

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

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**QUALIFICATION PAPER**

on the topic «International leasing in the system of transnational business and globalization processes»

Specialty 292 "International Economic Relations"

Student course \_\_\_\_\_  
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Qualifying Bachelor's paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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## **ABSTRACT**

qualification work for a bachelor's degree  
on the topic

**"INTERNATIONAL LEASING IN THE SYSTEM OF TRANSNATIONAL  
BUSINESS AND GLOBALIZATION PROCESSES »**

student Strilchenko Viktoriia Vadymivna

The main content of the qualifying bachelor's thesis is presented on 45 pages, including a list of sources used with 45 titles, which posted on 3 pages. The work contains 2 tables.

**Keywords: INTERNATIONAL LEASING, LEASING, INTERNATIONAL LEASING OPERATIONS, LESSOR, LEASER.**

The purpose of the qualifying bachelor's thesis is research theoretical and practical aspects of international leasing as a special forms of entrepreneurial activity.

The object of this study are the processes and relationships that arise in the formation and regulation of international leasing.

The subject of this study is international leasing.

Depending on the goals and objectives, they were used in the research process appropriate methods of research of economic processes, among which systematization and generalization (with theoretical justification - the concept international leasing), comparative method, and method of analysis.

The information base of the work is legislative and regulatory documents on the functioning of international leasing, reporting data LeaseEurore, newsletter data, and periodicals publications and scientific publications of domestic and foreign authors.

According to the results of the study the following conclusions are formulated:

1. International leasing is considered one of the most practical, profitable forms of investment. And has great potential for the future formation and development, for this reason, it can be noted that the international leasing will grow over time and increase its turnover and play enough important role in the economy.

2. Constant use of international leasing operations will help solve macroeconomic stabilization problems and bring them out national economy at a rate of stable economic growth.

The results obtained can also be used in the process development of the strategy of foreign economic development of Ukraine and evaluation the effectiveness of international leasing policy.

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TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

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Chapter 1

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Chapter	Full name and position of the advisor	Date, signature	
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## Introduction

The profound transformations taking place in the economy, the requirements of scientific and technical progress for the replacement of fixed assets, as well as the urgency of the inefficient use of resources demanded the latest methods of updating the material and technical base. The degree of depreciation of fixed assets of most enterprises in the world reaches 75-95%. The introduction of the latest technologies is possible only on new equipment.

For such a transformation of the industry, investments are first of all necessary. The main form of investment is international leasing, which due to its capabilities becomes an impetus for technical re-equipment, increasing the required capacity of industrial firms and structural transformation of the economy as a whole.

International leasing is allowed to make capital contributions while maintaining the financial liquidity that companies may need in working capital or for other cash investments. Rent helps to return most of the investment in equipment. Accelerated accumulation of depreciation fund leads to more rapid restoration of cars and mechanisms.

The lease also allows the parties to provide certain financial benefits. The continued use of international leasing operations will help solve macroeconomic stabilization problems and bring the national economy on a course of stable economic growth.

Actuality of theme. In the current social and economic changes and the transition of the Ukrainian economy to market relations, the study of the expansion and regulation of international leasing is of particular importance, which is associated not only with the relative novelty of this problem, but also with the practical significance it acquires states in the direction of economic growth. Therefore, international leasing is of particular importance to address complex issues important to our society.



The object of study of this work is the international economic relations that arise in the formation and regulation of international leasing. The subject of this study is the development of international leasing in Ukraine.

Also, the thesis investigated the place of leasing in the system of transnational business and prospects for its development in world practice, analyzed the dynamics of leasing relations in terms of regional and industry dimensions based on the work of foreign scientists and reports of some international organizations. The following modern research methods were used in the research process: observation method, methods of economic analysis, graphical, analytical and statistical methods.

The methodology and theoretical basis for writing a thesis were: legislation, regulations, guidelines, scientific articles, educational economic literature, information obtained from the Internet, publications from magazines and newspapers, statistical reporting.

## 1. GENERAL THEORY OF INTERNATIONAL LEASING

### 1.1 The concept of international leasing and its types

There is no single definition of the term "leasing" in the world concept. The range of leasing definitions includes its presentation and long-term lease of cars, vehicles, commodity credit, equipment, industrial facilities, and a special type of investment work, and in some cases it is considered a veiled purchase and sale of property.

The European Federation of State Associations of Leasing Companies interprets the following concept: "Leasing - a contract for the lease of equipment, industrial products, factories, real estate for use by the lessee for production purposes, all purchased goods are purchased by the lessor and he can retain ownership."

Article 1 of the Law of Ukraine states that leasing is considered a business activity that focuses on investing personal or borrowed money and consists in the lessor providing the lessee with exclusive use for a specific period of time of property owned or acquired by the lessor. By agreement or power of attorney and agreement with the tenant from the relevant seller of the property, subject to payment of rent [8].

The main properties of leasing:

1. The right of private ownership of assets is significantly separated from the right to use these assets. The lessee has the opportunity to use the asset without property rights.

2. The lessee must make a number of payments to the lessor.

3. A lease term is a period of time during which the ability to use an asset is separated from ownership of that asset. Before or after this period, ownership and use of the asset are related to the lessor or lessee.

4. The lease period usually coincides with the useful life of the leased property.

In essence and structure, international and domestic leasing are somewhat similar. When leasing is applied in an international context, it simply becomes a more complex group due to some differences in the legal, accounting, financial, socio-political environments of different states.

The Law of Ukraine "On Leasing" interprets the following concept: "International leasing is a leasing agreement that is accepted by the leasing entities under the jurisdiction of different countries, or in the case when property or payments cross the borders of different states." The essence of international leasing according to its main, dominant indicators is revealed. Among them are the main [8]:

1. The separation of the use rights of an asset from property rights during a specific period shall be consistent with at least two tax, legal and accounting systems;

2. Leases of assets may be made directly or indirectly. Direct form - if the property at the physical level crosses the border to be used by the tenant. Indirect form - if the property does not need to be transported across the border because it was previously located in the tenant's country.

