JTSR (2022) 29(2): 57-78
DOI 10.14665/1614-4007-29-2-004

PAPER

Tax unification in the context of migration and the activities of international corporations

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Abstract The purpose of the article is to carry out a comprehensive analysis and scientific substantiation of current trends in labor migration and tax unification in the context of the development of international corporations in today's globalized world. The leading approach to studying the issue under consideration was generally theoretical, economic, and mathematical methods of scientific cognition. Historical and abstract-logical methods helped to study the causes of the emergence and the strengthening of sentiments towards migration on a global scale. Analogy and extrapolation were used to study the global trends in tax unification under the development of international corporations and define vectors for Ukraine's development.

The article presents the research results concerning the migration situation and the level of human capital development in Ukraine. The article analyzes how remittances from migrant workers affect the economy of Ukraine and the world in the context of the development of international corporations. The authors describe the world trends on the feasibility of introducing unified income taxation in the context of the development of international corporations and outline vectors for Ukraine's development.

The materials of this article can be helpful for scientists and practitioners working on labor migration, tax unification, and the development of international corporations in the globalized world for the following purposes: for planning and forecasting scientific research, teachers of higher education institutions for training highly qualified personnel, and other interested persons.

Keywords: taxation, migration, international corporations, tax unification, tax security, investment processes.

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JEL Classification: H2, O15.

1. Introduction

Given the current development of the world economy and international economic relations, tax unification is crucial since it allows for counteracting unfair tax competition between countries and ensures the free movement of capital. The world governments are trying to unify direct and indirect taxation, counter tax evasion, and combat the laundering of illegal income. Taxes are the primary source of filling the state budget, while payroll taxes provide a significant part of tax revenues.

Therefore, the governments of developed countries are aware of the need to maximally reconcile the interests of the state and taxpayers since the tax security of each state depends on it.

Due to the development of the activities of international corporations and the intensification of migration processes, many countries of the world and Ukraine hold it essential to unify taxation according to the legislation of the European Union (from now on - the EU) and harmonize it with European standards. The unfavorable socio-economic situation in the country moves many workers towards the decision to travel abroad (mainly to EU member states) for employment. International corporations, in turn, receive cheap labor and often abuse the official employment of foreign hires or underestimate their real wages to reduce the tax burden on their businesses. According to S.M. Shulyarenko and T.M. Prikhodko (2021), "the amount of payroll tax often determines not only the level of labor remuneration but also the level of business shadowing. Moreover, it is a reason job seekers find employment in foreign countries with lower income taxes."

After all, the strong development of e-commerce demonstrates stable indicators from year to year, especially during quarantine restrictions caused by the spread of COVID-19. On the one hand, e-commerce has led to the exacerbation of the world economic crisis and, on the other hand, promoted business reorientation online. The virtual nature of transactions allows the reorientation of business to any part of the world (including low-tax jurisdictions) (Lytvyn et al., 2021). Thus, scientists hold an active discussion on tax unification to prevent tax competition between countries since it can threaten national tax security and cause a shortfall in tax revenues to the state budget. In turn, the above situation entails numerous negative consequences, such as an increase in the budget deficit and abuse of tax legislation in order to avoid or evade taxes, leaving the state unable to perform its functions.

The issue of migration policy is extremely urgent in EU countries. Several EU countries have faced the problem when the flow of migrant workers intensifies not only from developing countries but also from the EU member states. The EU discusses the containment of migration processes, mainly by introducing restrictive measures to address the current situation. In particular, they discuss introducing restrictive

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measures, such as deprivation or restriction of migrants' rights to tax benefits and certain types of social assistance (Galushchak et al., 2021). The issue of prohibiting incoming flows of refugees is also under focus since frequent armed conflicts in different parts of the world force people to migrate to countries with developed economies, social assistance, and various benefits for such population segments.

However, scientists highlight the positive consequences of increased migration, including the following: the slowdown of aging in the countries of destination (since migrants are mainly persons of 20–64 years old); the exchange of cultural values (bringing the cultural features of the homeland into the social environment of the country of destination); the movement of financial flows, and so forth (Malinovska, 2018). The migration does not necessarily mean sheltering. Many migrants can prove their usefulness to the destination country as they have significant intellectual potential, are competitive and purposeful, and seek self-fulfillment when leaving for employment abroad. At one time, Teresa Albano (2016), the international affairs officer of the Office of the Coordinator of OSCE (Organization for Security and Cooperation in Europe) Economic and Environmental Activities, noted that migration increasingly plays the role of a powerful engine of global economic development, growth, and prosperity.

Remittances from migrant workers to developing economies have proved on a global scale to increase yearly and be a relatively stable source of foreign exchange earnings. The above has a positive impact not only on the development of the countries of destination but also on the recipient countries, contributing to the maintenance of the socio-economic situation in these countries. It is worth noting that remittance inflows play the role of a financial buffer in times of financial and economic crises since they depend less on the economic cycle (Tokarchuk, 2020).

Therefore, the issue of tax unification in the context of migration and the development of international corporations is relevant and requires detailed scientific research to study the features and develop adequate tools for its regulation.

2. Literature review

Scientific research on tax unification, migration processes, and international corporations' activitiesis relevant among scientists. O.A. Malinovska (2018) has studied the current situation with migration in Ukraine and the world, the historical prerequisites for the formation and development of migration policy in the EU member states, the vectors, factors, consequences of international migration in the context of globalization, and its impact on the development and security of countries. The researcher concludes that migration is not a problem that needs a solution but a reality to be considered and prepared. Malinovska (2018) also notes that sentiments toward migration are strengthening globally. Among them, there are the following: the intensification of globalization processes, the absence of obstacles to free trade between states, the formation of transnational business and the international labor

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market, the internationalization of the educational and scientific environment, etc. Social inequality at the national and global levels is believed to be a decisive factor in migration since people (mainly young) choose to migrate to countries with better opportunities for their self-implementation, promoting social cohesion and improving living standards and education.

