiction that provides tax benefits when establishing an offshore company, i.e. a company formed by non-residents and operating outside this territory of the state of registration [7, p. 445]

Source: compiled by the authors on the basis of [7; 11; 15; 16; 24; 26]

Table 2 – Types of offshore banking centers

Model name	Model description
New York model	Provides for agreements with financial centers (New York, Tokyo, Singapore). Separate accounts are established in these markets that are not subject to restrictions on domestic financial transactions, such as reserve requirements. Companies are subject to corporate taxation and local stamp duties [23, p. 77].
London model	In London and Hong Kong, financial transactions are free from restrictions. In such offshore zones, there is corporate taxation, as well as the possibility of taxation of business securities [23, p. 77].
Tax shelter	The markets of the Bahamas and the Cayman Islands are a type of offshore markets where transactions are concluded between non-residents and are not subject to taxation. In addition, there is no corporate taxation and no fees for business securities in these markets [23, p. 77].

Source: compiled by the authors based on [23]

Table 3 – Definition of “tax planning”

Author	Definition of the concept
Grinchuk Y.S., Grinchuk V.Y.	formation by the enterprise of such a tax policy that would provide the most optimal option for the placement of its assets to obtain the greatest profit by optimizing taxation [9, p. 48-49]
Samusevych Ya.V., Vysochyna A.V.	an element of tax management that forms the basis for making optimal management decisions in the field of taxation [22, p. 31]
Zagorodnyi A.G., Vozniuk H.L.	determination of the amounts of tax payments for the planning period, in particular: taxes attributed to production and circulation costs; tax payments attributed to the selling price of products (value added tax, excise tax, etc.); income taxes, total tax payments [12]
Koretska S.O.	an integral part of the financial and economic activities of both individuals and legal entities, and therefore it can be divided into individual (characteristic of both families and the unincorporated sector of the economy) and corporate [17]
Vasilieva L.M.	includes the systematized activities of tax authorities aimed at determining the potential amount of tax revenues to the budget for a specific period of time, taking into account the factors of socio-economic and political development of the country that affect the receipt of taxes and fees within a single budget and tax process [6, p. 34]

Source: compiled by the authors on the basis of [6; 9; 12; 17; 22]

Thus, taking into account the approaches considered, it should be noted that tax planning is the process of forming an optimal tax policy of an enterprise, systematizing the activities of tax authorities in order to optimize taxation, reduce the tax burden, determine the amount of tax revenues to the budget and increase them, formulate clear goals and optimal taxation parameters.

The peculiarity of tax planning in offshore zones is the low level of taxes or their absence [5]. Many companies prefer to register their subsidiaries in offshore zones in order to use tax benefits, reduce tax costs and increase profitability.

Taking into account the data in Fig. 1, it should be noted that in 2018, Ireland ranked first in terms of imports from offshore zones (its volume amounted to USD 70 million) and Morocco ranked last (its volume amounted to USD 22 million).

Table 4 shows that China is the leading country in terms of illegal capital outflows, as in 2021, capital worth USD656,3 billion was exported. This is the highest figure among all countries. As for other countries, capital outflows are much lower than in China. Nigeria has the lowest rate

of capital outflows. Illicit capital flight is a serious problem for many countries, as it can lead to reduced tax revenues and economic instability.

According to a study by the “Social Movement”, in 2020, the total number of companies that used offshore structuring was 66. “The largest share of these companies is held by holdings from the Netherlands (22 companies). Cypriot shareholders own 20 companies, Swiss shareholders – 5, and British shareholders – 4. At the same time, there are companies with owners structured in several offshore jurisdictions” [10]. In addition, there are Ukrainian companies with Dutch holdings among their shareholders: “PJSC “PRODUCTION COMPANY “UKRNEFTOBURINNIA”; JSC “DTEK ZAKHIDENERGO”; PJSC “MINE MANAGEMENT “POKROVSKE”; JSC “DTEK DNIPROENERGO”; PJSC “ZAPORIZHSTAL”; JSC “DTEK DNIPROVSKI ELECTRONIC NETWORKS”; PJSC “AZOVSTAL IRON & STEEL WORKS”” [10].