3. The stage of the lease may be either the period during which the lessee uses the property without taking into account the time of transportation of the property from the lessor to the lessee, or the period that covers both transportation and use of the property. In the case of domestic leasing, the period of transportation of the asset is usually quite short, which is neglected when making a decision. In international leasing, the term "leasing" usually refers to the delivery period, if it is long and the cost of delivery is high. Thus, the transport period, transport costs and insurance are considered important conditions in deciding on the conclusion of an international leasing agreement.

4. The lease term usually coincides with the period of required use of the asset.

5. Leasing payments in the case of international leasing may be made in the form of the state currency of the lessor, lessee or third country, in collective currency or in the form of goods, services or natural resources.

The basis for the formation of international leasing is a wide range of opportunities and benefits for each party to the agreement.

There are a number of privileges for both the landlord and the tenant. First, international leasing allows to stimulate technical and scientific-technological re-equipment of production, refreshing the intensive share of fixed assets of companies with the help of high-tech equipment. Second, this procedure does not require large initial payments. By conducting an international lease, the investor reduces the risk of default by the lessee, as the leased property is pledged.

The international leasing agreement is quite flexible, which allows countries to choose a convenient payment scheme. In addition, there is a possibility of applying tax and depreciation benefits in accordance with international leases in force in other countries. In addition, international leasing is considered a tool for selling goods in foreign markets, the introduction of scientific and technological progress and the creation of new jobs.

This helps to attract private investment, increase tax revenues as a result of increased business activity. The country's interests are also facilitated by the fact that the IMF does not take into account the amount of lease agreements in national debt.

Regarding the subjects of the international leasing operation, the following can be distinguished:

1) lessor - a person engaged in entrepreneurial activity, who transfers the leased object under the contract;

2) tenant - a person engaged in entrepreneurial activity, who receives for use the leased object under the contract;

3) supplier of leased property - a commercial person who produces and sells property (machinery, special equipment, etc.), which is considered the object of lease.

Leases may differ from each other in their terms or only on one side effect. Thus, considering the types of leases are primarily based on the indicators of their classification. These indicators include: the parties to the agreement, the leased object, the provision of services for the maintenance of the asset, the level of payback of the leased object, the useful life of the asset and related depreciation, the nature of lease payments, the type of asset leased, market sectors where various operations take place, etc.

The existing state legislation states, "due to the peculiarities of leasing activities, the lease can be of two types - financial and operational." According to the form of implementation, the lease can be reverse, equity, international "[7].

A finance lease is a lease that results in the lessee voluntarily obtaining an asset for a fee from the lessor for a period not less than 50% of the lease price at the time of signing the lease. The total amount of reimbursement of the price of the property as part of the lease payments for the period of the financial lease agreement must include at least 50% of the price of the leased asset specified on the date of signing the agreement. Subject to the expiration of the finance lease, the leased asset is transferred to the lessee under the agreement, becomes the property of the lessee or is repurchased at the residual price. Formation of the shortest term of financial lease on the border of 50% of depreciation gives the chance to reduce real conditions of investment through rent from 8-10 to 5-7 years. This approach is very beneficial for both the sponsor and the tenant, as the latter can buy the property without waiting for the expiration of its depreciation and get some economic benefits.

Operating lease - a leasing agreement, as a result of which the lessee for his special order gets for paid use of the property from the landlord for a period shorter than that for which depreciated 95% of the property price, signed on the day of the agreement. At the end of the operating lease agreement, it may be extended or the property may be returned to the lessor and may be re-transferred to another lessee under a lease agreement.

The sole purpose of economic and operational leasing is to preserve the lessor's ownership of the property for the entire period of the lease agreement.

Obtaining the right of ownership to another person is not considered a ground for termination of the lease agreement.

Domestic legislation not only qualitatively defines the two types of lease, but also distinguishes many other forms of lease. These forms of lease imply an important relationship between the parties to the lease.

In accordance with current legislation, we emphasize the following forms of lease [14]:

1) reverse lease - a leasing agreement that provides for the acquisition by the lessor of property from the owner and the transfer of the property to him in leasing. Upon expiration of the lease agreement, the producer has the opportunity to purchase the leased asset, and thus renew the right of ownership;

2) share lease - the sale of the lease with the participation of the leased entities on the basis of signing a multilateral agreement and the involvement of one or more creditors, who participate in the lease, investing their money. However, the amount of money invested by creditors has no right to exceed 85% of the price of property purchased for rent. This type of financing the purchase of property for rent allows the leasing company to implement large-scale lease projects, increase and expand the lease activities;

3) international lease - a leasing agreement that is realized by the leased entities under the jurisdiction of countries, or if the asset or funds cross the borders of other states.

International leasing provides opportunities for Ukrainian tenants to take advantage of the latest technology from anywhere in the world and achieve competitive market advantages. It should also be noted that the lessee state accumulates time and financial resources that would be suitable primarily for the development and implementation of this technology. In addition, tenant manufacturers can have a great opportunity to take advantage of the world's scientific and technological advances, even if they do not have sufficient foreign exchange. According to an analysis by IFC experts, the web of domestic laws and regulations governing the export of facilities, as well as the receipt of payments from

other countries, make it impossible for international lessors to implement international export economic leasing agreements. However, lease agreements for foreign landlords who import lease objects to the domestic territory are quite profitable and in practice are constantly fulfilled.

Let's analyze some forms and types of leasing [31].

Direct lease (bilateral) is characterized by a combination of landlord and supplier in one person. The manufacturer-owner of the property without outside help leases it to the lessee in the absence of outside interference.

Reverse lease or leaseback is quite common in world practice and provided for in the state constitution. Significant advantages of this form are not only the ability to take money from the direct producer for the products and spend them to finance other types of work, but also the fact that buying and selling does not require a pause in the use of the leased asset and its movement in space and time.