In turn, N. Korolenko and A. Petrosyan (2021) investigate the causes and consequences of labor migration in the world and emphasize that the COVID-19 pandemic and adopted restrictive measures, including restrictions on movement between countries, have led to a temporary slowdown in migration processes at the global level. However, stabilizing the above situation is expected to intensify migration processes. In this regard, the world's governments should be ready to respond to them promptly. The scientists focus on the need to regulate migration at the national and international levels through stricter requirements for migrants. After all, one should consider that migration can be voluntary and forced. This, in turn, entails numerous cases of illegal migration, accompanied by such risks for countries as a violation of migration law, and complications of the financial capabilities of state bodies and intergovernmental organizations.

N.O. Kleshchenko (2020) has studied theoretical and applied aspects of the unification of legislation in terms of the historical aspects of its development as a separate legal phenomenon, types, legal nature, international standards, state, and prospects of development. The researcher reasonably proves that model rulemaking and international treaties are effective means of unification of legislation. Consequently, the successful integration of Ukraine into the European Community and the establishment of in-depth cooperation with its member states directly depends on the level of harmonization of domestic legislation with the legal rules of the European Union.

A.I. Krysovaty and V.A. Valigura (2010) have considered some issues of harmonization and unification of tax legislation in their scientific works. The researchers note that capital mobility, factors of production, and the activation of migration processes produce the need for tax unification. Having studied the processes of tax harmonization in detail, scientists conclude it involves interstate tax unification between the EU member states to prevent capital outflow in low-tax jurisdictions. At the same time, the researchers note that each state should assess the set of benefits that it can receive as a result of the unification of tax legislation before starting the process itself. After all, the benefit of tax unification can be the prevention of capital and labor outflow abroad or the establishment of an optimal level of taxation satisfactory to the interests of the country and taxpayers.

The issue of harmonization of domestic tax legislation with the legislation of the European Union is significant for Ukraine, which has chosen the course for European integration. The EU member states have achieved the highest level of tax harmonization as of today. The principal elements of harmonization are the implementation of the provisions of EU directives on taxation, mutual recognition of national standards in force, accession to international conventions, adoption of agreements on the avoidance of double taxation,and so forth. Furthermore, the intensification of migration processes has actualized the issue of unification of taxation law among both individuals and business structures. The above can be explained to some extent by the fact that globalization processes allow "erasing" borders between states and moving business anywhere in the world; in turn, individuals receive the opportunity for labor tourism.

Scientific circles also emphasize it is important to distinguish between the concepts of "tax harmonization" and "tax unification" since individual researchers use the mentioned terms as synonyms. Thus, the concept of harmonization means convergence to uniform norms, while unification denotes reduction to uniform standards (European Union law, 2021). K. Yashchenko (2002) has studied the unification of legal rules and the harmonization of national legislation in the EU member states. The researcher notes that the main difference between harmonization and unification is that the latter aims to introduce the exact application of uniform legal rules in all EU member states. Harmonization, in turn, involves the introduction of a single result of the operation of legal rules. In turn, the economic encyclopedia edited by S.V. Mocherny (2000) provides the following definition: tax harmonization is the coordination of tax policy, systematization, and unification of taxes and tax systems of countries that are part of international, regional groups.

While paying tribute to the above scientific works, the problem of tax unification in the context of migration and the activities of international corporations remains insufficiently studied. The reason may be that the problem of taxation of specific business entities was previously solved at the level of individual states. In contrast, this process is at the global level today and inextricably linked with international tax policy trends.

3. Materials and Methods

The study's methodological basis was general theoretical, economic, and mathematical methods of scientific cognition. Historical and abstract-logical methods helped to study the causes of the emergence and the strengthening of sentiments towards migration on a global scale. The authors used theoretical generalization, comparison, and grouping to generalize the theoretical principles and practice in regulating migration at the national and international levels and the issues in tax harmonization and unification.

The methods of analysis and synthesis allowed the authors to examine the following: statistical data on the dynamics of unemployed persons in Ukraine; age and professional groups of the population set up for labor migration abroad; the volume of expenditures from the state budget on the development of human capital; the cause-effect relationship between the activation in migration processes and socio-economic support of the country's population, between capital and tax revenue from labor taxation. Analogy and extrapolation were used to study the global trends in tax

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unification under the development of international corporations and define vectors for Ukraine's development.

The authors used a graphical representation of data to visualize the statistical material on the dynamics of the number of unemployed in Ukraine in 2010–2020, the volume of expenditures from the consolidated state budget at the development of human capital in 2014–2021, the volume of private remittances to Ukraine in 2010–2020, and the top 10 countries in the world for the most significant volumes of private remittances to Ukraine.

The paper provided an analysis of the following indicators:

- the National Bank of Ukraine - on the volume of private remittances to Ukraine in 2010–2020 by types of transfers and as a percentage of GDP. A sample was made according to the countries with the most significant volumes of private remittances to Ukraine in 2015–2020;
- the Ministry of Finance of Ukraine – on the volume of expenditures of the consolidated budget of Ukraine for the development of human capital in 2014–2021 and the amount of corporate income tax and personal income tax paid;
- the "Rating" group (2020) – the results of a social survey on sentiments toward migration among the population of Ukraine;
- the Institute of Demography and Social Studies (2021) – a study on the number of people in Ukraine who migrated abroad for one reason or another;
- statistics – the number of unemployed persons in Ukraine in 2010–2020;
- Growford Institute – on the share of corporate income tax and personal income tax in the GDP structure in Ukraine in 2001–2021;
- trends in the unification of corporate income taxes in developed countries.

