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CHAMURLIEV GEORGY PAVLOVICH

Features of the development of taxation of offshore companies

Specialty 08.00.10 - Finance, money circulation and credit

Dissertation abstract

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Scientific adviser:

Doctor of Economics, Associate Professor

Tsepilova Elena Sergeevna

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Relevance of the research topic. The processes of globalization, the deepening and intensification of world economic integration, the growth of international trade have led to the fact that in recent decades, virtually all national economies to one degree or another have become more and more susceptible to interdependence and mutual influence. This circumstance stimulated the processes of gradual unification of national tax systems and, at the same time, the desire to use the specifics of tax, administrative and currency regulation of individual economies by non-residents of these countries to obtain additional benefits, as well as bypass the requirements of the legislation of the country of location of the company when transferring its activities to another jurisdiction. ... Therefore, in modern conditions, the favorable tax environment of the jurisdiction has become one of the key factors in the development of international business and attracting investment.

If the company manages to choose such an option for the implementation of activities and the placement of assets, which is based on the lowest level of tax liabilities, then this allows it to maximize its income after tax, and the funds saved on tax payments can be spent on investments, thereby creating conditions for the development of the company and its competitiveness. From the standpoint of an individual company, it can be argued that such a choice leads to economic benefits, which means an increase in economic activity, an acceleration of capital turnover and an improvement in their allocation. However, from the point of view of the state interests of the host country of companies using international tax planning tools in order to reduce their tax liabilities, such schemes have a number of negative consequences for national economies. These consequences include, first of all, tax evasion, which generates a shortfall in budget revenues and unfair tax competition, capital outflow, leading to a decrease in investment activity in the country of its origin, an increase in the shadow economy (including legalization of income obtained by illegal means), financing of black markets and crime, including terrorism.

In recent years, the government of the Russian Federation has been largely concerned about the problem of large-scale budget losses due to the use of low-tax

jurisdictions by taxpayers in order to obtain additional preferences and minimize their tax liabilities. Deoffshorization has become one of the ways to replenish the state budget by returning to the legal field the domestic companies previously withdrawn to foreign offshores.

The relevance of the chosen topic is due to the fact that in Russian economic practice, international tax planning often crosses the legal boundaries of optimizing the tax liabilities of companies and is transformed into tax evasion, which is based on the discrepancy between the information officially declared by companies in financial and tax reporting and the actual indicators of their economic activity. Also due to imperfection of tax regulation and control, shortcomings of the country's tax system, as well as errors in macroeconomic policy in general since the 90s. the last century, there is an urgent problem of capital outflow from Russia to jurisdictions characterized by zero or low taxation (offshore). In addition, in 2020, an additional impetus to the study of this scientific problem was the direct attention of the President of the Russian Federation to the offshore activities of Russian companies and the subsequent set of legislative initiatives.

Sufficient measures have already been taken in this direction both at the global and national levels, however, the unified theoretical and methodological concept of taxation of offshore activities of companies, generally recognized in scientific and business circles, has been transformed in recent years, which requires increased research attention to develop effective practical recommendations on its regulation.

The degree of elaboration of the scientific problem. In domestic and foreign literature, issues related to offshore activities of companies in international tax planning, as well as measures of anti-offshore regulation, are widely covered. Conceptual approaches and analysis of the experience of using offshore companies in foreign economic activity are contained in the works of A.M. Voronina, V.L. Inozemtseva, O.S. Zhivikhina, A.P. Matusevich, J. Robinson, T.V. Patientko, A.I. Pogorletskiy, L.V. Polezharova et al. Tax planning and tax evasion are analyzed in the publications of Ye.S. Vylkova, V.N. Zasko, A.P. Kireeva, I.A. Mayburova, V.G. Panskova, E.S. Tsepilova et al. The tax component of the deoffshorization of the

Russian economy within the BEPS plan is reflected in the works of A.B. Berberova, L.P. Grundel, N.Yu. Kornienko, N.S. Milogolova, M.R. Pinskaya, A.V. Shelepova and others. Dzh.M. Keynes, Yu.B. Ivanov, G.I. Idrisov, L.I. Goncharenko, I.A. Mayburov, V.S. Nazarov, V.G. Panskov et al. Issues of imperfection of state regulation of offshore activities from the standpoint of tax evasion due to the transfer of the tax base to low-tax jurisdictions are widely covered in business periodicals and on Internet resources.

