

IMPROVING THE MECHANISM OF FISCAL POLICY IN UKRAINE TO ENSURE SUSTAINABLE DEVELOPMENT UNDER A STATE OF EMERGENCY

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Citation:

Burkova, L., Oliukha, V., & Shepeliuk, V. (2022). Improving the mechanism of fiscal policy in Ukraine to ensure sustainable development under a state of emergency. *Economics, Finance and Management Review*, (1), 51–61. <https://doi.org/10.36690/2674-5208-2022-1-51>

Received: February 12, 2022

Approved: March 22, 2022

Published: March 30, 2022



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Abstract. The article examines the fiscal function of the state, which is implemented through its fiscal policy. The aim of the article is to define a comprehensive approach to the interpretation of the essence of the category of "fiscal policy" and improve the mechanism of fiscal policy during the crisis in Ukraine. In the course of the research general and special methods and techniques of cognition were used. The methods of analysis, synthesis, grouping, abstraction, generalization, induction and deduction are used in the work. The genesis of the phrase "fiscal policy" is studied and the main approaches to defining the essence of the category "fiscal policy" are systematized. Approaches to defining the category of "fiscal policy" are presented: comprehensive, financial, expenditure. State budget revenues are classified: tax, non-tax, from financial transactions, transfers. The main subjects and objects of fiscal policy implementation in Ukraine are systematized. The main types of fiscal policy are generalized: stimulating, restraining, stabilizing. The directions of improvement of the mechanism of fiscal policy in Ukraine are offered.

Keywords: fiscal policy; state budget; income; expenses.

JEL Classification: D33, E62, H11, H32

Formulas: 0; **fig.:** 7; **tabl.:** 1; **bibl.:** 18

Introduction. The fiscal function of the state is realized through its fiscal policy. The latter is mostly associated by researchers with the activities of the country in the face of state or local authorities aimed at managing revenues and expenditures of budgets at various levels. However, this understanding of it, in our opinion, is quite contradictory and somewhat narrows the scope of its tasks.

At the same time, the legislation does not single out fiscal policy among the types of economic policy, and its fiscal function is not noted among the functions performed by the state.

At the same time, both the government and current scholars consider fiscal policy as an unconditional phenomenon. For example, in Ukraine, the central executive body of the State Fiscal Service of Ukraine (SFSU) was even established by law, with the definition of the purpose of its activities and the range of tasks, but without outlining the essence of fiscal policy. This has led to some contradictions and confusion both among the scientific community and in the current regulations.

In turn, a comprehensive study of the functions performed by the state, allows you to assess the actual state of affairs in various fields: social, economic, tax, political, etc., as well as the nature of government.

Literature review. Since Ukraine gained independence, several stages have already taken place, characterized by various types of crisis (1991-1994, 1998-1999, 2008-2009, 2014-2015, from 2020 to the present).

Among the main shortcomings of fiscal policy of those times are mostly the following: the absence of fiscal rules; inefficient use of funds, which led to a constant budget deficit; excessively burdensome tax system, etc. The Government used certain measures to establish the situation in the state, reduce its debt, reduce fiscal risks, transform the management system of public finances, change the tax system, etc.

Ukraine is currently experiencing its fifth, most severe global crisis since the Great Depression, caused by the global COVID-19 pandemic, followed by a state of war imposed by Russia. Thus, today the issues of development, implementation and effectiveness of fiscal policy are becoming especially important and relevant.

The genesis of the phrase "fiscal policy" has Latin roots:

- "fiscus" - "basket" or "money box"), and in the modern sense - the state treasury;
- "fiscalis" - "state";
- "politikos" - "state (civil or public) activities".

Interesting is the fact that Peter I introduced the public office of "fiscal", whose responsibilities included secret surveillance of the activities (mostly financial) of government agencies and officials.

Further in the work we will consider the understanding of the essence of the studied category by modern scientists. The results of the study are systematized and summarized in table. 1.