The study was carried out in three stages. In the first stage, the authors generalized the existing theoretical and methodological approaches presented in the economic and legal scientific literature, expert studies, dissertations, and monographic studies of domestic and foreign scientists on the subject under study. The issues that require in-depth exploration were identified, the goal was formed, and research methods were selected.

In the second stage, the authors identified and structured conditions that caused the intensification of migration processes in Ukraine and the world. Positive and negative aspects of migration in the context of globalization were determined. The authors also described trends in the migration situation and the level of human capital development in Ukraine. The second stage of the study provided an analysis of the impact of remittances from migrant workers on the development of the economy and investment processes in Ukraine from 2015 to 2021. Problematic issues of tax unification in the context of increased migration and the development of international corporations were studied. The authors found that a balanced migration policy and the introduction of unified taxation rules under the development of international corporations would significantly contribute to the countries' economic growth.

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The authors summarized and systemized the results obtained and drew conclusions during the third stage of the study.

4. Results and Discussion

4.1 General characteristics of the migration situation and the level of human capital development in Ukraine

The state's indicators of human capital development depend on its economic, political, and social situation. The issue of human capital development is painful for Ukraine, which has suffered from Russian military aggression on the territory of the Luhansk and Donetsk regions and the temporary annexation of the Autonomous Republic of Crimea since 2014. The above has led to internal and external migration processes in the country, increased unemployment, the closure of numerous enterprises, the exacerbation of an economic crisis. According to the State Statistics Service of Ukraine (2021), the unemployment rate was more than 1 million 674 thousand people in 2020, which was 186.5 thousand people more than in 2019 (statistical data for 2021 have not been published yet) (Figure 1). The unemployment rate is growing among all age groups of the population.

According to the State Employment Service (2021), the number of registered unemployed in Ukraine was 56% women and 44% men as of January 1, 2021. Of the total number of registered unemployed, 30% are under 30 years old, 29% are from 35 to 44 years old, and 41% are over 45 years old. In the sample made according to education received, 49% (!) of registered unemployed persons had higher education, 34% had vocational education, and 17% had general secondary education. There is an imbalance between the country's supply and demand for labor. Furthermore, it significantly increased in 2021 if compared to 2020. Thus, six unemployed people, on average, applied for one vacant job as of January 1, 2020, then this number increased to 11 people as of January 1, 2021. However, the situation is even more critical if we consider occupational qualifications. For example, 41 experts applied for one vacant job in the field of agriculture, one vacant job had 25 applicants in the field of employment and management, 15 applicants - in the field of trade and services, and 15 applicants - in the technical sphere (State Employment Service, 2021). As can be seen from Figure 1, the unemployment situation in Ukraine has remained tense in recent years. In addition, the sample does not cover the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, and parts of the temporarily occupied territories in the Donetsk and Luhansk regions. Unemployment is also increasing among the population in the EU member states. In particular, the unemployment rate increased from 6.3% to 7.6% in the EU member states during the nine months of 2020.

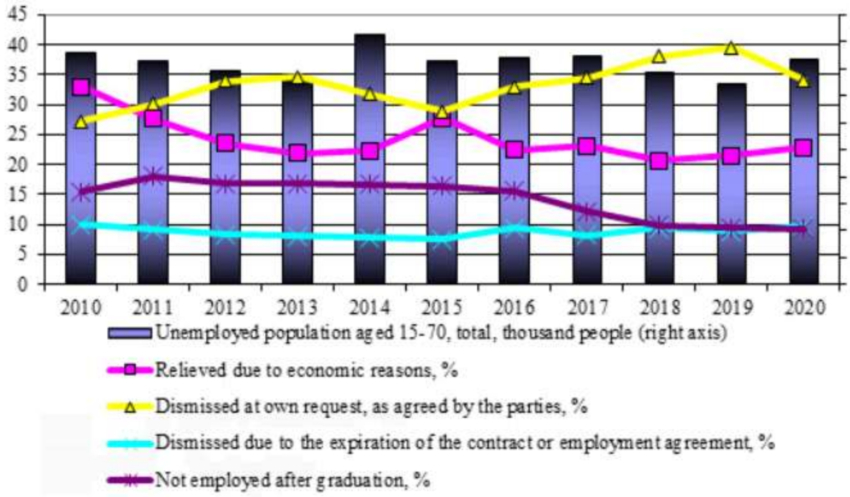

Figure 1. Quantitative indicators on the number of unemployed persons in Ukraine in 2010–2020

Note: data for 2014–2020 are given without taking into account the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, and parts of the temporarily occupied territories in Donetsk and Luhansk regions

Source: compiled by the authors according to the State Statistics Service of Ukraine (2021).