An indirect lease is a traditional lease that involves three or more entities. The partners in a classic contract are a landlord / leasing company or a central bank or other commercial organization engaged in a profitable leasing business, a tenant and seller of property or its direct producer. Partners in a multilateral indirect leasing agreement may be banks and other lenders that provide a loan to the landlord to obtain the leased property.

According to the lease object, there are [31]:

- lease of movable property - movable property means a thing that can move freely in space;
- real estate lease - lease of objects located on land plots, the movement of which is impossible without depreciation or change of their purpose. The real estate regime may be extended by law to inland waterway vessels, sea and air vessels, space objects and also other objects, the permit for which is subject to domestic registration;
- lease of industrial buildings - the leasing company leases to the client a turnkey plant or shop, including buildings, special equipment, pipelines,

management system for rent. Depending on the size of services for the maintenance of the leased asset, there are:

- net lease - a lease according to which all, without exception, costs associated with the operation of leased property, the implementation of financial property rights (transportation, installation, insurance), bears the lessee (rent);

- part-time lease - the lease agreement of this form specifies the performance by the lessor of certain functions for the maintenance of the asset (delivery of spare parts, thorough preventive inspection, information and maintenance); •

"Wet" lease - the contract of such leasing takes into account the mandatory full maintenance of the leased property, inspection of its condition, repair, insurance by the lessor at his expense. According to the degree of payback of the leased asset distinguish [37]:

- financial (capital) lease. This is the main type of lease, which contains several forms depending on the specific terms of the contract;

- operating lease - an alternative financial type of lease for which the payback is less than 90% of the price of the leased asset;

- actual (regulatory) lease - an intermediate type between operating and financial leasing. Unlike operational, it provides for the lessee's right to purchase the leased object, and on the other hand, the lessor to provide additional services to the lessee for the maintenance and insurance of property. This type of leasing is also called regulatory. The most common period for such leasing agreements is 4-5 years. Depending on the term of the lease agreement, experts call the following types of lease: short-term - up to 3 years; medium-term - up to 5 years; long-term - more than 5 years. The legislation may set maximum, ie deadlines for the lease of certain types of property. The following forms are distinguished by market sectors: state lease - if all objects of the lease agreement are located without exception in one state; international lease. The essence of this form is determined by the constitution of Ukraine. According to the scheme of relocation of lease and rent payments, it includes the following elements [40]:



- export lease - concluded if the property of the manufacturer (trader) of the leasing company is located in Ukraine, but the lessee is abroad;
- Import lease is a lease under which a foreign lessor purchases an asset from a foreign company and leases it to a Ukrainian lessee. Import landlords can be carried out by Ukrainian landlords, buying property from foreign companies (manufacturers or intermediaries);
- transit lease occurs when a leasing company buys property from a foreign manufacturer and leases it to a foreign lessee in other countries;
- special lease (overseas lease) - the provision of large-scale international rental services, such as industrial construction. Let's analyze some forms and types of leasing [31].

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- transit lease occurs when a leasing company buys property from a foreign manufacturer and leases it to a foreign lessee in other countries;
- special lease (overseas lease) - the provision of large-scale international rental services, such as industrial construction.

According to the nature of rent payments, the following forms are distinguished [42]:

- 1) rent with cash payment, if all payments without exception are made in cash;
- 2) lease with compensation payment - payments are made as a result of finished products made by the leased asset or the provision of counter-services;
- 3) lease with mixed payment - combines both forms of payment.

Depending on the type of asset there are:

- lease of the latest asset - First Hand leasing;
- lease of a used asset - Second Hand leasing;
- revolving lease (revolving) - the lease agreement is renewed at the end of the first lease term.

According to the method of financing, the following forms of rent are distinguished [29]:

- Lease at own expense implies that the lease firm buys the property for leasing at its own expense;

- share lease, recognized by the Constitution of Ukraine; separate lease is the most difficult type of share leasing.

In the case of separate leases, money for financing large-scale lease projects is attracted from various sources. At the same time, all risks under the lease agreement will be borne by insurance companies, lending banks, and other financial institutions, and the closing of loans is provided by lease payments and leased property. The landlord is liable only to the seller of the leased property for the absolute and timely payment of its value.

Given the initiator of the lease:

- 1) ordinary lease (rent of rent) - this model contains a lease, which is issued at the initiative of the lessee, which is sent to the leasing company (central bank, other investment system) in order to obtain certain property for further transfer of the asset to him;

- 2) lease of a producer - a model of acquisition of an asset for payment, which occupies an intermediate role between simple lease and rent. Permission to lease an asset is accepted by its manufacturer, who enters into an agreement with an intermediary (lessor). The contract stipulates the probability of returning the paid goods to the manufacturer for the purpose of modernization, as well as reimbursement at his expense of the costs of repair and completion of the leased object;

- 3) lessor's lease (rent) - a leasing agreement under which assets do not lose their own price at the end of the lease, are transferred to a specific lessee or returned for use by the previous owner. An intermediary (leasing company, intermediary company, etc.) mainly performs an informational, commercial-intermediary, rather than financial function. The characteristics of the above types and forms of lease indicate that leasing is a unique set of property relations, which is flexible and easy to adapt to specific business conditions.

## 1.2 Principles of operation and functions of international leasing

International leasing, as leasing in general, is a very difficult socio-economic phenomenon that performs significant functions in creating a diversified economy, as well as enhances production activities.

Let's analyze the most significant of them: economic, investment, innovation, socio-economic, business, production, sales, the functions of tax and depreciation, etc. [23].

The economic role is expressed through the installment payments for the lease of property and obtaining a long-term loan. The lessee may not assume significant funds, while paying the full price of the property, but only its share, and direct their own funds to other purposes.