Quite often, Ukrainian enterprises use tax planning tools, i. e. offshore zones, to reduce the tax burden. The author

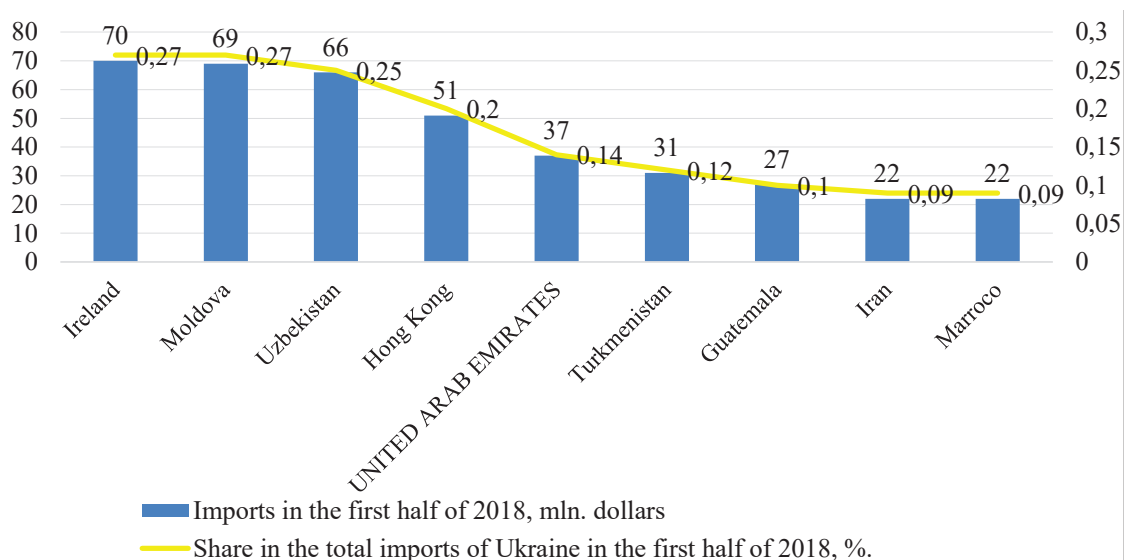


Fig. 1 – Top 10 “offshore” countries in terms of imports to Ukraine in the first half of 2018

Source: compiled by the authors based on [8]

Table 4 – Leading countries of the world by the volume of illegal export of capital in 2017–2021, billion USD USA

Countries	2017	2019	2021	Relative deviation. 2021 to 2019, %	Average annual volume
China	258.6	473.5	656.3	38.61	462.80
Mexico	67.5	63.3	73.7	16.43	82.93
India	70.3	85.6	92.9	8.53	68.17
Malaysia	62.1	50.4	47.9	-4.96	53.47
Brazil	30.8	31.3	28.2	-9.90	30.10
South Africa	24.6	23.0	26.1	13.48	28.17
Thailand	24.1	27.4	33.0	20.44	24.57
Indonesia	14.6	18.3	20.6	12.57	24.70
Nigeria	19.4	26.7	28.0	4.87	17.83

Source: compiled by the authors based on [3]

analyzed tax revenues to the budget of Ukraine by certain types of taxes (value added tax, personal income tax, excise tax, corporate income tax) and calculated the tax burden on Ukrainian enterprises using the following formula 1 [20]:

$$\text{Tax burden on enterprises} = \frac{\text{Total taxes}}{\text{Gross domestic product}} * 100. \quad (1)$$

According to table 5, it should be noted that in 2018 the tax burden was 19.16%, in 2019 it decreased by 1% and amounted to 18.09%. In 2020, the tax burden increased by 0.14% to 18.24%, and in 2021 it amounted to 18.03%, which is 0.21% less than in 2020. In 2022, the tax burden decreased by 10.79% compared to 2021.