However, it is worth noting that the government of Ukraine has been increasing expenditures for the development of human capital to stabilize it from 2014 to 2021 (Ministry of Finance of Ukraine, 2021). As can be seen from Figure 2, funding for education tripled in money terms from 2014 to 2021 (from UAH 100,109.5 million in 2014 to UAH 31,2914.6 million in 2021). Funding for the spiritual and physical development of the population increased by more than three times (from UAH 13,857.7 million in 2014 to UAH 43,358.4 million in 2021). Funding for health care increased by 3.5 times (from UAH 57,150.1 million in 2014 to UAH 20,3610.4 million in 2021), and funding for expenditures on social protection and social security increased by 2.6 times (from UAH 138,004.7 million in 2014 to UAH 36,7346.6 million in 2021). If we speak about the percentage ratio, there were permanent fluctuations in the amount of funding for the above spheres during the said period. Thus, the authors compared the sample indicators in 2014 and 2021. If the financing for education amounted to 19.14% of the total planned expenditures from the country's consolidated budget in 2014, then it decreased to 16.97% in 2021. The financing for the spiritual and physical development of the population decreased from 2.65% in 2014 to 2.35% in 2021. The financing for health care was the only sample indicator that slightly increased in percentage terms (by 0.12%) during the period under study and amounted to 11.04% in 2021 compared to 10.92% in 2014. At the same time, the state funding for expenditures on social protection and social security of the population decreased from 26.38% to

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19.2% (-7.18%) of the total amount of planned expenditures from the consolidated budget of the country from 2014 to 2021 (Ministry of Finance of Ukraine, 2021).

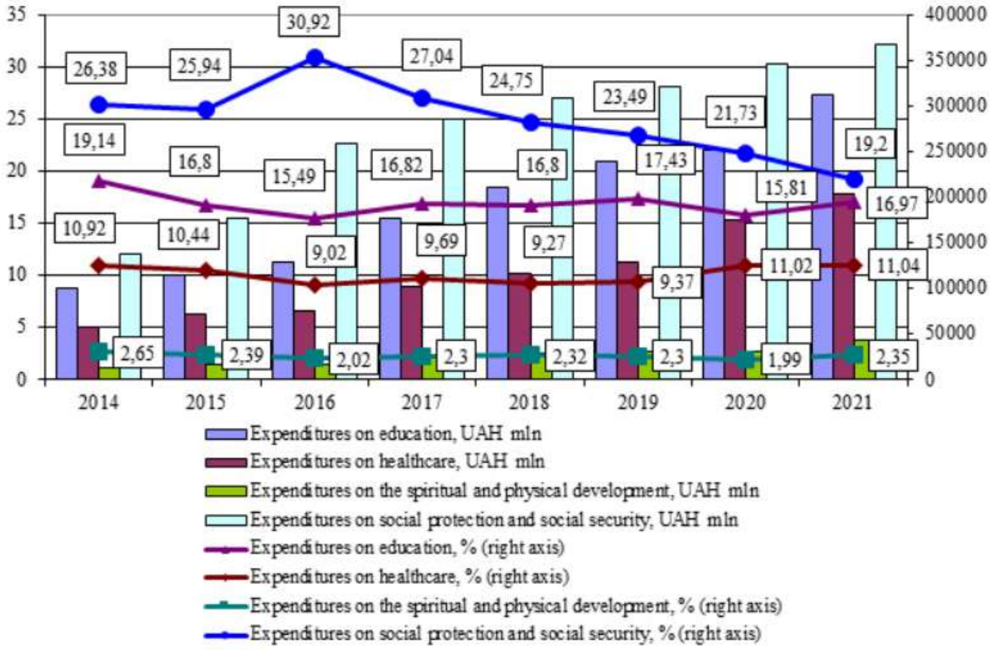

Figure 2. Volumes of expenditures from the consolidated budget of Ukraine for human capital development in 2014–2021

Note: data for 2014–2020 are given without taking into account the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, and parts of the temporarily occupied territories in Donetsk and Luhansk regions

Source: compiled by the authors according to the Ministry of Finance of Ukraine (2021).

According to official information from the Institute of Demography and Social Studies (slovoidilo.ua, 2021), about 2.5-3 million of the country's population migrated abroad for one reason or another as of 2021. However, if we take unofficial data, the number of migrants can be much higher. There is a lack of reliable information on the exact number of migrants since Ukraine has not conducted a population census for 20 years. The authors note the sentiments toward migration among the population are active due to low wages in the country, high unemployment rates, low level of socio-economic support, a protracted crisis in almost all spheres, military actions in the East of the country, the annexation of the Autonomous Republic of Crimea, etc. The pandemic caused by the spread of COVID–19 slowed migration processes somewhat, and some migrant workers returned to Ukraine in 2019–2020 (for example, about 400–500 thousand people returned in 2020). However, the results of a social survey conducted by the Ranking group in 2020 showed that 38% of the people covered by the sample thought about leaving Ukraine, of which 45% of the people were going to leave

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Ukraine to meet the needs of their families, 23% – for self-realization, and 25% - due to the lack of prospects at home. The age of more than 60% of Ukrainians who took part in the survey and considered the issue of labor migration as of 2021 was from 18 to 29 years, more than 50% of these Ukrainians were from 30 to 39 years, and about 46% were from 40 to 49 years (Labor migration: How many Ukrainians worked abroad in 2019-2021, 2021). The age groups of the population, who are most economically active, think over the possibilities of labor migration for one reason or another. Nor do the likely difficulties faced by migrants abroad become an obstacle.

According to the migration expert O. Malinovska (2021), Ukraine has an estimated population of about 41.6 million, of which about 23% live below the poverty line. The above should be a wake-up call for the Government to take urgent measures to create decent living conditions. After all, migration for earning purposes can be a starting point for deciding to move abroad for permanent residence. All the above, in turn, will lead to the nation's aging, an increase in the burden on the Pension Fund of Ukraine, a deterioration in the demographic situation, a decrease in tax revenues to the state budget

The situation is especially threatening in terms of intellectual resources outflow. The most dangerous is the situation for the recipient countries since it can cause a deterioration in their socio-economic development and a slowdown in the formation of the middle class.