Aims. The article is aimed at defining an integrated approach to interpreting the essence of the category "fiscal policy" and improving the mechanism of fiscal policy during the crisis state of Ukraine.

Methods. In the course of the study, general scientific and special methods and methods of cognition are applied. The paper uses methods of analysis, synthesis, grouping, abstraction, generalization, induction and deduction.

Results. Thus, according to the results of the review of literature sources, it can be stated that there are a large number of definitions for understanding the term "fiscal policy". The opinion of A. Blainder [2], who based on the results of the analysis concluded that all the diversity of existing definitions of this category in general can be divided into the existence of three approaches, the characteristics of which are illustrated in Fig. 1.

The author of [18] emphasizes that a number of scholars share the view that "the essence of fiscal policy is to implement government activities in the field of public revenue and expenditure management."

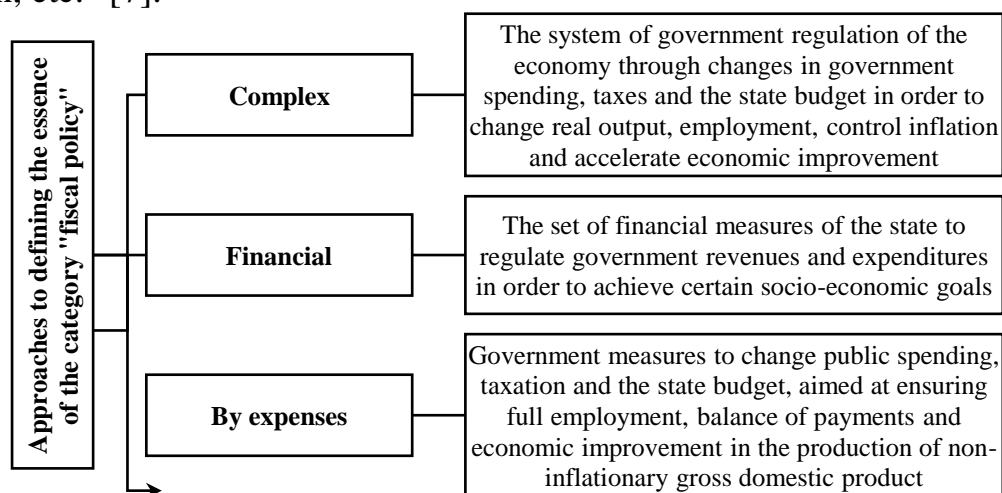
At the same time, there are works in which researchers use fiscal and tax policy as synonyms, which is not correct enough. We share the opinion of Duliba E. as to the fact that such identification of these concepts somewhat limits the scope of fiscal policy, reducing it to "a set of measures aimed at regulating relations arising in the field of taxes and fees, rather than regulating revenues and expenditures of the state budget" [7].

Table 1. Approaches to determining the essence of the category "fiscal policy"

Author	Category Entity
Banton D., Taranhul V. [1, p. 30–35]	Fiscal policy is a set of financial measures of the state to form the revenue side of the budget and the tax system, determine the size and structure of public spending and transfer payments.
Morshch Y. [12, p. 10–11]	A component of the state's financial policy aimed at mobilizing financial resources at the local level with synergistic interaction of budget, tax and loan policies in order to intensify economic development.
Osovska G., Yushkevych O., Zavatskyi J. [8]	A set of financial measures of the state related to the regulation of government expenditures and profits to achieve certain socio-economic goals (crisis regulation, ensuring high employment, combating inflation, etc.).
Hatsalov M. [4]	Government measures to collect taxes and spend state budget funds to regulate the level of business activity.
Honcharov S., Kushnir N. [5]	Government policy on taxation, public spending, the state budget aimed at eliminating inflationary processes, increasing employment.
Kalinina I. [11]	A set of measures by which the state influences the economy through the structure of sources of state revenues and areas of public spending by changing the type and rates of taxes, fees, deductions, other mandatory contributions to the budget, state extra-budgetary funds, as well as by determining the size and establishment of mandatory public expenditures, including content, payments, subsidies, transfers and subsidies, the formation of targeted programs at all levels of public administration (federal, regional and local), aimed at improving the efficiency of the economy and stimulating economic growth.
Rakul O. [15]	A set of measures carried out by public authorities on the formation and implementation of revenue and expenditure components of the state budget in order to effectively perform their functions by the state.
Duliba E. [7]	Purposeful activities of the state in the field of regulation of revenues and expenditures of the state budget, which includes tax policy, budget policy, policy on non-tax budget revenues, policy on budget revenues from capital transactions, transfer policy, targeted funds policy and policies on state budget expenditures.