The investment role is manifested through the allocation of temporarily not used funds to invest in fixed assets of companies. Leases can be used in the absence of money from businesses as an alternative to traditional investment channels. The current role is to increase the use of the latest progressive as well as very effective fixed assets and technologies.

Socio-financial role is to improve economic and financial conditions. Increasing production will create conditions for job creation, improvement of living standards and strengthening of social infrastructure. This reduces social tension in society.

The commercial role of leasing is an appropriate support for the formation of small and medium-sized businesses. Leasing, by transforming the user of the property into its owner, creates the psychology of the entrepreneur, increases the commitment and independence in decision-making.

The production role allows the lessee to effectively and efficiently resolve the problem of logistics of production activities through the temporary use of property, rather than by purchasing it (purchase and start using modern expensive special equipment, test it for labor, avoid wear and tear, guaranteeing service and insurance

repairs, etc.). The lessee manufactures the latest, high-quality products when using the paid property.

The role of sales for the supplier is to increase sales of goods by expanding the customer base. With the help of rent, companies that previously could not afford to buy expensive fixed assets are involved. The lessee may charge rent for products manufactured using the leased equipment.

The role of stabilization is expressed at the macro and micro levels. Leasing agreement partners are given the opportunity to improve their financial and economic condition due to the result of rational, pre-planned use of resources and expansion of production (trade) work. This, in turn, leads to an improvement of the socio-financial climate in the country.

The role of tax and depreciation benefits has certain characteristics [41]:

- the leased property is reflected on the balance sheet of the lessee or lessor in accordance with the agreement between them;
- rent is based on the cost of manufactured products, which reduces the taxable profit accordingly;
- the use of accelerated depreciation, which is calculated based on the term of the agreement, reduces taxable income and stimulates the development of material and technical base. As a result, the lease contributes to the diversification of offers, thus attracting new facilities in their area; forms and diversifies the production market, reduces the turnover of development of new generations of equipment.

In order to clearly understand the nature, content and main objectives of leasing work, it is necessary to explore the principles of leasing relationships.

The main ones are [27]:

- salary. The lessee is provided with the established asset for use for a certain amount;
- urgency. The lessor transfers the asset to the lessee for a certain period of time specified in the contract;
- profitability. The parties to the lease agreement are obliged to receive income as a result of cooperation;

- purpose. Leased property must be used for production purposes;
- division of functions of the owner and client of the leased object. The right to property involves the possession, use and disposal of an asset;
- priority of the tenant. He is given the main role in initiating leases, finding the necessary equipment, the implementation of the production process, which creates added value.

The functions and principles of the lease determine the characteristics of this type of business

## 2. PROGRESS OF INTERNATIONAL LEASING IN THE CONDITIONS OF GLOBALIZATION AND IN THE SYSTEM OF TRANSNATIONAL BUSINESS

### 2.1 Current trends and features of international leasing

The nature of the formation of leasing work in the world in real time is guided by two leading trends - increasing competition between creditors and global financial and economic globalization.

As a result of the development of industry, competition between creditors is growing every day, resulting in the emergence and development of new forms of financing, for example, in highly developed countries, the rental industry (leasing) has a fairly high rate. There is also competition between lenders within the leasing industry, which leads lessors to seek new powerful competitive advantages. This is clearly expressed in the differentiation of products due to the price of additional services, as well as the consolidation of firms in order to achieve a synergistic effect, finding fresh market niches and developing new products. Consider in more detail the main trends:

**Specialization.** Landlords typically specialize in specific types of equipment or industries because of their thorough knowledge of products and their markets. This knowledge is particularly important for more detailed forecasting of the liquidation value of leased assets. However, it should be noted that large firms provide financing for leasing for many types of equipment and have strong market positions in one and several segments.

**Consolidation.** The main advantage of consolidating leasing firms is the likelihood that several firms will finance their activities with common assets. Most often, the process of this consolidation is characterized by the entry of traders in the number of shareholders of the consortium. The process<sup>26</sup> of consolidation has received the greatest development in the USA where for the last 2-3 years it became a basis of success of consolidated firms.



Strategic alliance. Almost all leasing companies could increase their availability in the markets in some sectors, and lack the capital or skills to do so on their own. The Strategic Alliance creates the infrastructure for this and thus provides a significant advantage to the participants. All parties to the leasing agreement - leasing companies, dealers, lessees, sponsors, financial or other authorized persons - can join the strategic alliance.

Small banks operate in the field of equipment rental. In an effort to increase and diversify their personal business, relatively small banks are interested in acquiring or developing leasing companies. This trend is more pronounced in America, where competition between small banks is too strong. One of the problems that arises is a higher interest rate on rent than on ordinary bank loans, but leasing allows banks to expand and diversify their personal business.

Sales programs. The trader who organizes rental programs has become quite a prominent figure in the field of equipment rental. Almost all lessors support the direct leasing program due to the fact that the predictability of the agreement criteria increases. They often lend themselves to sales promotions provided by the manufacturer or distributor. The complexity of these programs has grown rapidly over the past few years.

Other landlords are still considering entering the market through cooperation with neighboring equipment manufacturers. The transition to joint ventures primarily allows manufacturers to implement a large number of benefits from the availability of financial support, while strengthening the competence of the board. The landlord, by agreeing on profitability in the process of discussion, benefits from closer contact with the seller and often receives classified information about the release of fresh goods on the market.

Production and obsolete equipment. According to professionals, the current leasing offer is becoming more and more necessary, as companies avoid the final purchase of computers and other clever aging new equipment.

The refusal of the equipment manufacturer to increase the cost of the latest products encourages deflationary pressure on the equipment that is already in use.

Excessive production capacity of traders often leads to oversaturation of equipment. As a result, the price of these types of equipment on the secondary market has the opportunity to fall below these limits.