Thus, the amount of taxes increased during 2018–2022, but the level of the tax burden remained generally stable

despite this change. Ukrainian companies did not have a high tax burden during the study period.

The study does not reflect the full tax burden, as more factors need to be taken into account to determine the full level of the tax burden. Therefore, to improve the quality of the analysis, we analyzed a study by the Ukrainian Institute for the Future, which states that in 2021 the tax burden was 40.8%.

This level of tax burden is quite high, but in many European countries it is at the same level (Fig. 2).

From Fig. 2 shows that in developed European countries, the level of tax burden is similar to the Ukrainian one, but for the Ukrainian economy, such burdens are more significant, so companies withdraw their equity to countries with lower taxation.

Table 5 – Tax burden in Ukraine, UAH thousand

Indicator	2018	2019	2020	2021	2022	Relative deviation of 2022 to 2021, %
Value added tax	374508.20	378690.20	400600.10	536489.20	467001.00	-12.95
Personal income tax	91741.80	109954.00	117281.30	137555.20	148427.30	7.90
Excise tax	118852.40	123357.90	138296.20	162451.20	102352.90	-36.99
Corporate income tax	96882.30	107086.30	108695.00	147751.70	117049.90	-20.78
Total taxes	681984.70	719088.40	764872.60	984247.30	834831.10	-15.18
GDP	3558706.00	3974564.00	4194102.00	5459574.00	5191028.00	-4.92
Level of tax burden	19.16	18.09	18.24	18.03	16.08	-10.79

Source: compiled by the authors based on [19]

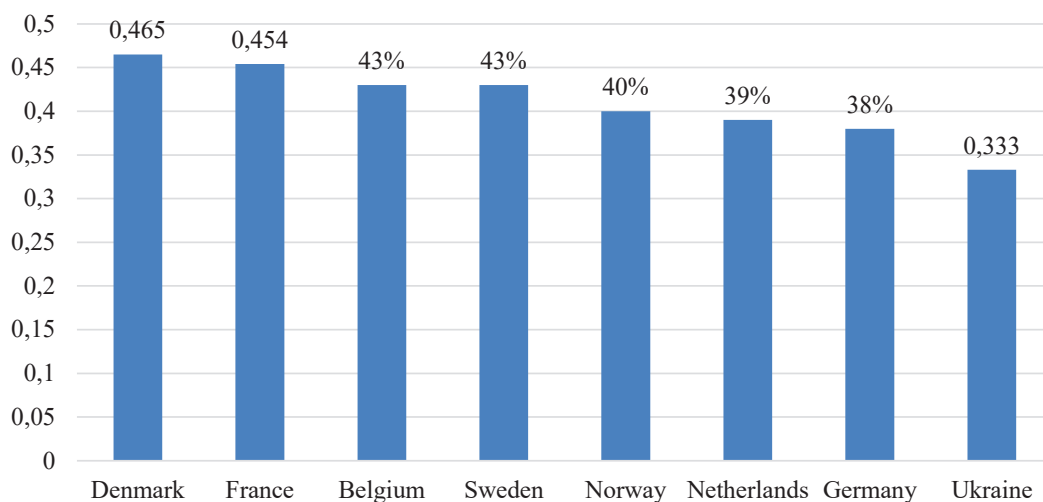


Fig. 2 – Tax burden in European countries in 2021

Source: compiled by the authors based on [21]

Offshore jurisdictions are used by companies to optimize taxation, reduce the tax burden, maintain confidentiality of information, attract investment, increase profits, and reduce tax risks [25].

There is a corporate tax harbor index and a financial secrecy index that determine the rating of offshore zones. “The corporate tax harbor index reflects the rating of jurisdictions that help multinationals to underpay income tax” (Fig. 3) [1].