Source: develop by author

In addition, the author of [7] rightly notes that "consideration of fiscal policy in terms of tax diverts attention from a number of measures aimed at regulating relations arising during the preparation, consideration and approval of budgets, as well as control and responsibility for their implementation, compliance with budget legislation, etc. "[7].

**Figure 1. Approaches to determining the category "fiscal policy"**

Source: develop by author based on [2]

This thesis is correct, because it is confirmed by the requirements of Art. 9 of the Budget Code of Ukraine [3] regarding the fact that the most important factors in filling the state budget along with tax are non-tax revenues, which is detailed in Fig.2.

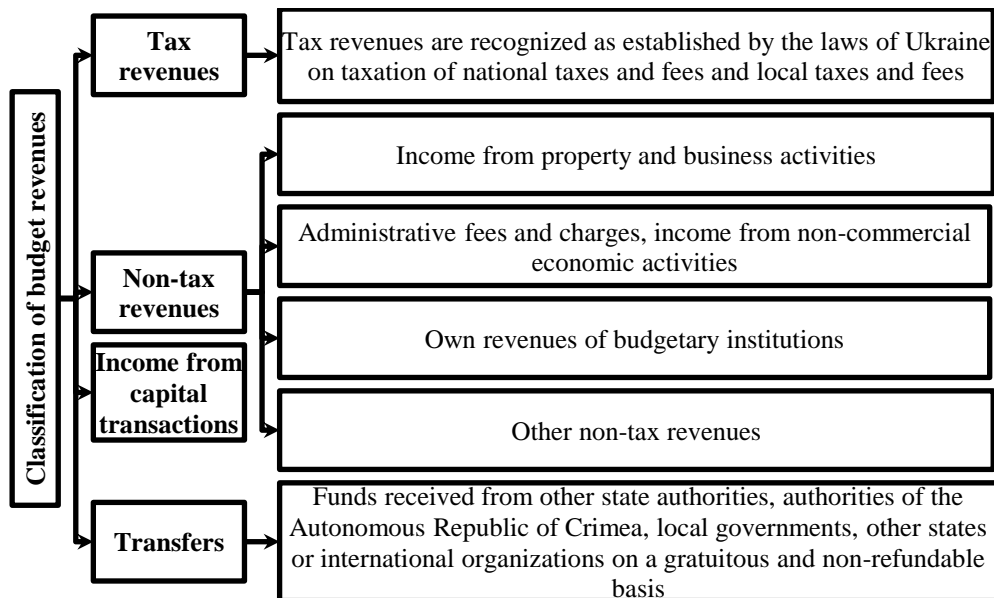


Figure 2. Factors of filling the state budget

Source: develop by author based on [3]

The subjects of the implementation of fiscal policy are public authorities and other public authorities, which are empowered to form it, determine the strategy and directions of development. Their composition is clearly shown in Fig. 3.

