

The state budget of Ukraine: Diagnostics in the context of martial law

Olena Tsyhanenko*

PhD in Economic Sciences

Classic Professional College of Sumy State University

41600, 39 Sadova Str., Konotop, Ukraine

<https://orcid.org/0000-0001-5706-5620>

Hanna Samus

PhD in Economic Sciences

Classic Professional College of Sumy State University

41600, 39 Sadova Str., Konotop, Ukraine

<https://orcid.org/0000-0002-6962-5450>

Alina Medvid

Student

Classic Professional College of Sumy State University

41600, 39 Sadova Str., Konotop, Ukraine

<https://orcid.org/0009-0008-4062-9192>

Abstract. At the current stage of development of a market economy, the efficiency of the state depends on the quality of budgeting and execution, as it is the main instrument for mobilising and spending public resources. The purpose of this study was to diagnose the revenues and expenditures of the State Budget of Ukraine under martial law, to identify the main problems that impede effective budget formation and execution, and to provide recommendations on how to eliminate them. The study used empirical, theoretical, and statistical research methods, namely description and comparison; synthesis, analysis, and generalisation. The paper examined the essence of the state budget according to the opinions of foreign and Ukrainian researchers. Based on the statistical data, the study described the current state of the state budget and analysed the dynamics of budget revenues and expenditures in 2018-2022. The structure of tax and non-tax revenues to the state budget was investigated. The structure of the state budget expenditures was analysed in terms of economic and functional classification. The budget deficit was analysed. The study highlighted the main problems related to the preparation and execution of the state budget, namely: military operations in the country leading to capital outflows; a

Received: 28.04.2023, Revised: 26.07.2023, Accepted: 30.08.2023

Suggested Citation: Tsyhanenko, O., Samus, H., & Medvid, A. (2023). The state budget of Ukraine: Diagnostics in the context of martial law. *Scientific Bulletin of Mukachevo State University. Series "Economics"*, 10(3), 58-66. doi: 10.52566/msu-econ3.2023.58.



Copyright © The Author(s). This is an open access article distributed under the terms of the Creative Commons Attribution License 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

*Corresponding author

decrease in the growth rate of the gross domestic product and a decline in production; insufficient filling of the reserve fund; an increase in tax rates leading to tax evasion by business entities; instability of the national currency; lack of an effective strategy for budget preparation and execution; imperfect control over the implementation of budget programmes. The paper offers recommendations on how to overcome these problems and promote optimisation of the revenue and expenditure sides of the state budget. The results of the study are of practical importance, since it is based on the analysis of the state budget indicators that the state of the budget is determined and ways to balance the revenues and expenditures of the State Budget of Ukraine are identified

Keywords: revenues and expenditures; financial resources; state deficit; balancing the state budget; socio-economic development

Introduction

At the current stage of development of the market economy, the effectiveness of the state hinges upon the quality of budgeting and execution, since it is the primary means for organising and disbursing state resources. The country's budget is a centralised fund of money aimed at performing the functions assigned to the state and influencing various aspects of social and economic life.

Many authors have investigated the essence and analysis of the state budget and its main problems. A. Smyrnova (2019) examined the theoretical essence of the formation of the State Budget of Ukraine as the main component of public finance. The author examines the problems of Ukraine's budget formation and suggests ways to solve them. D.P. Kurodiedova & N.A. Plieshakova (2023) in their study identified the main issues associated with the flow of funds to the State Budget of Ukraine under martial law, considered the main changes in the dynamics of revenues and expenditures for 2018-2023. Petyk *et al.* (2020) analysed the dynamics of revenues and expenditures of the State Budget of Ukraine and described the main problems that adversely impact the budget. The authors provided recommendations for effective budget execution and improvement of budget policy. O.R. Zakhidna *et al.* (2020) examined the main ways of financing the state budget, analysed the factors of state budget formation at the present stage, and proved the impact of GDP on the state budget. Based on the study, ways to balance budget revenues and expenditures were proposed. N.A. Dobrianska *et al.* (2022) characterised the essence and structure of the State Budget of Ukraine according to the opinions of other researchers. The author analyses the revenues and expenditures of the state budget for the period under study. The authors L.M. Yaniv & O.A. Zinchenko (2016) considered the term "budget deficit" and the main reasons for its occurrence. The conclusions suggest ways to address the problems associated with the budget deficit.