Obsolete equipment is usually considered to be the result of the appearance on the market of fresh equipment, more technological while the price remains the same or even less than similar equipment used. Office computers, communications, and diagnostic medical equipment are considered examples of equipment whose residual price can be reduced much faster due to obsolescence.

Asset securitization. Over the last few years, the practice of securitizing the rental portfolio has become more widespread. Securitization allows the leasing company to reduce the price, increase the volume and guarantee the continuity of financing; improve taxation and transfer the share of asset-related risks to the trader.

The impact of macroeconomic trends on the leasing market. Since leasing is considered, from a financial point of view, an instrument of renewal of leading funds and expansion of production, the circumstances of its formation are guided by macroeconomic trends - at the state or global level.

The main trend is globalization. The formation of the rental market in the world is associated not only with the expansion of the number of participating countries, active prosperity of production and integration, but also with increasing and combining international leases, as well as increasing opportunities to provide important resources for the rental process from foreign sources. However, in Western Europe, according to LeaseEurore, international leasing is carried out only within 2-3% of all leasing transactions [6].

Leasing coordination on an international scale is achieved through full financial and monetary integration. For example, in the EU member states, where there is a convergence of legal norms governing leasing operations, as well as under appropriate economic conditions, the process of unification of tax systems, convergence of depreciation regimes, unification of leasing operations.

Currently, there is almost no single leasing market, but the integration processes of state markets have already begun. The convergence of leasing

operations takes place through the unification of aggregate criteria of entrepreneurship that affect the rental business, as well as the adoption of conclusions in the EU, relating specifically to leasing.

Financial conditions within the EU make it possible to unify corporate taxation, thus providing an impact on the most common market segments. The tax reforms implemented by the European Union set out general principles [11]:

- income is taxed in the state where it was received;
- double taxation is eliminated;
- reduction of collective taxes and tax benefits;
- taxation, introducing a single basis for calculating the tax base;
- elimination of discrimination against partner countries' funds.

In real time, leasing services involve almost 105 countries, most of which are developing, where leasing is gaining momentum, especially in the areas of industrial equipment, vehicles and more.

The expansion of the leasing market is considered an objective factor in the internationalization of the manufacturing and financial sectors. As you know, the rental market allows you to import equipment to almost all countries with relatively small resources.

Leases are more reliable in fulfilling monetary obligations than other forms of investment. This not only simplifies the investment of industrial equipment imports, but also allows the transfer of technology from industrialized countries to developing ones.

As leasing helps to start investment processes, increase production, promote healthy competition, it is actively supported by the World Bank, the European Bank for Reconstruction and Development, the European Commission, the European Financial Commission and other international bodies. International leasing differs to some extent from domestic leasing in its industry structure.

At the present stage of leasing formation, world leasing companies are being created. The formation of international leasing organizations has led to the

emergence of state associations of leasing companies, as well as international leasing clubs.

A striking example is the American organization "Leasing and Finance Association", which began its first steps in 1961 and to this day. Also, the European regional leasing organization "Liseurope", developed in 1972, located in Brussels. As for Asia, it is Azializing, an Asian leasing relationship established in 1982 with headquarters in Singapore.

International: "Interlease", which involves leasing companies from Spain, Sweden, Britain, Belgium, Germany, Denmark, Holland, Italy, France, Switzerland, Norway, leasing club "Multilysis32 Association", developed with the assistance of American, Asian and Western European banks.

Also, there are special leasing associations: "ECLTA" (Euroean Somerser Leasing and Trading Association) - leasing of European communications and computer trade; ESACTRA (Euroorean Care and Trusk Association) is a European association of car and truck lessors; IAAL (International Association of Aircraft Lesson) is an international aviation lessors association.

All international leasing clubs can be divided into appropriate subgroups: • Associations and leasing clubs that connect their own members by geography.

- Associations created in general by the most powerful leasing companies in industrialized countries.

- Clubs connecting leasing companies of different types of equipment.

International leasing organizations are considered a necessary component of the progressive formation of leasing relations in the world.

Analyzing the formation of a large market for leasing services, it should be noted that in the inter-crisis phase (1998 - the second half of 2008) there is a growing trend - in 11 years the size has increased to 16.6%. The general economic downturn led to a 13% decline in the market in 2008 and 14.5% in 2009. The largest negative impact of the fall was on the states of North America - a decrease of 25.2%, the least in Europe - by 12.5% and Africa - 12.9%. For the countries of Australia, Asia and

South America, they are characterized by further growth of 77.3%, 2.57% and 35.3%, respectively.

In the period 2004-2010, the volume of new business grew steadily from 2005 to 2008, and only in 2009, under the influence of the crisis and a sharp decline in cash, the leasing market in Eastern Europe decreased by an average of 30%, covering Belarus - 31% and Ukraine - 80% [2].

## 2.2 Sectoral aspects of the formation of systems of international leasing relations

International leasing is now considered one of the most important financial and investment instruments in the world. The skill of many states speaks of leasing productivity.

In real time in developed countries, leasing operations account for 30-40% of investments. Within 80% of fresh goods are carried out on rented equipment. In addition to leasing equipment, there is global grain leasing, labor leasing and other types of leasing.

As a result, the potential of such financial relations reveals important opportunities for Ukraine. For example, before the crisis in the United States, the share of leasing transactions in total investments exceeded 21.6%. In the country of the Eastern Sun, in turn, the annual increase in the volume of leasing transactions was 20-25% [3]

Cars and technical equipment, computers and office equipment, airplanes, ships, railway depots, and trucks are considered to be more attractive types of assets used in leasing operations.

That is, we can say that the financial essence of leasing makes it more efficient in sectors of the economy that aim to produce products with the highest level of accessibility and competitiveness: in construction, energy, heavy and light industries, agriculture, transportation, engineering, information sectors and etc. [19].

Consider the distribution of leases by sector of European economies according to the statistics of "LeaseEurope" [32].