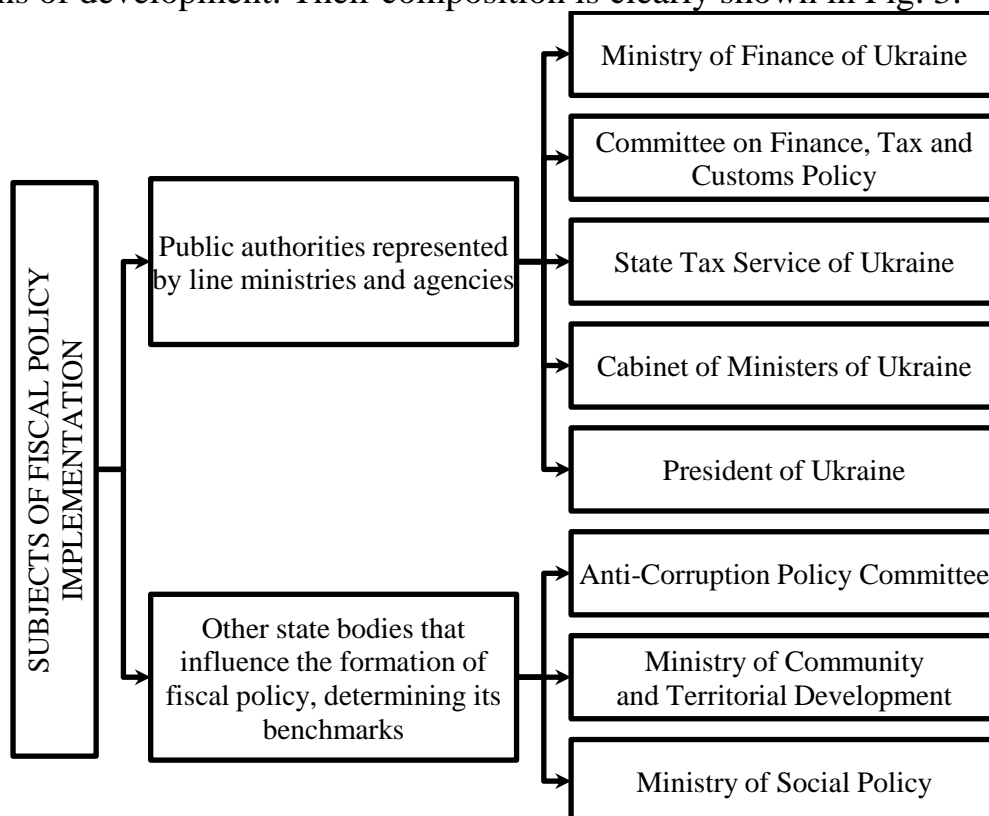


Figure 3. Subjects of fiscal policy implementation in Ukraine

Source: develop by author

Thus, the quality of the formation of state fiscal policy is influenced by the level of cohesion of efforts of the legislature, the executive and the President of Ukraine.

It should be noted that the main objectives of fiscal policy, as the most important instrument of the state, are the following:

- 1) stabilization of aggregate demand and GDP;
- 2) maintaining macroeconomic balance, which is possible only with the efficient use of all resources in the economy.

As objects of fiscal policy, researchers mostly consider the creation and implementation of effective tax and budget systems, their mechanism and tools that allow both to accumulate financial resources and allocate them to the development goals set by the strategy [15; 18]. The composition of the objects of fiscal policy in Ukraine is shown in Fig. 4.

According to the results of the study, we summarize that the content of fiscal policy is the implementation of its subjects of activity to manage the accumulation of state revenues and regulate government expenditures. At the same time, as the authors rightly point out [17], "fiscal policy should not be aimed at reducing budget expenditures at any cost, but to achieve such amounts that are sufficiently covered by the amount of mobilized revenues" [17].