4.2 Analysis of the impact of remittances from migrant workers on the economy of Ukraine under the development of international corporations

Even though permanent fluctuations characterized the volumes of private revenues to Ukraine, migrant workers have significantly replenished the country with foreign exchange earnings (Figure 3). A significant decrease in such revenues occurred in 2014 – from $6,489 million to $8,537 million in 2013. The growth rate of private transfers to Ukraine increased rapidly from 2017 to 2020. The growth was facilitated by signing the agreement on a visa-free regime between Ukraine and the European Union (except Ireland) in May 2017. In addition, the Government of Ukraine adopted the Strategy for State Migration Policy for the period up to 2025 in the same year, which significantly simplified the rules for crossing the border with the EU (Order of the Cabinet of Ministers of Ukraine No 482-r..., 2017). Ukraine received about $11980 million in private transfers in 2020, which was twice as much as in 2010. The volume of private revenues to Ukraine from migrant workers working abroad for more than a year was about $934 million in 2019. In 2020, this volume constituted $1,163 million. Volumes of other private transfers amounted to about USD 2080 million in 2019 and more than USD 2312 million in 2020 (National Bank of Ukraine, 2021). Remittances from migrant workers to Ukraine have almost doubled over the past ten years; they are a stable source of foreign exchange earnings and act as a so-called financial buffer during the crisis (Tokarchuk, 2020). The volume of remittances proved

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to be a significant component of the gross domestic product (GDP) of the state since it increased from 4.8% in 2014 to 7.7% in 2019-2020 despite the permanent fluctuations in the sample indicators, the protracted financial and economic crisis, exacerbated by the spread of COVID–19, or the return of many migrant workers to Ukraine due to job loss (Figure 3) (National Bank of Ukraine, 2021).

Figure 3. Dynamics of private remittances to Ukraine in 2010–2020 *
Note: data for 2014–2020 are given without taking into account the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, and parts of the temporarily occupied territories in Donetsk and Luhansk regions
Source: compiled by the authors according to the National Bank of Ukraine (2021).

According to statistical reporting published by the National Bank of Ukraine (2021), the estimated amount of taxes paid by labor migrants from Ukraine in the host countries was about USD 3 billion from 2010 to 2020.

However, if we take unofficial data, the amount can be much higher since migrants sometimes are unofficially employed, being a shadow segment of labor migration. Illegal migrants do not reveal real income in their income tax returns and make remittances to their home countries through informal channels (transfer of cash or other valuables from one household to another), avoiding official channels for transferring funds (banks, international funds transfer systems).

Remittances from migrant workers contribute to the revitalization of investment processes in Ukraine. Marets and Padovska (2018) note that these remittances reduce the investment risks of households, allow the release of other funds for investment, reduce the risks of domestic economic instability, and help to cheapen loans by transforming into savings and accumulating in financial institutions. All this, in turn, contributes to an increase in investment at the expense of borrowed funds. International corporations, represented in the domestic market, also contribute to attracting foreign

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direct investment in the economy of Ukraine. The following industries are the most attractive for foreign investments: the food industry and processing of agriculture products (about 15.7% of the total investment), trade (15.6%), finance (8.5%), machine building (8%), and transport (about 7.6%). The most prominent representatives of international corporations in Ukraine are Coca-Cola, Toyota, Nestle, Nokia, Samsung, Metro Cash&Carry, Hewlett-Packard, Mittal Steel, British American Tobacco, and others (Kuzmenko et al., 2019).

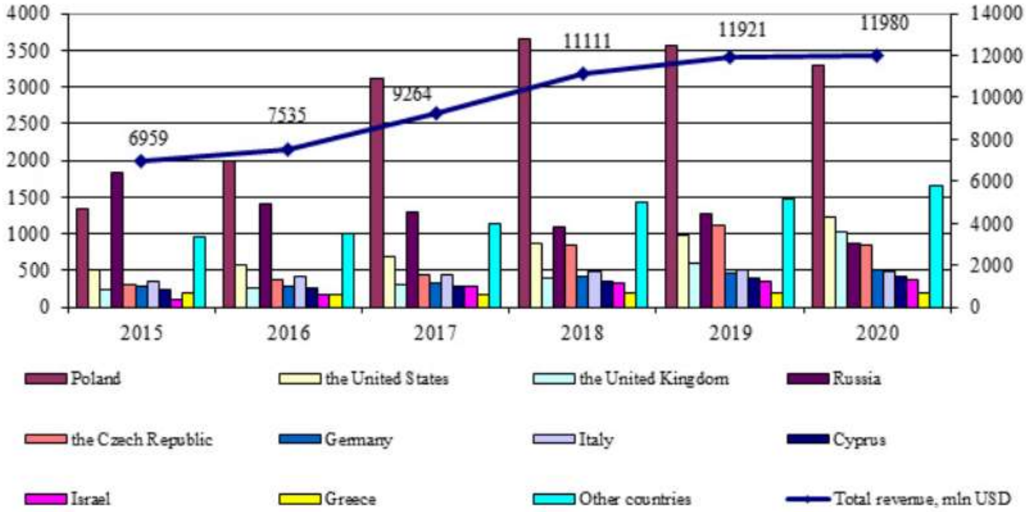

Figure 4. Top 10 countries by the largest volumes of private remittances to Ukraine in 2015–2020, USD mln

Source: compiled by the authors according to the National Bank of Ukraine (2021).

