

DETECTION AND PREVENTION OF SHADOW ACTIVITY OF ENTERPRISES IN THE MODERN ECONOMY OF UKRAINE

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Abstract. Shadow economy is a rather ambiguous and multifaceted concept. The shadow sector includes a variety of illegal activities as well as legal but unofficial or not formally recorded. The presence of shadow economic activity becomes a real problem for government regulation, especially in conditions of significant shocks, as it reduces fiscal potential, distorts development indicators and complicates any analytical conclusions about the state of the economic system. The purpose of the article is to highlight the theoretical foundations of the shadow economy, analyze the shadow sector of the Ukrainian economy and identify possible ways to minimize it. The authors used in the article historical and logical research methods that allowed us to characterize the socio-economic reasons for the emergence and scope of the shadow sector of the economy of Ukraine; abstract and concrete, which is used in the process of determining the impact of economic shadowing on certain areas of economic activity.

The issue of the influence of the shadow economy on various aspects of state development is complex and requires detailed analysis. However, perhaps the most important thing is to maintain the security of the country as a whole, including its economic component. The expansion of the shadow sector of Ukraine's economy beyond the threshold determines the need to intensify theoretical and practical studies of the nature of the process of shadowing of the economy, limiting the negative effects of this phenomenon, the introduction of leverage the direct and indirect impact on the shadow economy of Ukraine, ensuring of the theoretical achievements for the formation of vectors of shadows.

Keywords: shadow economy, economic security, money laundering, corruption.

JEL classification: E26, G32, H62

Formulas: 0; **fig.:** 1 **tabl.:** 1; **bibl.:** 17

Introduction. The spread of such socio-economic phenomenon as the shadow economy in independent Ukraine, as well as the volume of products and financial resources that circulate in this area, are a significant obstacle to sustainable development of our country's economy. A significant problem is that the vast majority of operations that can be attributed to shadow operations can be carried out in a legal regulatory field, and evidence of the fact that shadow activities have been carried out requires considerable efforts of state authorities.

Literature review. Many scientific works of leading domestic scientists are devoted to the study of the relationship between the shadow economy and economic security of the enterprise. Among them are the scientific works of V. Bazylevych, T. Vasylytsiv, Ya. Zhalilo, L. Zuyeva, O. Dragan, H. Lyannyi, I. Pryvarnykova. Despite the large number of scientific papers on this issue, there are still relevant issues of analysis of the impact of the shadow economy on the economic security of the enterprise.

A detailed study of the scientific literature allowed to identify economic, forensic and interdisciplinary approaches to defining the essence of the concept of "shadow economy" [1, page 282].

Thus, O. Yarmolenko interprets the category of "shadow economy" as virtually uncontrolled by society production, distribution, exchange and consumption of goods and services [2, page 52].

Researcher Yu. Ivanov proposes to consider the shadow economy as "a set of deliberately hidden or distorted economic relations that arise in the implementation of legal (legally permitted) activities by violating tax, administrative, criminal, labor, sanitary or other legislation and causing damage to the state (society) in any form "[3, page 399].

Analyzing the state of the shadow economy in Ukraine, the authors of the monograph "Shadow economy: essence, features and ways of legalization" rightly note that the shadow economy is not only those areas of society that are outside the economy, such as arms trafficking, drug trafficking, prostitution and other, and, above all, violations of the law, tax evasion, which are observed in fact, in all areas of entrepreneurship" [4].

Researcher V. Ispravnikov uses the criterion of illegal activity and evasion of official registration to classify economic phenomena in the shadow sector [5, pages 8–9].

Thus, Professor V. Popovych believes that "the shadow economy is a set of socially neutral or socially positive non-taxable sources of income received from unaccounted and non-taxable economic activities, as well as a conglomeration of socially negative sources of shadow income and antisocial sources of shadow capital due to the commission of illegal criminalized and criminogenic, but non-criminalized shadow acts in certain segments of socio - economic, financial, civil law relations or relations in the field of civil turnover of things, rights, actions of the country as a whole "[6, page 101].

O. Osypenko believes that "the shadow economy is a set of economic structures alternative to socialism; illegal processes directly or indirectly related to the withdrawal of unearned income [7, page 68].

The work of P. Pushkarenko and M. Logvinenko states the following definition: "Shadow economy - a sphere of economic activity aimed at obtaining income from prohibited activities or evasion of public (state) control and the payment of taxes in legal types of economic activity" [8, page 44].

K. Ulybin believes that "... the shadow economy includes all those activities that have a negative, destructive, defective nature, which harm society and its members" [9, page 18].

A. Bekryashev, N. Bekryasheva, I. Belozerov, study the shadow economy as an economic category that reflects a complex system of economic relations [10, page 11]. T. Koryagina argued that "the shadow economy is a shadow that the official state economy has, and it is not something independent of it and can disappear with the elimination of its shortcomings or, at best, with coverage, that is taking into account and control from the law enforcement system "[11, page 110].