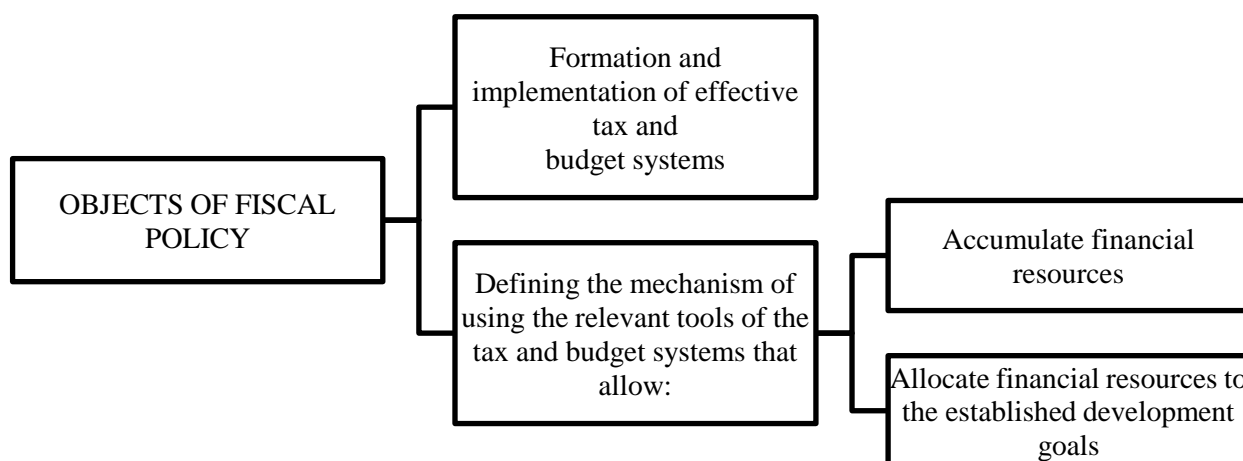


Figure 4. Objects of fiscal policy in Ukraine

Source: develop by author

Note that the use of a certain set of tools (budget, tax, etc.) may affect the development of certain sectors of the economy, reformatting the structure of the national economy, inflation, encouraging the development of national goods, employment and unemployment and more. At the same time, fiscal policy can affect the financial space in different ways, due to the cyclical nature of the economy.

The opinion of the authors of the work deserves attention [10, p. 120], who, as a result of a careful analysis of the category "fiscal space" identified the existence of four fundamental positions to its understanding by scientists: target, quantitative, resource, cost and result. This allowed researchers [10] to identify the strengths and weaknesses of each approach, organize them and formulate the following interpretation of the term, which, in our opinion, comprehensively characterizes it: "fiscal space is the amount of financial resources generated by the state policy,

through the mobilization of revenues to state and local budgets, rationalization of budget expenditures, the implementation of government borrowing within budget constraints, the formation of funds to ensure the implementation of state functions and for its socio-economic development [10, p. 120].

Given the impact of fiscal policy on the fiscal space, scientists distinguish its various types, which is clearly shown in Figure 5.