Figure 4 presents the top 10 countries for Ukraine's largest volumes of private remittances in 2015–2020. These countries are the most attractive for domestic migrants. According to the data published by the National Bank of Ukraine (2021), the volume of private remittances from migrant workers to Ukraine has constantly been growing during the said period. It almost doubled in 2020 compared to 2015. In particular, migrant workers transferred about USD 6,959 million to their families in 2015 and USD 11,980 million in 2020. Figure 4 shows that the largest amounts of remittances came from migrant workers who left to work in Poland (USD 3,300 million in 2020), the United States (USD 1,220 million in 2020), the Czech Republic (USD 834 million in 2020), the United Kingdom (USD 1,013 million in 2020) and Russia (USD 863 million in 2020). At the same time, the geographical structure of the countries of destination of Ukrainian migrant workers changed from 2015 to 2020.

As we see in Figures 4 and 5, migrant workers have slightly shifted their priorities in choosing a country for employment under the influence of political, socio-economic, and other factors. In percentage terms, the total volume of private remittances from

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Poland increased from 19.1% in 2015 to 27.5% in 2020, remittances from the United States increased from 7.4% in 2015 to 10.2% in 2020, and remittances from the United Kingdom increased from 3.5% in 2015 to 8.5% in 2020. The authors should note that the volume of remittances from migrant workers in Russia to Ukraine decreased from 26.4% in 2015 to 7.2% in 2020. The above is due to the ongoing military aggression in Ukraine started by Russia in 2014. The majority of Ukrainians who worked in Russia until 2014 have reoriented to other countries (Figures 4 and 5) (National Bank of Ukraine, 2021).

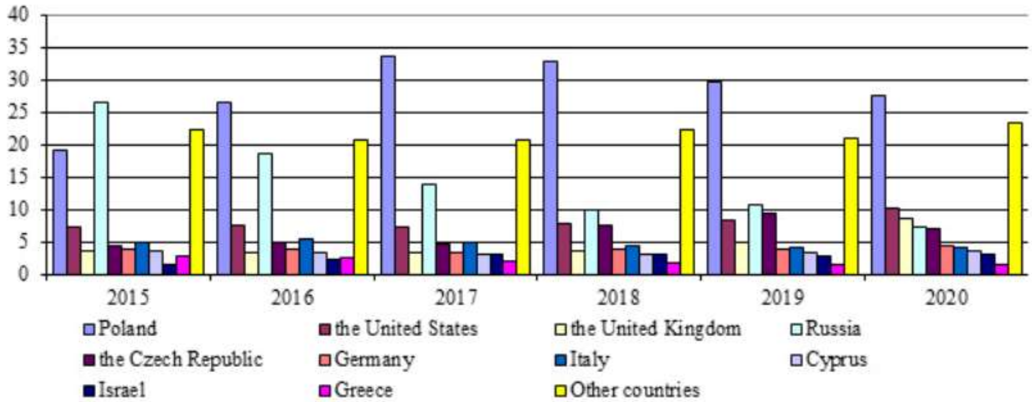

Figure 5. Top 10 countries by the largest volumes of private remittances to Ukraine as a percentage of the total in 2015–2020
Source: compiled by the authors according to the National Bank of Ukraine (2021).

German scientists have estimated that an average migrant brings about 50 thousand euros of net income to the country of destination during their lives. The results of research by American scientists showed that the state spends more money on a migrant than it receives at first, but the net income from taxes paid by a migrant reaches about USD 80 thousand in the end. The income from migration is calculated as the difference between the contributions to the state budget made by migrants and the payments they received (Malinovska, 2018.).

Albano (2016) highlights that one should apply migration as a factor in the development and growth of the economy and perceive it as a structural feature of the global economy. At the same time, it is necessary to provide better regulation of migration policy issues, which does not mean severe restrictions for migrant workers but the promotion of growth in legal migration. In the long term, the results of these actions will be improved living standards and a positive impact on the national economy as a whole. Legal migration will contribute to the investment climate in both home countries and countries of destination and improve the demographic situation in the latter ones. According to the World Bank, remittances from migrants to their home countries amount to about USD 583 billion annually. It is three times more

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than the amount of funding allocated by governments to assist foreign states in their development (Albano, 2016). On the other hand, scientists warn about the probability of a demographic explosion and overpopulation of certain territories. Such a situation can lead to mass migration, which will cause some global and regional problems, including environmental, social, and food.

The intensification of globalization processes has accelerated the development of international corporations. This, in turn, significantly influences the intensification of migration since graduates leave for work in foreign branches of such companies. One of the components of personnel management in international corporations is the territorial movement of the latter from one country to another, depending on where the company's office is opened (so-called internal corporate movement). Thus, a whole stratum of workers is being formed, whose work is associated with many countries.

It is worth noting that the development of digitalization and information and communication technologies in almost all spheres of economic activity makes it unnecessary to travel abroad to be a migrant worker. For example, international corporations legally employ IT professionals who work from their home office while receiving payment for remotely performed work in currency to their bank cards and paying taxes in the country of registration of such an international corporation. International corporations also develop network marketing and offer their partners highly paid work and social security and pension in the country of the company's registration. This approach does not require moving for employment abroad and avoids the difficulties usually faced by migrant workers in a foreign country; the company, in turn, undertakes the settlement of issues related to tax payments.

Even though there are positive aspects to the development of international corporations, scientists highlight the following negative consequences for host countries:

1. interference by international corporations in areas traditionally considered to be in the public interest of the host country;
2. violation of the legislation of the host country regarding the payment of taxes and the concealment of the object of taxation, which negatively affects the state budget replenishment;
3. establishing monopoly prices for goods and services often inflated;
4. improper care about the safety of the environment and natural resources of the host countries;
5. the work of illegal migrants or the use of child labor in their enterprises, which is prohibited in the developed world (Kuzmenko et al., 2019).