The first sector includes the rental of equipment and vehicles. The share of automotive assets, ie cars and trucks, accounted for more than 60% of the total amount of fresh lease amounts provided in 2017. These assets remain the most popular sector of the European leasing market.

In the passenger car sector, the dynamics is becoming more positive: it increased to 15%, and amounted to, according to "LeaseEurope", European leasing companies 800 thousand cars in 2017. New leasing rates for commercial vehicles have also increased, albeit not at a slower pace than for cars, gaining 3% in 2017, reaching new leases of € 45.3 billion.

In comparison, the dynamics of rental of computers and office equipment did not change compared to the sector of the engineering and industrial segment of equipment (25% of the volume of new equipment under new contracts worth 43.2 billion euros) and decreased by 7%. New business segments of maritime, aviation, railway and rolling stock decreased by about 17%.

The second sector is real estate rental. Ignoring a decrease of about 10% in the number of new transactions shown during the year, real estate rental showed a significant increase in the price of new. The new sizes rose by 20%, then fell by 40% in 2016. Virtually all types of investment in leasing of building structures increased, except for hostels and entertainment centers, where new volumes decreased by 35%. Industrial buildings account for the largest rental sector, accounting for almost 32% of the total number of new leasing real estate and new business in this segment, rising by as much as 3% in 2017.

Offices, which account for 27% of new real estate volumes, increased by 9.1% in the ranking list. The utilities segment proved to be more efficient, increasing by 175.4% to € 5.5 billion. man, mainly due to the influence of renewable energy installations in some countries, such as Italy. There was significantly more real estate, with long-term contracts (from 17 to 25 years) increasing by 35.4%, which is

actually 52% of the real estate in 2017. Contracts from 7 to 18 years gave 46% of new real estate in 2017.

The third sector is short-term car rental. According to the annual report "LeaseEurope", with a short car rental period, about 845 thousand cars were attracted per year, and at the end of the year - 466 thousand cars. In total, about 19.8 million lease agreements were granted to companies through this organization in 2017. In some countries, the government uses leasing to help small businesses by leasing to small businesses [13].

Priority areas for the use of leasing in Ukraine are usually considered to be: technological research, (aviation, mechanical engineering, ceramics, welding, energy-saving technologies, including oil and gas, agriculture); mining and metallurgical industry, non-ferrous metals, coal, steel and rolled products; creation of products of ethnic consumption; Unfinished production; small business, etc ..

### 3. INTERNATIONAL LEASING IN UKRAINE. PROBLEMS AND PROSPECTS OF DEVELOPMENT

#### 3.1 Formation and development of international leasing in Ukraine

Until 1997, the concept of "leasing" was almost absent in domestic practice as a financial category. The following events were involved in the formation of leasing in the state [15]:

- 1997 - approval by the Law of Ukraine "On Leasing";
- 2003 - approval by the Law of Ukraine "On Economic Leasing";
- 2005 - inappropriate changes were made to the tax legislation;
- 2005 - formation of the All-Ukrainian Leasing Association;
- 2006 - The Association joins LeaseEurope;
- 2007 - a cooperation agreement was signed with the Financial Services

Commission. The current state of the market for trade in leasing services in 2018 can be well described by the data announced during a study conducted by the Association of Ukrainian Lessors together with the Financial Services Commission. This study was conducted in the format of analysis of leasing companies obtained from official statistical reports of Ukraine for the period of 2018. The main results of the study are represented by relevant information [45]:

- in 2018 there was an increase in the share of short-term financial leasing agreements (up to 5 years), due to the instability of the economic and political situation in the country (which made long-term investments significantly risky);
- road transport, agricultural machinery, construction and printing special equipment used the maximum demand from the number of leasing entities (copying the main industries in which leasing agreements predominate).

The structure of the distribution of prices of financial leasing agreements by industry as of 31.12.19 and 31.12.20 is presented in table 3.1.



Table 3.1 Distribution of prices of financial leasing agreements by industries as of 31.12.19 and 31.12.20.

Branch	As of 31.12.19	As of 31.12.20	Growth rate % for reporting period
Transport	7240.4	6925.7	-4.1
Rural Household	5503.4	5320.2	-3.3
Services sphere	1349.2	1666.3	23.1
Construction	1049.5	1198.7	14.2
Metallurgy	476.0	1017.0	113.7
Food Industry	303.3	617.1	103.5
Other	6231.6	6922.5	11.1

The main sources of financing leasing activities in 2018 were bank loans of more than 52%, personal funds of 32.1% of leasing companies, it is also necessary to highlight the rapid increase in their share compared to last year. Subsidies due to the result of borrowed money of legal entities decreased significantly - 35.66 percentage points. Similar processes in one case or another are associated with a liquidity crisis, the actual lack of internal and external financing at the end of the current period.

The number of concluded financial leasing agreements for 2018 increased compared to the previous year, and amounted to 15,302 agreements. In terms of value, the amount of contracts amounted to UAH 14.2 billion.

At the end of 2018, the price of operating financial leasing agreements collected UAH 31.6 billion, which is UAH 9.9 billion more than in 2017; in quantitative terms, their size collected 20,658 transactions. Such trends are due to the growing public awareness of the lease of municipal officials, the rapid formation of state financial markets, as well as the improvement of access to borrowed resources in the last couple of periods.

In addition, it should be noted that in the first three quarters of 2018, the price of operating leases amounted to UAH 30 billion, due to a sudden decrease in funding in the fourth quarter, it decreased by approximately UAH 2 billion.

The structure of lease payments was dominated by the repayment of the price of the leased asset - 70%, and also the lessor's commission - 30%.

At the end of 2018, the number of legal entities that had the opportunity to provide financial services and were registered with the Financial Services Commission contained information on 302 legal entities - lessors, as well as the Financial Services Commission recorded information on 85 financial companies providing financial leasing services. Approximately 88.9% of all financial leasing services are provided by legal entities - business entities that are not financial institutions [17].