It should also be noted that in the presence of a significant number of scientific works devoted to the problems of offshore activities, this topic is most often presented either only from the position of the state - in a negative way, or only from the position of business - as an instrument of international tax planning, that is, there is no comprehensive analysis of this Problems. The presented dissertation is devoted to the development of the concept of taxation of offshore activities of companies with a combination of interests of commercial structures and the state.

In this study, we will consider the entire possible range of instruments for state tax and non-tax regulation of offshore activities, going beyond the consideration of its negative characteristics and presenting them as a special economic activity of companies in the framework of international tax planning.

The object of research in this work is the economic activity of Russian companies in terms of the use of offshore jurisdictions in international tax planning. The subject of the research is the economic relations arising between the state and Russian taxpayers who use offshore activities in their international tax planning.

The purpose of the study is to develop theoretical and methodological approaches to taxation of offshore activities of Russian companies, carried out in international tax planning, to develop directions for improving tax and non-tax regulation of such activities.

The subject of the research is the economic relations arising between the state and Russian taxpayers who use offshore activities in their international tax planning.

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approaches to taxation of offshore activities of Russian companies, carried out in international tax planning, to develop directions for improving tax and non-tax regulation of such activities.

This goal has made it necessary to solve the following tasks:

- 1) determine the essence and make the classification of offshore companies in international taxation;
- 2) explore the evolutionary aspects of the functioning of offshore jurisdictions, with an emphasis on the current stage;
- 3) reveal the features of international tax planning;
- 4) analyze options for international tax planning using low-tax jurisdictions;
- 5) assess the consequences of the application of offshore tax evasion schemes for the macroeconomics of the Russian Federation;
- 6) describe the offshore activities of Russian companies;
- 7) study international experience (national and interstate) of tax and non-tax regulation of offshore activities of companies;
- 8) identify promising directions for the development of tax and non-tax regulation of offshore activities of Russian companies.

The theoretical basis of the research is the fundamental scientific works of foreign and domestic scientists in the field of taxation theory, state regulation of the economy, tax regulation, international tax planning, offshore activities. The study was conducted based on the legislation of the Russian Federation, regulations of the Ministry of Finance of the Russian Federation, the Federal Tax Service of the Russian Federation, OECD and other national and supranational structures related to offshore regulation.

The methodological basis was the key provisions of world economic science and the theory of taxation, legislative acts on anti-offshore policy, the works of domestic and foreign scientists in the field of the theory of tax regulation and international tax planning, deoffshorization of the economy. In preparing the dissertation, the following research methods and scientific knowledge were used: comparative analysis, systems approach, analogy method, historical and logical

approaches, scientific abstraction, method of statistical groupings and expert assessments.

Research information base. The dissertation was prepared using scientific monographs and articles in specialized periodicals on offshorization and deoffshorization of the Russian economy, taxation, tax regulation and planning, using statistical data from the Bank of Russia, the Ministry of Finance of the Russian Federation, Federal Tax Service of the Russian Federation, tax services of foreign countries, analytical reports international economic organizations.

The validity and reliability of the research results. The results and recommendations of the dissertation were obtained and substantiated using empirical and systemic analysis, modern theoretical and practical provisions of taxation of offshore companies. The reliability of the results of the dissertation work is due to the use of generalized best practices on the topic under consideration as the basis of the author's approach.

The main provisions of **scientific novelty** submitted for defense are as follows:

1. Proposed: 1.1) the author's interpretation of the definition of "offshore" - a state or part of its territory pursuing a targeted policy of providing non-residents with organizational and financial services on terms of low or zero taxation, strict confidentiality, simplified registration, and control procedures, if they conduct their activities only outside the country. A feature of this definition, which distinguishes it from the existing ones, is the emphasis on the possibility of preferential conditions for conducting activities exclusively for non-residents and only outside the country, so as not to create competition for local entrepreneurs; this interpretation also excludes countries that have low tax rates for the development of certain sectors of the economy or certain regions of the country (p. 18-19); 1.2) the content of the terms previously missing in the literature: 1.2.1 "offshore activities" - a set of all forms and types of transactions involving companies from offshore and "transit" jurisdictions, using financial instruments, organizational, tax, currency and legal conditions; its conceptual feature is the focus on the shift in business activity in the

activities of companies from onshore jurisdictions from traditional offshore to "transit" jurisdictions (p. 20); 1.2.2 "tax regulation of offshore activities" - a set of measures for the targeted impact of managing entities - national and supranational structures on the objects of regulation - tax residents practicing offshore activities, as well as offshore and "transit" jurisdictions through their economic interests (p. 95). Their introduction into scientific circulation enriches the theory of international taxation and is the starting point of the author's concept of taxation of offshore companies.