4.3 World trends in the income tax unification under the development of international corporations: vectors for Ukraine

Corporations are considered international ones if they operate in different countries and the interests of their activities go beyond the home country.

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The country of domicile is where the head office of the company is located, and the host country is where the international corporation has registered its subsidiary or branch. At the same time, there is a distinction between territorial and international corporations that have different approaches to their activities in the host country. Thus, territorial corporations are interested in using cheap natural resources and labor in the host country, which allows them to reduce production and transportation costs and remuneration of employees (local population). In turn, international companies are focused on introducing innovative technologies and expanding the scale of their business by opening branches in many countries worldwide.

Scientists have proved that international corporations positively influence the development of the world economy. However, the lack of regulation of the activities of international corporations can lead to business shadowing and tax evasion (Kuzmenko et al., 2019). According to analytical studies, about 40% of the income of international corporations is transferred to tax havens, and countries lose about 10% (more than USD 200 billion per year) of total world tax revenues due to the shortfall in income tax. As estimated, Ukraine loses a minimum of 6% of annual corporate income tax revenues (Makeeva, 2020). The activities of international corporations in the host country are governed by the domestic legislation of this country and international treaties. Developed countries and countries with developing economies have been harmonizing tax legislation for a long time to avoid double taxation and discrimination against taxpayers that often occur when carrying out international economic activities.

Since the European integration vector of Ukraine's development involves the introduction of European taxation standards in the country, it is necessary to find out the share of tax revenues as a percentage of GDP received by the state budget from labor taxation, as well as from the taxation of entrepreneurial structures and compare these indicators with the EU average.

The income of the State Budget of Ukraine amounted to UAH 1296852.9 million in 2021, while the share of personal income tax was 10.61% (UAH 137555.2 million), and corporate income tax was 11.39% (UAH 147751.7 million) (Ministry of Finance of Ukraine, 2021). The Growford Institute experts estimated that the share of personal income tax in the GDP structure increases from year to year (from 4.5% of GDP in 2001-2008 to 7% of GDP in 2021), while the share of corporate income tax decreases (from 4.6% of GDP in 2001-2008 to 2.5% in 2021). The above shows that the state shifts the main burden of paying taxes from business structures to conscientious average taxpayers. Professor K. Shvabiy points out that one should resort to the European methodology for the most accurate and obvious assessment of the distribution of the tax burden. This methodology provides for the distribution of the tax burden by type of tax base. By this methodology, the expert found out that an imbalance in the distribution of the tax burden by the type of tax base has been a characteristic of the Ukrainian tax system over the past decades. In Ukraine, there is the lowest per capita income

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in Europe and, respectively, the low purchasing power of the population. Ukraine has the highest tax burden on consumption (14.4% of GDP in 2020 against 11.1% of GDP on average in the EU), the lowest level of capital taxation (5.2% of GDP in 2020 against 8.4% of GDP on average in the EU), and almost European level of taxation of labor remuneration (19.9% of GDP in 2020 against 19.5% of GDP on average in the EU) (Shvabiy, 2021). These data are evidence that Ukraine, with its cheap natural resources, labor force, and a lower level of capital taxation, is an attractive country for the activities of international corporations compared to developed countries.

In Ukraine, the taxation of entities engaged in foreign economic activity is governed by the provisions of the Tax Code of Ukraine No. 2755-VI as of December 2, 2010 (Tax Code of Ukraine, 2010), regulatory legal acts adopted in compliance with the requirements of this Code, and international agreements concluded between Ukraine and other states on the avoidance of double taxation. In addition, there are the following legislative regulations of the activities of international corporations in Ukraine: the Law of Ukraine No 959-XII "On foreign economic activity" as of April 16, 1991 (with amendments No. 808-IX as of July 17, 2020) (Law of Ukraine No. 959-XIII..., 1991), the Law of Ukraine No 1560-XII "On investment activity" as of September 18, 1991 (with amendments No. 1881-IX as of November 16, 2021) (Law of Ukraine No. 1560-XII..., 2021), the Law of Ukraine No 1797-VIII "On Amendments to the Tax Code of Ukraine to Improve the Investment Climate in Ukraine" as of December 21, 2016 (Law of Ukraine No. 1797-VIII..., 2016), the Law of Ukraine No 408-VII "On Amendments to the Tax Code of Ukraine on Transfer Pricing" as of July 04, 2013 (Law of Ukraine No. 408-VII..., 2013), the Law of Ukraine No 93/96-VR "On the regime of foreign investment" as of March 19, 1996 (with amendments No. 1116-IX as of December 17, 2020) (Law of Ukraine No. 93/96-VR..., 2020).

The tax status of a legal entity in Ukraine is established on the principle of a permanent establishment, so only the profit of an international corporation obtained through its permanent establishment registered in Ukraine is subject to taxation on the territory of Ukraine. Furthermore, the authors note that the taxation of international corporations in Ukraine is aimed only at income taxation. The standard rate of corporate income tax is 18% in Ukraine (clause 136.1 of the Tax Code of Ukraine) (Tax Code of Ukraine, 2010). The domestic taxation system of international corporations is formed to stimulate the accumulation and use of capital by all participants in the reproduction process through methods and forms of tax payment used. This approach is adequate but requires new, modern taxation tools, given today's conditions.