Table 3.2 Rating of leasing companies in Ukraine as of 01.01.2019 [16]

№	Name of the leasing company
1	ESKA Capital
2	Bogdan-Leasing LLC
3	Ardian Leasing
4	Raiffeisen Leasing Aval LLC
5	AIS Leasing
6	Astra Leasing
7	Recruitment agency «Victoria»
8	«Blagoda»

But, despite the rather positive trends, in 2015-2017 there is a decrease in the growth rate of the leasing market due to instability in financial markets, as well as in the economy as a whole, deteriorating access to credit resources (considered the basis for leasing financing), declining solvency, termination investment projects, shortcomings in leasing legislation, as well as elements of taxation, lending, depreciation and insurance, etc. [9].

Despite the unfavorable legal atmosphere in order to invade bank capital in the leasing business, Ukrainian banks are expanding their capabilities here, becoming not only the founders of leasing companies, but also lenders, guarantors, intermediaries and also lessees. In this case, they increase profits and reduce the risks of the bank associated with the implementation of lease transactions. Therefore, as

a result, the opportunities of banks to conquer the rental market in the country through the formation of a network of rental companies in different parts of Ukraine.

Due to the fact that the lease is impossible without the intervention of significant financial resources for the long term, the main subjects of the rental business are more financial institutions. In addition, banks are required to be able to issue soft loans, interest-free loans, short-term and long-term loans to leaseholders.

In order to interest different banks in the organization of the lease, it is necessary to provide tax benefits to banking institutions for their long-term leasing operations, and in a similar way to interest the interests of banking structures as full leasing market participants.

Another method of mobilizing money may be the use of commodity loans and foreign investment, which are considered an alternative to "short" and "expensive" loans offered by Ukrainian banks to lend leases. Leasing procedures with the use of commodity loans from foreign manufacturers or with the attraction of foreign investments are much more economical and more acceptable for domestic consumers also because the use of Ukrainian leasing companies raised money faces many problems related to the general direction of banking policy in the country. fluctuations in interest rates, the unpopularity of long-term lending [24].

The structure of the leasing market by industry is also the object of leasing in 2018 remains unchanged compared to previous years, which indicates the stability of demand in certain sectors of the economy for certain objects [22].

Unfortunately, not all spheres of the economy began to recover at the same time - after the decline, growth was more fragmentary. This greatly affects the structure of leased property, which is directly related to the more rapidly recovering sectors of the market in which investment takes place: agricultural production, logistics, as well as motor transport and retail. Leasing companies existed very rapidly with individuals, offering the public various car leasing projects [12].

The period of leasing financing is aimed at reduction and is 1-4 years. Contracts with a term of 12 years have already appeared, which is not a market trend, but is represented by some separate transactions, the essence of which is not

disclosed by the domestic dynamics. As for the rental services market as a whole, in this case we can say about its division into two equivalent sectors. The first sector includes leasing companies, which essentially form the market in its classical sense, ie compete for buyers and business volumes. The second sector includes leasing companies that serve exclusively municipal equipment rental projects to selected sectors of the economy and captive companies that serve the industrial categories to which they belong.

In addition, it is quite clear to trace the affiliation of the first category of firms to various international financial groups, while the second category of firms belong to domestic and Russian owners [33].

In general, it is possible to conclude about the rather high potential of lease relations as a factor in rebuilding the domestic economy, despite the shortcomings of its use today.

### 3.2 Prospects for the spread of international leasing in the Ukrainian market

Regarding the forecasting short-term and specific trends in the behavior of landlords in the domestic market, it is possible to characterize the following [33]:

- increasing the conditions of leasing companies to the financial condition of potential customers;
- focus on the current customer base with a relatively positive loan history; increase in advance payments of tenants by 10-15%;
- increase in interest rates (4-7%); reduction of financing terms (up to 4 years);
- reduction of the average lease price, increase in demand for less expensive equipment;
- reorientation to the most liquid leases; reduction of part of the construction sector and agriculture in the structure of financial lease agreements;
- due to forecasts of a significant increase in bad debts (according to experts - up to 55-65%) rents in the year will focus on increasing control over receivables, as

well as problem assets, developing a strategy to deal with bad debts and confiscation of leased objects;

- formation of markets for used equipment; increasing demand for car rental from individuals due to significant restrictions and deteriorating conditions of bank car loans;

- increase in demand for subsidies in the national currency, which is associated with a significant devaluation of the Ukrainian hryvnia by its instability;

- destruction of small leasing companies due to a significant deterioration in payment discipline of customers, inability to finance, inability to pay their obligations to creditors; reduction of leasing lending at the beginning of 2018 due to the lack of external as well as domestic effective demand;

- With regard to car leasing, additional factors reducing funding include an increase in transport fees for the registration of an expensive car, a temporary increase in customs duties, and the return of tax benefits to domestic car manufacturers.

Regarding the prospects of leasing in the development of the Ukrainian economy, the following actions can be recommended, which should be called strategic guidelines in this area:

- amendments to the legislation on leasing (Law of Ukraine "On Financial Leasing", "On Corporate Income Tax"; elimination of inaccuracies between and the Commercial Codes of Ukraine as well as other laws of the state);

- introduction of the mechanism of investment-oriented policy of tax depreciation for fixed assets for production purposes when receiving them in financial leasing;

- prevention of excessive taxation of non-residents engaged in leasing work in the state;

- organization of training of experts on issues of rent in higher educational institutions as well as postgraduate education organizations on the basis of concluded agreements with companies, institutions, organizations and individuals;

- creation and promotion among business entities of scientific and practical explanations to the legislation of Ukraine on leasing, as well as the formation of a consultative support center for clients, primarily for small and medium-sized businesses;

- creation of a mechanism for refinancing portfolios of leasing agreements, through the procedure of sale and securitization, the use of leasing in urban investment projects; Significant interest should be given to promising areas of the economy in the state for rent, among which it is necessary to note agricultural production (subject of leasing - agricultural machinery), motor transport, aircraft construction industry (subject of aircraft), oil and gas complex and food industry. catering).