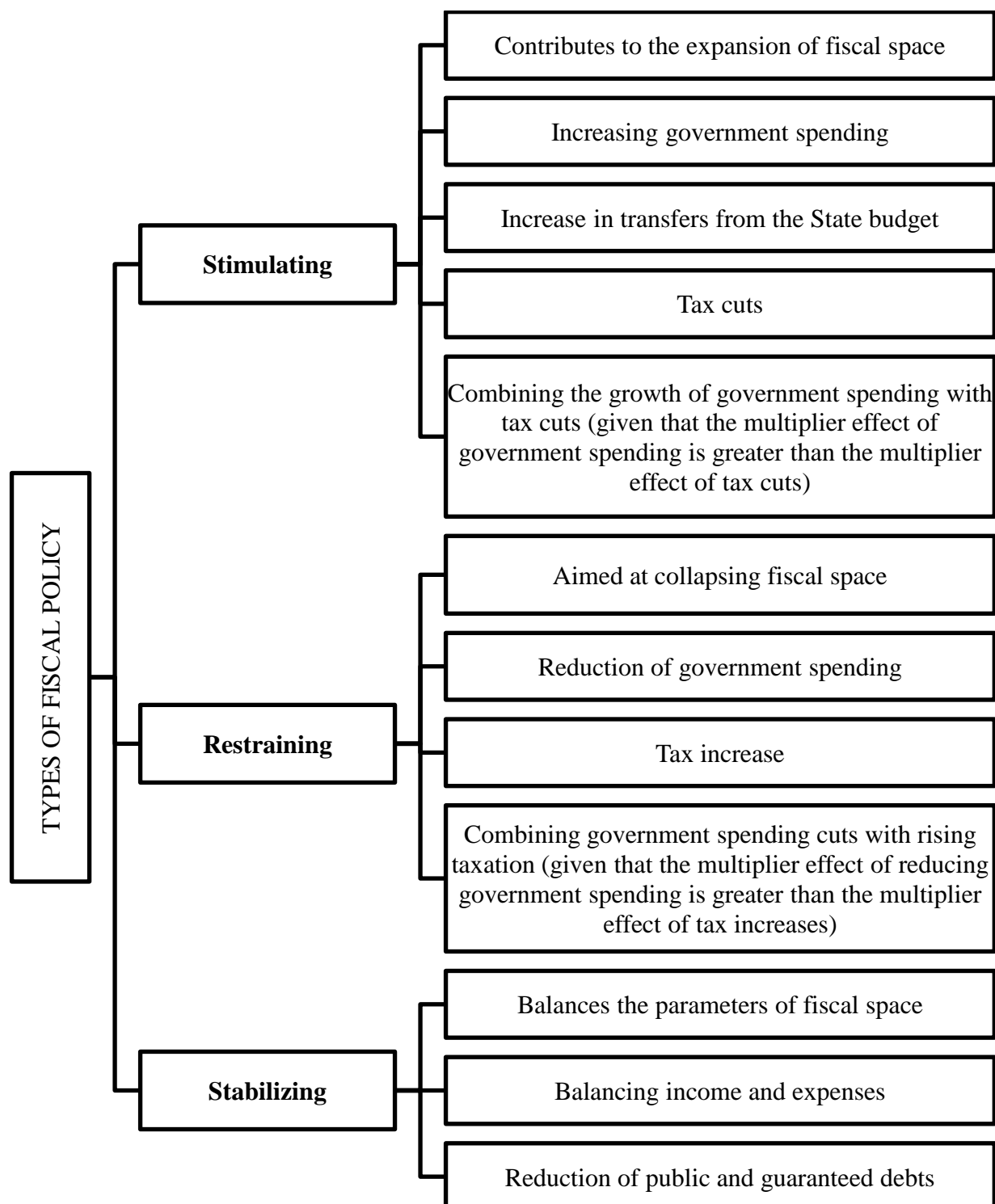


Figure 5. Types of fiscal policy

Source: develop by authors based on [12; 1; 18]

It should be noted that in practice fiscal policy can be implemented at two levels: state and regional.

The mechanism of fiscal policy outlined in Figure 5 is typical for the state level. From the above data it can be stated that it can be:

- 1) stabilization (or neutral), aimed at balancing revenues and expenditures of the state budget, debt reduction, etc.;
- 2) tough (or restraining), as it is mostly associated with a reduction in government spending and an increase in taxes;
- 3) flexible (or stimulating), aimed at increasing government spending and reducing taxes.

The chosen type of state fiscal policy is laid down in the requirements and provisions of regulations aimed at its regulation.

Thus, according to the results of the review of literature sources, we can conclude that for the most part scholars' understanding of the category of "fiscal policy" is as follows:

- 1) is identified with the "budget policy" and is considered as a government activity on the management of state revenues and expenditures;
- 2) identifies with the "tax policy", narrowing the scope of its activities to regulate the tax burden of economic entities and relations arising in the field of collection of taxes and fees;
- 3) is seen as a symbiosis of "fiscal policy".

In our opinion, the consideration of fiscal policy from the point of view of the approaches outlined above is not correct enough, and its understanding by the scientific community is largely due to the fact that at the legislative level the category of "fiscal policy" is not defined. The main directions of economic policy of Ukraine are defined by Art. 10 of the Commercial Code of Ukraine [6] and is presented in Fig. 6.



Figure 6. Directions of economic policy of Ukraine

Source: develop by author based on [6]

Thus, we emphasize that among the areas of economic policy of Ukraine, defined by Art. 10 of the Commercial Code of Ukraine [6], fiscal policy is not separated.