The corporate income tax is the main tax levied on legal entities worldwide. The profit the company directs to investments is exempt from taxation, so business entities benefit from investing in the host country's development. However, there are difficulties with the taxation of distributed and retained profits. Therefore, Ukrainian scientists (Kuzmenko et al., 2019) emphasize the need to unify the taxation system of

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companies' retained and distributed profits to avoid double taxation. This approach is implemented in the EU and involves introducing a single corporate tax rate on both distributed and retained profit amounting to 30-40%. Tax unification avoids double taxation by granting tax rebates to those corporations that fall under it.

Experts from the Independent Commission for the Reform of International Corporate Taxation (ICRICT), in turn, emphasize that the minimum effective income tax rate should be 25% worldwide and even higher for oligopoly corporations with excess income. This approach will counteract the tax base erosion and the withdrawal of profits to low-tax jurisdictions (ICRICT report, 2021). In order to counteract manipulations with tax reporting, it is also advisable to introduce country-by-country reporting by all international corporations. Thus, it is mandatory to conduct the automatic exchange of tax information, in particular on reportable cross-border arrangements in the European Union (EU Council Directive 2018/822 "On mandatory automatic exchange of information in the field of taxation about reportable cross-border arrangements" as of May 25, 2018, better known as DAC Directive 6) (Council Directive 2011/16/EU..., 2018). The introduction of country-by-country reporting is also mandatory under the Multilateral Competent Authority Agreement on the Exchange of CbC Reports (the "CbC MCAA") in a format that corresponds to the XML scheme of each country (XML CbCR scheme) (OECD, 2016). Unification of tax legislation in the context of migration and the activities of international corporations is carried out on an ongoing basis in the EU through the implementation of EU Council directives into domestic legislation by member states.

The online meeting was held between official representatives of 130 countries (including representatives of the G–20 countries) in July 2021. The discussion of the issue of revising the taxation procedure for international corporations resulted in a unanimous decision to introduce a so-called "global minimum rate" of income tax (approximately since 2023). This new approach is expected to be the most radical change in international income taxation over the last century (The global tax for international companies has been supported by 130 countries..., 2021). Agreement between countries on the above issue is essential since it will minimize immense losses of countries from tax shortfalls, reduce the level of shadowing of the world economy, and scale down tax competition between countries.

A global minimum income tax rate of 15% will be introduced for international corporations with annual incomes exceeding 750 million euros, and this is the main idea of the above innovation. They propose to introduce a hybrid approach to the payment of corporate income tax by reallocating tax rights between the countries where the company is located and the countries in which its sales markets are present. The OECD experts have estimated it will generate about 125–150 billion additional tax revenues per year. This approach is expected to make the existence of tax havens unprofitable and contribute to equal tax conditions for all countries (Cherkashin, 2021).

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At the same time, Ukraine and other countries face an essential and somewhat tricky task of reviewing national tax legislation, making the necessary changes in connection with this innovation, and improving international tax agreements. It is relevant and promising for Ukraine, as a country with a developing economy and the European integration vector of development, to join the world trends in tax policy in the field of taxation of international corporations.

Thus, the world community is actively developing measures for tax unification under migration and the development of international corporations. The results of such innovations certainly require time to see; however, it is already real that national tax policy becomes more global from year to year, and the payment of taxes is more locally confined. The above ultimately leads to the fact that taxes will become unified in developed countries.

Conclusion

Summing up the results of the study, the authors note that the problem of tax unification under the development of international corporations remains an important issue that requires further deep scientific research. Given the protracted economic crisis in Ukraine and the world, the flow of migrants to countries with a better economic climate will only increase. In order to contain sentiments toward migration, governments need to intensify their efforts to stabilize social and economic processes within their countries, reduce the number of unemployed, and improve the population's standard of living.

In order to lower migration processes, it is necessary to reduce fiscal pressure on entrepreneurial activity and stimulate the development of small and medium-sized enterprises, which, in turn, will reduce the number of unemployed persons. Skuratovych et al. (2021) note that the development of small and medium-sized enterprises plays an essential role in reducing labor emigration. As a form of self-employment and employment of the population, it will contribute to the sustainable economic growth of Ukraine. One of the ways to encourage migrant workers to return home can be to introduce a special system of benefits for those categories of migrants who have expressed a desire to invest money earned abroad in developing their business in Ukraine. The effectiveness of migration regulation can be increased if it is possible to understand the factors and dynamics and predict the further consequences of migration by qualitative statistical data collected at the state level. It is also crucial to conduct a census of the population in Ukraine since it has been missing for more than 20 years.

Ukraine needs to join an international initiative to introduce a global minimum tax rate for corporate income of international corporations to counteract the erosion of the corporate income tax base and the withdrawal of income from taxation. In addition to the above, such an approach will attract additional revenues from corporate income tax to the state budget, which is more necessary than ever, given the protracted economic

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crisis exacerbated by Russia's ongoing military aggression in eastern Ukraine and the quarantine measures due to the spread of COVID–19.

Recommendations

Given the above, migration processes require an adequate response from the governments of all countries of the world and Ukraine in particular. Since migration can be legal and illegal, a single country will not be able to independently resolve all the problems associated with this without the support of the international community. The active development of international corporations in the context of globalization requires introducing unified taxation rules to prevent tax competition between states, the shadowing of entrepreneurial activities, the withdrawal of businesses to so-called tax havens, and the abuse of cheap labor in low-income countries or emerging economies.

The materials of this article can be helpful for scientists and practitioners working on labor migration, tax unification, and the development of international corporations in the globalized world for the following purposes: for planning and forecasting scientific research, teachers of higher education institutions for training highly qualified personnel, and other interested persons.

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