The "shadow economy" is now understood as the whole set of economic activities that is not taken into account by official statistics and is not included into the gross national product of the country. [12, page. 26].

The great importance for understanding the essence of such a complex phenomenon as the "shadow economy" is the study of its structure.

The traditional understanding of the essence of the shadow economy of any country consists of the following three components:

1) criminal or "black" economy, which includes the production and sale of weapons, drugs, counterfeit drugs, pimping, fraud - all those activities that result in criminal liability;

2) "gray" economy, which arises as a result of such business activities as to the production of goods and services, which is partially or completely hidden from taxation;

3) "white" or "white-collar" economy - a sector of the economy where nothing is produced, but the redistribution of income received in the form of "kickbacks" and bribes from the previous two sectors.

Yu. Vankovych, V. Melnykova in the structure of the shadow economy distinguish three types of activity [13; 14]:

- informal economy - covers legal activities related to the production of goods and services that are not recorded in official statistics;

- fictitious economy is an activity related to obtaining reasonable benefits by business entities (bribery; fraudulent methods of obtaining money);

- underground economy - that is prohibited by law economic activities (illegal production and sale of goods and services; production of weapons, drugs, smuggling; activities of persons who do not have the legal right to engage in this activity (doctors, lawyers who practice without a license). O. Bazilinska is of the same opinion regarding the components of the shadow economy, however, to the three components identified by V. Melnykova and Yu. Vankovych, she also identifies the fourth component - the hidden economy [15, 14, 13].

Aims. The purpose of the article is to highlight the theoretical foundations of the shadow economy, analyze the shadow sector of the Ukrainian economy and identify possible ways to minimize it.

Methods. The authors used in the article historical and logical research methods that allowed us to characterize the socio-economic reasons for the emergence and scope of the shadow sector of the economy of Ukraine; abstract and concrete, which is used in the process of determining the impact of economic shadowing on certain areas of economic activity.

Results. The shadow economy exists in almost all areas of socio-economic relations: from small businesses to large corporations or even central governments. Examples can be completely different. The main ones are: illegal wages (wages in envelopes) or payment of wages not under an employment contract, but under a civil law agreement (avoidance of social security contributions); cash transactions that are not accounted; concealment of income and / or exaggeration of expenses; understatement of the corporation's share price during the sale of a controlling stake;

bribes; "kickbacks"; money laundering; underground production; illegal activity; fraud; illegal markets (so-called "black markets"). This list can be extended for a long time and it is constantly updated due to the emergence of new "gaps" in the law or the ingenuity of fraudsters [16].

Thus, a detailed analysis and generalization of scientific approaches to defining the essence of the category of "shadow economy" indicates that this phenomenon is a complex socio-economic system. The shadow economy covers a significant part of social production and is determined primarily by the illegal nature of the activities of its subjects.

The development of the shadow economy in Ukraine is influenced by, Fig. 1:

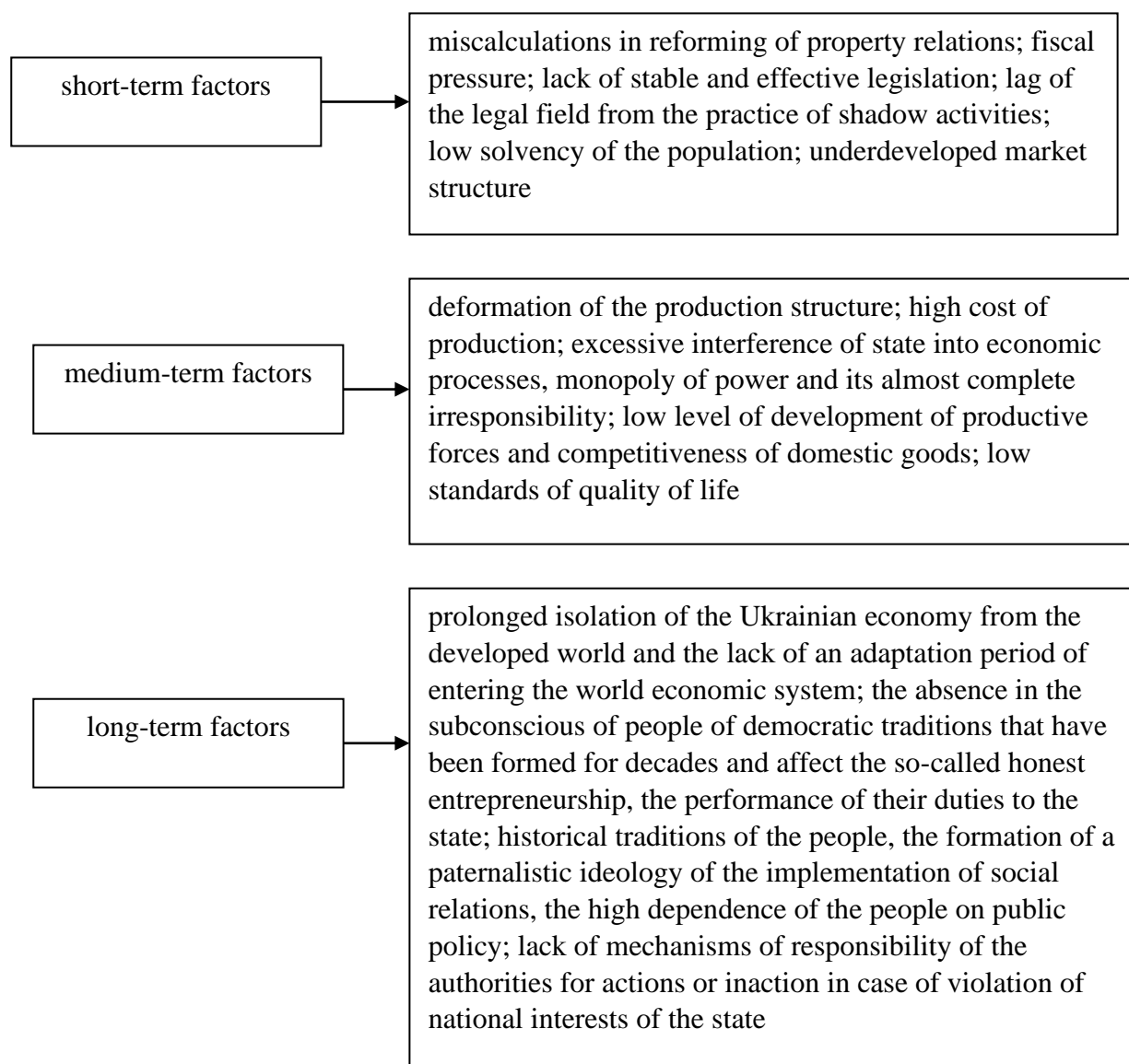


Figure 1. Factors influencing the development of the shadow economy in Ukraine

Source: developed by [17, page 258]

One of the most powerful sources of power for the shadow economy is the ability to easily launder and use criminal funds. Money laundering violates the interests of legitimate business and the reputation of its individual segments and

participants, undermines public confidence in the entire financial system, and is a threat to the normal functioning of the country's financial institutions.

The fight against money laundering is an integral part of the government's anti-corruption plans, which remain a serious problem at all levels in most areas.

According to the experience of public authorities, illegal revenues are mostly obtained as a result of the following violations:

- economic crimes (usually in the form of illegal manufacture, storage or sale of excisable goods and violations of business and banking procedures);

- corruption;

- tax evasion and fraud (including fraud with privatization);

- smuggling and crimes against property;

- crimes with narcotic substances.

The main methods of money laundering can be effectively used by criminals in all areas of the economy, especially in the financial sector, foreign economic activity and industry.

The use by criminals of various mechanisms and tools for laundering "dirty" funds, due to the desire to achieve certain goals, which include:

- concealment of traces of the origin of income received from illegal sources;

- creating the appearance of legality of income;

- concealment of persons who have received (receive) illegal income and those who initiate the laundering process itself;

- ensuring convenient and prompt access to funds obtained from illegal sources;

- creation of conditions for safe and comfortable use of the means received from illegal sources;

- creation of conditions for safe investment in legal business.

Therefore, money laundering schemes usually use operations to "break the chain" of transactions in the legalization scheme. This is done in order to mask the traces of illegal origin of income by changing owners, physical transfer of funds, conversion into cash.

In particular, the main offenses in the financial system of Ukraine include illegal credit transactions and fraud with the use of budget funds. As a rule, forged and falsified documentation (accounting reports, passports, etc.) is used to commit fraud, and "shell companies" are also used.

According to some estimates, 2/5 of the cash in Ukraine's shadow turnover falls on the following commercial structures:

- dummy (fictitious) - for the transfer of non-cash money into cash;

- "buffer" - real enterprises with fast and large capital turnover, which hide tax revenues due to the widespread use of illegal schemes, promissory note transactions, subcontracting schemes to simulate intermediary activities, etc.;

- financial institutions (banks, investment and insurance companies, funds, credit unions, etc.);

- gambling houses, casinos, variety shows and shows.

The incentive for companies to participate in money laundering is increased profits. As studies of the practice of implementing shadow operations schemes in

Ukraine have shown, the range of actions of criminal groups related to tax evasion is so wide that it covers almost all types of financial and economic activities. The most common modern schemes of tax evasion are systematized in table. 1, [17. page 261].