At the same time, a central executive body, the State Fiscal Service of Ukraine (SFSU), was established in the country in 2014. Its activities were regulated by the requirements of Regulation 36236 [14], which also did not define the essence of the concept of "fiscal policy", but found that the SFSU "implements state tax policy, state policy in the field of state customs, state policy on single contribution administration. compulsory state social insurance, state policy in the field of combating offenses in the application of tax and customs legislation, as well as legislation on the payment of a single contribution "[14].

Thus, we conclude that the legislator considers fiscal policy more broadly than tax and budget policy.

Now, on November 24, 2021, the Cabinet of Ministers issued Order №1493-r "On the Commencement of the Economic Security Bureau". With the start of this bureau, the SFSU should be liquidated. The Law of Ukraine №1150-IX [9], which was adopted to regulate the activities of the Bureau of Economic Security, the essence of fiscal policy is also not defined.

Given that the category of "fiscal policy" is quite common in both legislative and scientific spheres, we consider it appropriate to clarify the definition of this category and use it in the following interpretation: "fiscal policy is a complex concept that includes public administration policy (local) debt, as well as budget, tax, customs and social policies with their inherent goals, objectives and methods by which state (local) authorities implement measures aimed at effective formation of budget revenues, their distribution in accordance with the balance of budget expenditures appropriate level, resolving possible contradictions (in the tax, budget, customs, social, or debt spheres) and avoiding possible imbalances by making the necessary changes to the relevant tools of fiscal policy components.

Based on a comprehensive approach to the interpretation of the essence of the category "fiscal policy", we will further outline its mechanism with its inherent features in the outlined direction (Fig. 7).

It should also be noted that in the scientific literature a fairly common category is "fiscal function of the state." At the same time, at the legislative level, among other functions of the state, this function is not separated and, accordingly, is not reflected in regulations. In general, the list of functions performed by the state is quite extensive and debatable, because researchers offer different classification features.

It should be emphasized that the requirements of the Tax Code of Ukraine [13] among the principles on which tax legislation is based, the principle of "fiscal sufficiency". Under this category, the legislator means "the establishment of taxes and fees, taking into account the need to achieve a balance of budget expenditures with its revenues" [13]. But the principle of fiscal sufficiency cannot be equated with the fiscal function of the state, as researchers often do.