The relevance of the subject under study is conditioned upon the fact that the key to the economic development of the state is the balance of the volume and structure of budget revenues and expenditures. Ukraine is currently facing a difficult economic situation caused by the outbreak of a large-scale war. As a result, the state budget is unbalanced due to the excess of expenditures over revenues, which results in the state deficit. Furthermore, the system of budget

control needs to be improved, which should be aimed at monitoring the implementation of the state budget as the main plan for the formation and use of the country's funds.

The purpose of this study was to monitor the State Budget of Ukraine in the context of war and economic crisis, to identify the main issues that impede effective budget formation and execution, and to provide recommendations for their elimination. To fulfil this purpose, the following tasks should be performed: to cover the concept of the state budget according to the opinions of Ukrainian and foreign researchers; to investigate the theoretical aspects of the formation of the State Budget of Ukraine; to analyse the dynamics of the state budget revenues and expenditures during 2018-2022; to identify the main issues related to the formation and execution of the state budget; to develop recommendations for balancing and optimising the revenue and expenditure parts of the state budget.

Literature Review

In Ukrainian and foreign practices, there are many scientific studies devoted to the problems of formation and effective execution of the state budget. Specifically, a significant contribution was made by the Ukrainian scientist V.D. Bazylevych (2004), who covered the essence of the State Budget of Ukraine as the main component of public finance, characterised the structure of the state budget and the main sources of its filling. L.O. Omelianovych (2008) considered the state budget as a set of relations concerning the formation and use of financial resources aimed at ensuring the performance of state functions. I.O. Liutyi (2017) examined the main issues related to the effective formation and use of budget funds, considered the causes of the state budget imbalance and developed the main recommendations for their avoidance.

D.P. Kurodiedova & N.A. Plieshakova (2023) considered the state budget in the context of martial law and economic crisis, the authors identified the main problems of filling and using budget funds. The authors L.M. Yaniv & O.A. Zinchenko (2018) investigated the main causes of the budget deficit and developed recommendations for minimising the deficit to ensure the socio-economic development of the country. N.A. Dobrianska *et al.* (2022) examined the structure of the state budget and conducted a comparative analysis of the dynamics of budget revenues

and expenditures in 2018-2022. H. Myskiv (2020) argued that the budget is one of the most effective instruments of state regulation of the national economy, as it redistributes the gross domestic product, which contributes to the economic and social development of the country. A. Smyrnova (2019) considered the theoretical foundations of the formation of the State Budget of Ukraine. The author describes the main problems that impede the effective formation and execution of the state budget and proposes measures to optimise the revenue and expenditure parts of the budget.

Among foreign researchers, the essence of the state budget was covered by A. Smith (1976), who examined the structure of revenues and expenditures, and proposed the division of budget expenditures into two groups. The first group included expenditures of general importance, such as defence and the maintenance of state power, while the second group included expenditures on education, social security, and the administration of justice. The Western economist paid special attention to the problems of taxation rationalisation, as he believed that taxes were the main source of budget revenues. J.M. Keynes (1936) examined the main causes of budget deficits and developed recommendations for preventing them and ensuring the balance of the revenue and expenditure sides of the state budget.

Despite a considerable number of scientific studies, the problem of filling the state budget and efficient use of financial resources in the current conditions is still unresolved.

Materials and Methods

The theoretical framework of this paper included the scientific papers of Ukrainian and foreign researchers on the study of the essence and structure of the state budget. The sources of information in the study were the materials of scientific conferences and scientific articles, namely the article by D.P. Kurodiedova & N.A. Plieshakova (2023), who analysed budget revenues and expenditures under martial law. Based on the study by N.A. Dobrianska *et al.* (2022), the concept and structure of the State Budget of Ukraine were characterised, the main problems related to the formation and execution of the State Budget were identified, and recommendations for solving these problems were developed. The scientific article by V.A. Buleshna *et al.* (2020) was used to identify the causes of the budget deficit and ways to overcome it. Based on the paper by O.R. Zakhidna *et al.* (2020), the problems of the state budget imbalance and the consequences of the budget deficit are considered.

During the study, the authors used analytical reports of the Ministry of Finance of Ukraine (2018-2022), data from the State Statistics Service of Ukraine (2018-2022), and the State Treasury Service of Ukraine (2018-2022). Based on the data obtained, the dynamics of changes in revenues and expenditures of the State Budget of Ukraine in 2018-2022 were analysed.

