

## Cyprus as one of the most attractive offshore areas for Ukraine

Olga Maziar, Nataliia Bozhok

**Introduction.** Nowadays, the trend of the offshore market development has been expanding substantially. The outflow of capital to offshore zones has negative consequences for the Ukrainian economy because it has some influence on the level of tax revenues in the country's budget and on reducing of the efficiency of Ukrainian economy.

**Materials and methods.** The largest contribution on the development themes of the existence and activities of offshore zones and the outflow of capital to it was made by such scientists as M. Baimuratova, D. Kose, I. Galkin, V. Vishnevsky, U. Kozak, N. Moskalenko. Scientific methods used in thesis may be defined as methods of theoretical and analytics synthesis and comparison.

**Results.** Today, entrepreneurs are looking for different ways to minimize taxes as legal and not legal. One of the most versatile and effective tools for optimizing income taxation is using of offshore zone mechanisms. Offshore is the territories that provide preferential treatment for financial and credit operations with foreign participants in foreign currency. There are more than 60 countries in the world that provide provide preferential treatment for offshore companies. Most often, offshore zones are island territories, small states or their separate territories. The most popular of them are Cyprus, British Virgin Islands, Panama, Gibraltar, Bahamas, Ireland and Liechtenstein. Direct investments from Ukraine were made in 51 countries of the world, most of them directed to Cyprus (table 1).

Table 1

**Direct investments from Ukraine in countries of the world from 2015 to 2017.**

Country	Amount of direct investments, million dollars of USA		
	2015	2016	2017
Cyprus	5926,1	5923,7	5930,5
Russia	196,4	122,8	144,1
Poland	53,4	50,2	48,7
Latvia	85,0	69,8	68,4
British Virgin Islands	25,8	51,3	57,6
Sum	6456,2	6315,2	6346,3

So, using statistic information we can claim that the amount of direct investment from Ukraine to Cyprus and British Virgin Islands increased as a persantage of general amount of direct investments from Ukraine in countries of the world. The amount of capital's outflow from Ukraine to Cyprus was 91,8% in 2015; 93,8% in 2016; 93,4% in 2017. Such attractiveness of this offshore zone for Ukraine can explain using the fact, that Ukraine and Cyprus made negotiation about avoiding of double taxation many years ago. So, Cyprus is a convenient investment platform for Ukraine.

**Conclusions.** Generally Cyprus has created all necessary conditions to appeal Ukrainian entrepreneurs to outflow of capital there: low income tax (1-2%), simplified registration procedure, the amount of repatriated currency is unlimited, loyal local government. However, it has negative influence on Ukrainian economy and its government must take action to limit the outflow of the Ukraine's capital.

### References

1. Офіційний сайт Держкомстату України [Електронний ресурс]: - Режим доступу: <http://www.ukrstat.gov.ua/>.