According to fig. 1 British Virgin Islands, Cayman Islands and Bermuda have the most favorable conditions for business in terms of corporate taxation. The Netherlands, Switzerland, Luxembourg, Hong Kong and Singapore also have a rather low index, which indicates their attractiveness for business.

“The Financial Secrecy Index is a ranking of the jurisdictions that are most helpful to individuals in hiding their finances from the rule of law” [2].

From Fig. 4, we can conclude that the most closed and confidential financial systems are in the United States, Switzerland, and Singapore, as these countries have the largest capital outflows and can also be used for money laundering.

According to an analytical study in 2017 of companies in five regions of Ukraine with high business activity, it is Dnipro and Odesa regions that have the largest number of companies with owners and founders in offshore zones. “In 2017, they generated 32% of the total income of regional enterprises. Vinnytsia region ranked third with 29%, Lviv region – 11%, and Kharkiv region – 7%. In total, companies with offshore owners account for about 2% in each of the five regions. Cyprus is noted as the most popular offshore for 4 out of 5 regions, and Moldova and Turkey are also among the TOP-3 favorite offshore locations of Ukrainian companies” [4].

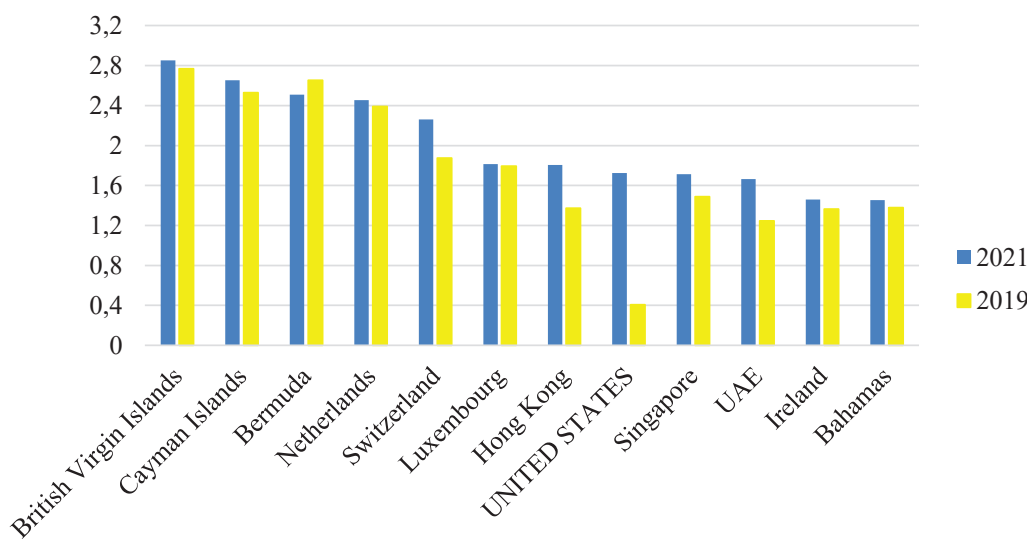


Fig. 3 – The values of the corporate tax index of the harbor in 2019 and 2021

Source: compiled by the authors based on [1]