As for agriculture, the prospects for leasing are quite high, because the absolute change of the agro-industrial complex through the destruction and reorganization of collective farms and the formation of farms has brought to the fore a major problem of their technological equipment. Since solvent customers of agricultural machinery are quite few. However, the advantages of the rental form of business here are significant. First, many Ukrainian manufacturers of agricultural machinery, which are not inferior to Western counterparts, have recently lost sales channels. Secondly, many established farms do not have the funds to purchase the necessary equipment. In this case, banks have the opportunity to take on the job of an intermediary, buy the necessary equipment from this manufacturer and rent it out to users under a lease agreement [4].

In the near future, Ukraine is able to increase the aviation industry through leasing, based on the fact that in the 21st century air transport is considered the most profitable (according to published data, air freight in Ukraine has increased 3 times in recent years), and given that Ukraine has the world's strongest cargo aircraft AN-225 "Dream" also has a winning geopolitical position, which allows you to control freight in the following directions: first Western Europe - the Middle East, then the Middle East - North America and Western Europe - the Far East.

In recent years, the environmental situation in the country is of special interest and immediate response from our government, and the problem of comprehensive treatment and disinfection of effluents from companies in various industries and water treatment needs to be responded to fairly quickly. The use of modern technologies is of great importance in eliminating the consequences of man-made accidents with water pollution, as well as in outbreaks of various types of epidemics. In this case, in my opinion, the rent can come to the rescue again. Moreover, ecological lease acquires special significance in the transition period of the state to market relations, when the past centralized sources of financing of nature protection measures and works are lost. The introduction of local technologies for the treatment of toxic sewage industry will make it possible to significantly find solutions to improve the ecological status of the water basin of the state and also introduce the basics of environmental management [4].

For this reason, I would like to emphasize once again the importance of developing and implementing systems of organizational and economic measures to stimulate and state rent assistance in Ukraine. Only in this case it is possible to rapidly grow the much-needed type of business, which will achieve a dual goal: to expand the market, intensify the work of producers of inventories, and market participants, including new businesses, will be able to improve their production base.

## Conclusions

In conclusion, we can say that international leasing is considered one of the most practical, profitable forms of investment. And has great potential for further formation and development, for this reason, it is safe to say that international leasing over time will grow and increase its turnover and play a very important role in the economy. The factor of widespread leasing is considered to be several of its positive aspects compared to other forms of investment:

- investments in the form of an asset in comparison with a cash loan reduces the risk of non-repayment of funds, as the landlord retains ownership of the loan;
- the lease provides for 100% lending and does not require immediate payment, which allows to improve production assets;
- often for the purposes of the company it is easier to buy property for rent than a loan to buy it, because the leased asset acts as collateral;
- A lease is considered more flexible than a loan because it allows both parties to create a convenient payment scheme. By agreement of the parties, lease payments may be made after the proceeds from the sale of products manufactured on borrowed equipment;
- the threat of moral and physical aging of the property is reduced for the tenant, as the property is not acquired in any way, but is accepted for temporary use. In a lease relationship, the lessee is faced with accelerated depreciation of the property;
- the leased property is not on the balance sheet of the lessee, which in no way increases its assets, as well as eliminates the tax on this property;
- lease payments belong to the initial cost (price) of the lessee and, accordingly, reduce taxable income;
- the manufacturer receives ancillary sales opportunities, as limited investment funding often does not allow companies to update the technology system in a timely manner.



But leasing also has several negative nuances. In particular, the lessor is threatened by the obsolescence of equipment (especially if the lease is not signed for the full depreciation period), and for the lessee the lease price is higher than the purchase price of the equipment. Another rather big disadvantage of financial lease is that regardless of the condition of the equipment, payments must be made on time, even if the property fails.

In order to highly stimulate investment in the industrial sector, to improve the industrial potential, to increase the competitiveness of Ukrainian producers, it is necessary to form requirements in the presence of which they would seek to improve lease relations. To do this, first of all, it is necessary to require the emergence of leases with a very long term (from three years), because it is such agreements that bring real investment in the economy. It is also necessary to, if not exempt, then at least reduce the income tax earned by landlords from the implementation of lease agreements with a duration of three years or more.

Undoubtedly, banks should be encouraged to open loans to leasing companies that sign long-term agreements. In addition to the above, it is necessary to consider the reduction of customs duties and taxes on products imported into Ukraine and which are subject to international financial lease. Undoubtedly, the above measures will help the development of international leasing activities.

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## Additions

### АНОТАЦІЯ

Стрільченко В.В. Міжнародний лізинг у системі транснаціонального бізнесу та процесів глобалізації. - Кваліфікаційна робота бакалавра. Сумський державний університет, Суми, 2021.

Кваліфікаційна робота бакалавра присвячена дослідженню функціонування міжнародного лізингу в системі транснаціонального бізнесу та процесів глобалізації. Аналіз динаміки лізингових відносин з точки зору регіональних та галузевих вимірів був проведений на основі робіт зарубіжних вчених та звітних даних різних міжнародних організацій та корпорацій.

Ключові слова: міжнародний лізинг, лізинг, міжнародні лізингові операції, лізингодавець, лізингоодержувач.

### SUMMARY

Strilchenko V.V. International leasing in the system of transnational business and globalization processes. - Bachelor's qualification work. Sumy State University, Sumy, 2021.

The bachelor's thesis is devoted to the study of the functioning of international leasing in the system of transnational business and globalization. The analysis of the dynamics of leasing relations in terms of regional and sectoral dimensions was conducted on the basis of the work of foreign scientists and reporting data of various international organizations and corporations.

Key words: international leasing, leasing, international leasing operations, lessor, lessee.