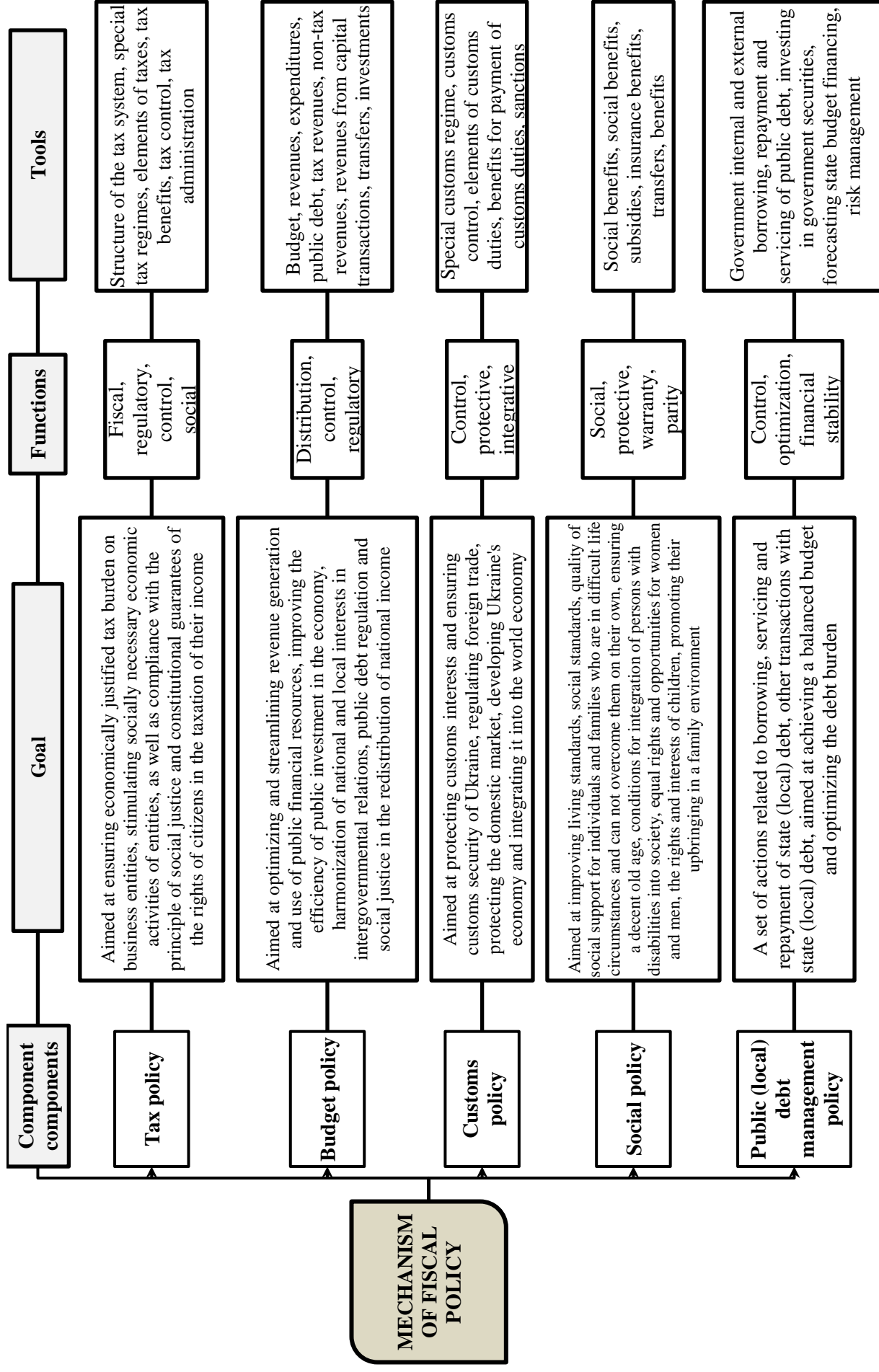


Figure 7. Improving the mechanism of fiscal policy in Ukraine Source: developed by the authors

Discussion. The author's opinion [16] seems to be correct that «in the legal literature the fiscal function is not singled out as an independent function of the state, it is often interpreted as part of the economic function or considered as a function of taxation and financial control that serves other functions» [16, p. 79].

At the same time, today the essence of the fiscal function of the state is not only to fill the state budget, but also to distribute funds between budgets of different levels and their use.

According to the results of a thorough study, the author of [7] identified the features that are most characteristic of the fiscal function of the state. Duliba EV, who offered his own understanding of this category, which, in our opinion, most deeply among the existing definitions reflects its essence, namely: "the fiscal function of the state is one of the main socially significant areas of state activity political in nature and is to create the prerequisites for effective fiscal activity using such basic instruments as government revenues and public expenditures "[7].

Conclusions. According to the results of the study, the following conclusions were made:

1. The article examines the fiscal function of the state, which is implemented through its fiscal policy.

2. The genesis of the phrase "fiscal policy" is studied and the main approaches to defining the essence of the category "fiscal policy" are systematized. Approaches to defining the category of "fiscal policy" are presented: comprehensive, financial, expenditure. State budget revenues are classified: tax, non-tax, from financial transactions, transfers.

3. The main subjects and objects of fiscal policy implementation in Ukraine are systematized. The main types of fiscal policy are generalized: stimulating, restraining, stabilizing. The directions of improvement of the mechanism of fiscal policy in Ukraine are offered.

Author contributions. The authors contributed equally.

Disclosure statement. The authors do not have any conflict of interest.

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