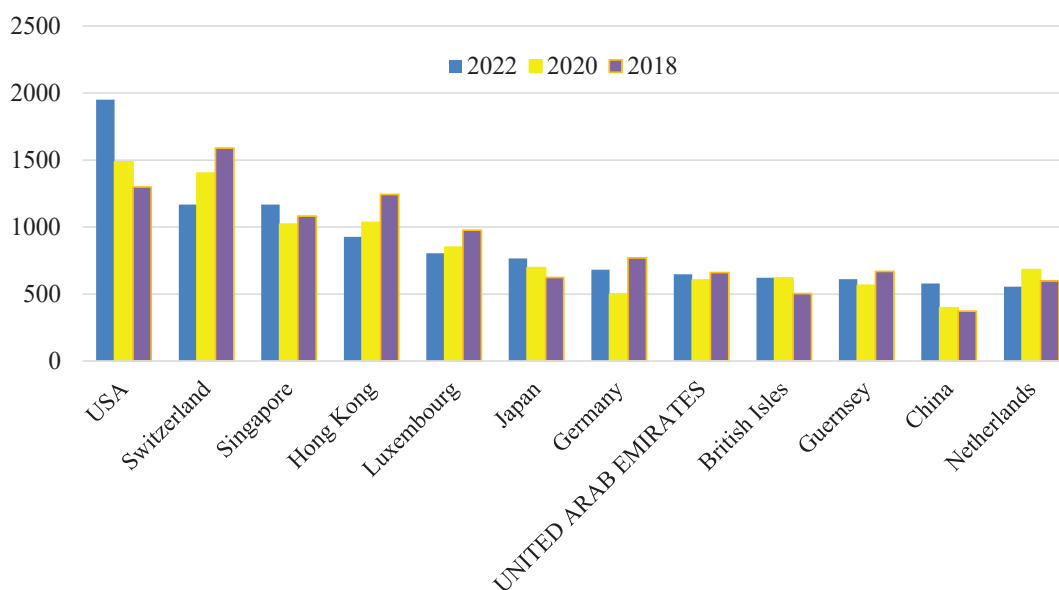


Fig. 4 – Ranking of countries by financial secrecy index for 2018, 2020 and 2022

Source: compiled by the authors based on [2]

The existence of offshore companies indicates a large level of shadow economy in Ukraine, which is a complex problem for the country’s economic development (Fig. 5).

According to Fig. 6, the level of Ukraine’s shadow economy has been on a downward trend over the past 11 years. The highest level was recorded in 2010 (36%), after which it began to decline and reached its lowest point in 2019 (28%). However, in 2020, the level increased again to 30% and slightly increased in 2021 to 31%.

Taking into account the data in figure 6, it should be noted that the main activities with the highest level of the shadow economy in 2020–2021 are transportation, warehousing, postal and courier activities, real estate transactions, mining, financial and insurance activities.

Today, the practice of tax optimization is widespread, which consists in the sale of goods at reduced prices by Ukrainian companies to their shell companies with offshore jurisdiction on the islands. The offshore companies continue to sell goods at higher world prices, earning profits that are not taxed in Ukraine. The problem with this optimization is that it leads to the withdrawal of capital from the country, a decrease in business attractiveness, tax revenues, and a deterioration in the economy. Ukrainian businesses can use the following offshore tax planning mechanisms to reduce their tax burden: setting up offshore companies,

which can be used to transfer profits abroad and receive tax benefits; using offshore bank accounts, which allows them to keep profits abroad, avoid taxation in Ukraine and receive interest on deposits; using double taxation treaties; and using free trade zones.

Offshore zones can have both positive and negative consequences for companies that use them for tax planning. In particular, the advantages of offshore zones for tax planning include the following: reduction of tax liabilities. Offshore zones provide an opportunity to reduce the tax costs of enterprises, as they offer low tax rates or may not tax certain types of income; confidentiality. Offshore zones allow businesses to keep their operations and financial data confidential; international expansion. The use of offshore zones can be an important step for international expansion of businesses, as it reduces tax costs and simplifies taxation procedures.

It is advisable to highlight the disadvantages of offshore zones for tax planning of enterprises:

1. Risks to reputation. The use of offshore zones may cause doubts and criticism from the public, which may view it as an attempt to evade taxes.
2. Legal complexities, the legislation on the use of offshore zones can be quite complicated.
3. Risks for business, namely exchange rate risks, changes in legislation and political risks.