Table 1. Income tax avoidance schemes

Name of the scheme	The essence of the scheme
Scheme of illegal cash withdrawal through fictitious firms and correspondent accounts	It is implemented through overstatement of costs for the purchase of goods or services with the subsequent transfer of money to the company that converts them
VAT refund through a fictitious company	It is provided at the expense of use of fictitious firm for reception from it of falsified tax documents on payment of the specified tax.
Excise tax and VAT evasion	It is provided by falsifying the true value of goods during their importation into the territory of Ukraine
Debt paying evasion using bill payments	The debtor company for the payment of taxes to the budget pays off with suppliers of raw materials bills. Then these bills are submitted to the bank (the bank becomes a guarantor of bills and guarantees their payment). The supplier company applies to the bank with a request to pay the bill amount. The bank pays the amount specified in the bills. The money is not credited to the current account of the debtor company, but is used to repay counter-mutual claims of the bank to the company (within the avalization of the bill) and the company to the bank (within the order to sell foreign exchange earnings)
Evasion of taxes and other obligatory payments through operations with the transfer of debt	The essence of the transaction is that the currency comes from a non-resident in accordance with the agreement on debt reduction with the creditor bank to the current account of the debtor company does not come, but comes to a foreign firm
Use of loan accounts of commercial banks for tax evasion	The debtor company for the payment of taxes and other obligatory payments to the budget with the help of a number of commercial banks, opening two or more foreign currency accounts, use the available funds to make calculations related to their business activities, while these funds should be directed to repay, first of all, tax arrears
Tax evasion of income received by a resident of Ukraine from the placement of funds abroad	A resident of Ukraine enters into a conspiracy with a non-resident and enters into an agreement, the subject of which may be the purchase of goods, provision of services, etc., which will not be performed. The amount of the fictitious transaction is thus deducted from taxation
Tax evasion by drawing up documents for the purchase of goods at inflated prices through a fictitious firm	The company, using a connection with the management of manufacturing companies or other opportunities, buys inventory at inflated prices and saves them without capitalization
The movement of goods and cash during the extraction of raw materials in the current structure of state holding companies	The state holding company, which concludes contracts for the sale of raw materials on its own behalf, sets prices, terms, forms of payment, contracts for material and technical supply and receives on its current account the funds received for the delivered products. From the current account of the holding company, the company bills and salaries are paid
Tax evasion using offshore zones, namely: use of barter and bill transactions, operations with securities, transit trade	The use of offshore schemes for tax evasion is based on the universal principle of tax law, according to which those profits whose source is located in a particular state are subject to mandatory taxation. In cases where the source of income is abroad, this income is excluded from the scope of tax liability in this jurisdiction. Transactions performed in this way are deductible

Source: developed by authours

Discussions. Credit and financial institutions remain especially "popular" for money laundering both in Ukraine and in the world. Basically, launderers use banks from undeveloped countries for their fraud, where legislation to combat the legalization of proceeds of crime is either absent or works only formally. Illegal finances are invested in deposits, securities and even insurance policies. Ways to export of capital may be different. This includes the physical movement of cash abroad, and the conclusion of foreign economic contracts for the import of goods, services, intellectual property rights, the use of schemes involving offshore companies. As a result, problems related to money laundering through offshore zones and illegal VAT refunds have become nationwide for Ukraine in recent years.

Thus, the shadow economy is an objective component of the socio-economic system of the enterprise, which aims to maximize profits and avoid paying taxes to budgets and state trust funds. It causes macroeconomic imbalances and structural deformations of socio-economic development, significantly affects the social processes occurring in a transformational society. The moral consequences of the shadow economy are catastrophic, as it distorts people's consciousness and generates social pessimism.

Conclusions. In the course of the study it was found that there are many definitions of the concept of "shadow economy". But, despite some differences, all experts say that it should include those activities that are not subject to control and monitoring.

Therefore, to solve the problems of counteracting the growth of the shadow economy is a priority area of economic development of the state.

To improve the investment climate in Ukraine and further develop the national economy, it is necessary to develop and implement tax reform, which provides for the expansion of the tax base, while reducing nominal tax rates and reducing overall fiscal pressure on producers. Adoption of a package of legislative acts that should ensure the civilized functioning of the banking system of Ukraine, limit the possibility of its use for tax evasion, money laundering and various manifestations of financial fraud. With the support of society, to adopt and to implement of a program of legalization of shadow capital, especially those that do not have a criminal and nationally dangerous origin, including amnesty guarantees for capital which should be returned from abroad.

The implementation of these and other measures to further de-shadow the economy will not only create a full market environment, economic development, legalization of capital, the process of democratization of the economy and society as a whole, but also significantly increase the competitiveness of the economy and eliminate real threats to national security.

Author contributions. The authors contributed equally.

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