2. The author's concept of taxation of offshore activities of companies at the present stage of development of the world economy in the context of increasing de-globalization processes, digitalization and technologization of the economy was compiled, linking in a systemic unity onshore, offshore and "transit" jurisdictions, to differentiate effective instruments for regulating such activities, depending on applicable options for international tax planning (p. 28-30). The approaches proposed in earlier scientific studies do not consider this relationship.

3. Based on the author's stageization of the evolution of offshore activities, the characteristic features of its current (sixth) stage of development are highlighted: narrowing of the use of traditional offshore companies; a shift in demand from traditional offshore companies to companies from "transit" jurisdictions; increasing tax competition between "transit" countries and onshore countries (pp. 44-48).

4. Individual indicators of the fiscal effectiveness of the current CFC rules (pp. 103-105) were proposed, evaluated and interpreted, and budgetary risks of shortfall in income were identified, taking into account changes in CFC taxation for the 2020 tax period (pp. 124-126).

5. A matrix of effective tax and non-tax regulation of offshore activities of companies has been proposed, in which its four most important features, according to the OECD, are linked to seventeen author's versions of international tax planning and two vectors of regulation of such activities are summarized, which made it possible to present the directions of effective tax and non-tax regulation of offshore activities Russian companies (p. 119-121).

6. Based on the best world practices and Russian specifics, the author's proposals were formulated to improve tax and non-tax regulation of offshore activities of Russian companies: 1) revision of the taxation conditions for controlled foreign companies (CFCs) - it is proposed to tax only "passive" income of CFCs, applying the methodological approach "analysis of transactions" (p. 126); the inappropriateness of the transfer of CFC income from marketing, consulting and other services from passive to active was noted (p. 127); 2) the need to exchange tax information on transactions with cryptocurrency (p. 128); 3) when revising agreements (treaties) on the avoidance of double taxation with "transit" jurisdictions, it is proposed to shift the taxation law to the country - a source of income through an increase in rates on passive income (pp. 133-134); 4) as part of the regulation of the holding regime in special administrative regions - the Kaliningrad region and the Primorsky Territory - it is proposed to legislatively provide for the presence of "hybrid" structures, when a foreign company legally remains foreign, but becomes a Russian tax resident and, accordingly, pays taxes like a typical Russian organization (p. 136-137).

The theoretical significance of the study lies in the fact that its main conclusions and provisions contribute to the development of theoretical and methodological aspects of taxation of offshore companies.

The practical significance of the study lies in the possibility of using the main theoretical provisions and conclusions, specific practical recommendations by the state authorities of the Russian Federation (the Ministry of Finance of the Russian Federation, the Federal Tax Service of the Russian Federation, etc.) in order to improve the legal framework and practice of tax and non-tax regulation of offshore activities and countering illegal tax evasion. Thesis materials may be in demand in further interdisciplinary research on tax regulation of offshore activities, in the educational process of universities in the study of disciplines "Tax regulation", "Taxation of foreign economic activity", "International taxation", etc.

The field of study corresponds to the specialization 08.00.10. "Finance, money circulation and credit" Passports of specialties of the Higher Attestation

Commission of the Russian Federation (clause 2.5 "Tax regulation of sectors of the economy", clause 3.14 "Theory, methodology and basic concepts of taxation of business entities").

Approbation of research results. The main provisions of the dissertation are reflected in five publications of the author in peer-reviewed editions recommended by the Higher Attestation Commission of the Ministry of Science and Higher Education of the Russian Federation, and were also reported at the International Conference Session "Public Administration and Development of Russia: Global Threats and Structural Changes" (Moscow, IGSU RANEPА under the President RF, May 18-22, 2020), at the IX International Scientific and Practical Conference "Topical Issues of the Modern Economy in the Global World" (Makhachkala, Dagestan State University, June 15-16 2020), at the III international scientific conference "Management of innovations: challenges and opportunities for the development of economic and social sectors" (Kaliningrad, IKBFU, October 8-9, 2020), at the All-Russian scientific and practical conference "Theoretical and practical aspects of the transformation of the tax system of Russia" (Rostov-on-Don, Russian State Economic University (RINH), November 12, 2020), at the XII International Scientific and Practical Conference "December Readings in Memory of S. B. Barngolz. Digital transformation of accounting, control and analytical business processes "(Moscow, Financial University under the Government of the Russian Federation, December 11, 2020).

Work structure. The dissertation consists of an introduction, a main part, which includes 3 chapters, conclusions, a bibliography and 9 appendices. The work contains 7 tables, 5 figures; the bibliography includes 195 titles.