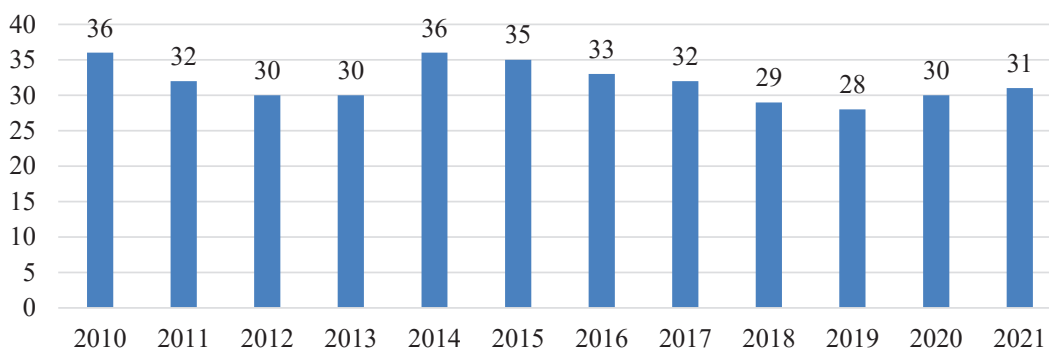


Fig. 5 – Shadow economy in Ukraine as a percentage of GDP

Source: compiled by the authors based on [18]

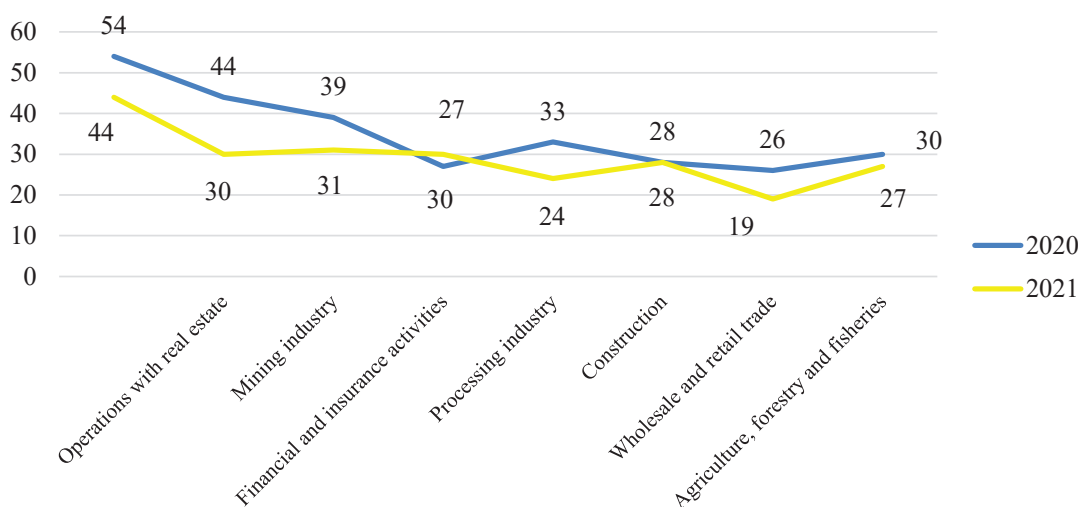


Fig. 6 – Level of the shadow economy by economic activities in% in 2020–2021

Source: compiled by the authors based on [18]

4. Restrictions on operations. The use of offshore zones may be restricted for certain types of transactions and activities of the enterprise due to limitations in the legislation and rules of offshore zones.

5. High costs, as the use of offshore zones may require high legal fees.

6. Double taxation risks, as countries may have different taxation requirements and rates.

7. Reduction of tax revenues to the state and local budgets, outflow of funds abroad.

8. Legal risk. The use of offshore zones may lead to violations of legal legislation, and companies may engage in tax evasion.

9. Deoffshorization in offshore zones, i. e. tax requirements in the countries where offshore zones are located may change.

In view of the above, it should be noted that offshore zones provide an opportunity to reduce tax costs, maintain confidentiality and simplify taxation procedures, which may be important for the international expansion of enterprises. However, the use of offshore zones can lead to reputational and business risks, legal complications, restrictions on operations, increased costs, double taxation risks, and tax shortfalls. Ukrainian companies often withdraw their funds to offshore companies, which leads to a significant outflow of capital, and therefore the Ukrainian government needs to develop means to counteract tax evasion.

Taking into account the results of the study, the following measures have been formulated to help prevent tax evasion:

1. Strengthening control over compliance with tax legislation, which is possible through regular inspections of companies' activities regarding the availability of cash registers, reporting, and income taxation.

2. Introduce a system of electronic declaration and electronic calculation of taxes, which will reduce the possibility of document forgery.

3. Reducing the tax burden on individuals and businesses will reduce the risk of tax evasion and increase the legitimacy of the tax system.

4. Development of international cooperation in the field of tax policy, which may include signing tax treaties and international agreements, cooperation between tax authorities of different countries, exchange of information on tax payments and assets located abroad.

5. Development of alternative taxation methods that may reduce the possibility of tax evasion.

6. Improvement of tax legislation and regulation of offshore companies.

7. Control over the use of tax benefits by enterprises and prosecution in case of violation of the law.

Thus, offshoring is becoming an increasingly widespread phenomenon that leads to a significant reduction in tax revenues to the state budget. In this regard, there are ways to counteract offshoring:

1. Increasing tax rates in the country may reduce the involvement of companies in offshore zones due to the reduction of benefits from taxation in other countries.

2. Control over the operation of offshore companies,

which can be achieved by requiring companies to submit detailed reports on their activities in offshore zones.

3. Tax amnesty for companies returning from offshore zones. This may reduce the motivation of companies to use offshore zones and encourage the return of business to their home countries.

4. Abolition of tax incentives for companies using offshore zones.

5. Introduce additional restrictions on investments in offshore zones. For example, restrictions could be imposed on investments in offshore financial instruments or the possibility of using funds from offshore accounts to pay taxes could be excluded.

6. Introduce effective mechanisms to control capital flows and financial flows to offshore zones. This can be achieved through the use of the latest technologies and monitoring tools, as well as cooperation with international organizations and specialized financial institutions.

7. Adjustment of double taxation treaties.

Thus, offshore zones can provide companies with advantages in terms of tax planning, confidentiality, and international expansion. However, they also pose reputational risks, business risks, double taxation risks, reduced tax revenues, and tax evasion. In order to prevent tax evasion, it is advisable to strengthen control over compliance with tax legislation, introduce electronic tax returns and payment systems, reduce the tax burden on individuals and businesses, promote international cooperation in tax policy, improve tax legislation, and control the use of tax benefits.

## Conclusions

Thus, offshore zones are quite often used by Ukrainian companies for tax planning, which leads to a decrease in tax revenues to the budget. There is a demand for companies to reduce their tax burden through tax planning in offshore zones. According to the study, in 2021 the tax burden was 40.8%, and a similar level is observed in many European countries, but for Ukrainian companies this level is quite high. Ukraine has a significant level of shadow economy, which is a complex problem for the country's economic development, and it is growing in transport, postal and courier activities, mining, financial and insurance activities.

The advantages and disadvantages of offshore zones are considered and it is established that the advantages include the possibility of legal tax planning and reduction of tax payments. However, offshore zones can be used for money laundering and other criminal activities, as well as for tax evasion.

It has been established that refusal to use offshore zones may deprive enterprises of the opportunity to take advantage of the benefits provided by this tool, and combating the use of offshore zones for capital outflow may help reduce the shadow market and increase confidence in business in the country. It is necessary to control the activities of companies and their transactions in order to counteract the use of offshore zones for criminal activities. It is also necessary to implement taxation reforms and reduce administrative barriers for business.

Measures to prevent tax evasion and ways to counter offshoring have been developed, aimed at domestic tax



reform and encouraging companies to return their assets to Ukraine, reducing money laundering and shadowing of the economy. The use of offshore zones is a complex issue that requires a comprehensive approach, a balanced strategy, the need to take into account possible consequences, timely response and measures to prevent tax evasion.

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