The study used a statistical research method to analyse the data on changes in the dynamics of state budget revenues and expenditures in 2018-2022. Among the empirical

methods, the method of description and comparison was used to assess the formation of revenues and expenditures under normal conditions and under martial law and the economic crisis of 2022. Based on the method of generalisation as a component of theoretical methods, the study described the budget deficit, its main causes and consequences. The abstract and logical method was used to formulate the conclusions of the study and provide recommendations for balancing and optimising the revenue and expenditure parts of the state budget.

Results

Substantiation of the theoretical essence of the term "state budget" and the main problems and ways to improve its formation and execution

The state budget is a set of economic relations that arise between the state and business entities with the aim of forming and using a fund of money to meet public needs. The budget is one of the most effective instruments of state regulation of the national economy. Acting as an effective tool for redistributing the population's income, i.e., gross domestic product, the state budget maintains a favourable social climate in the country and provides social protection, as well as helps to reduce the property stratification of society (Myskiv, 2020).

Today, there is no single interpretation of the concept of budget; many authors provide different definitions of this category, focusing on certain aspects of the essence of the budget. V.I. Ospishchev *et al.* (2008) in their textbook "Finance" noted that the state budget is a set of financial relations between the state, legal entities and citizens related to the formation and use of monetary resources intended for the performance of state functions prescribed by the Constitution of Ukraine. V.D. Bazylevych (2004) in his textbook "Public Finance" defines the budget as a monetary fund necessary for the performance of the state's tasks. The author of the textbook "Budget System" L.O. Omelianovych (2008) described the budget as the main financial plan, a schedule of revenues and expenditures for a certain period. In the textbook "Finance" by I.O. Liutyi (2017), the authors provide a definition of the state budget as a collection of financial relationships relating to the creation of a centralised fund of monetary resources used by the state to perform socio-economic functions, as well as to regulate the national economy.

The components of the state budget are revenues and expenditures. Budget revenues are defined as the financial resources of the state that are used to perform its main functions. The main sources of state budget revenues are tax and non-tax revenues, income from capital transactions, and transfers. Expenditures are funds allocated to implement certain activities and programmes prescribed in the respective budget. State budget expenditures play a vital role in the country's development, primarily because they are an instrument for regulating the economy and restructuring it. Expenditures are used to finance social programmes, lend to individuals and legal entities, and create

appropriate conditions for the development of market and international relations (Zubenko, 2017).

In the current environment, there is a set of problems in the formation of the State Budget of Ukraine. Military actions have significant negative effects on a country's territory, primarily resulting in capital outflow. They also impede effective state budget formation and execution, leading to decreased GDP growth rates and production decline. Inadequate replenishment of the reserve fund is another concern. Higher tax rates encourage businesses to evade taxation. The instability of the national currency is also a drawback. The absence of a sound budget formulation and execution strategy, flawed budget planning, and inadequate monitoring of budgetary programs have been highlighted as concerns (Zakhidna et al., 2020).

To overcome the existing problems related to the formation and execution of the state budget, certain measures need to be taken. To optimise budget revenues and expenditures, it is necessary to establish a balanced tax policy that will ensure the optimal level of tax revenues as a source of budget revenues; to increase financial support for small and medium-sized enterprises. The government ought to assess and decrease expenditures

that are not of high importance, especially the financing of management structures. This move is necessary to establish favourable economic and legal conditions for the operations of all economic agents within the state. Such conditions will incentivise them to pay their dues to the budget. Additionally, it is crucial to thwart the expansion of the shadow economy, which leads entrepreneurs to conceal income and evade taxes. Reinforcing financial oversight and accountability over the utilisation of budget resources and carrying out strategic planning and budget forecasting are other essential measures the government should adopt (Dobrianska et al., 2022). Public expenditures should be based on available revenues and distributed in such a way as to maximise their effect and ensure proportional growth of the budget revenues and expenditures.

Analysis of the revenues and expenditures of the State Budget of Ukraine

The study analysed the revenues and expenditures of the State Budget of Ukraine in 2018-2022. The trend of budget revenues and expenditures changed significantly with the outbreak of the full-scale war, as presented in Figure 1.

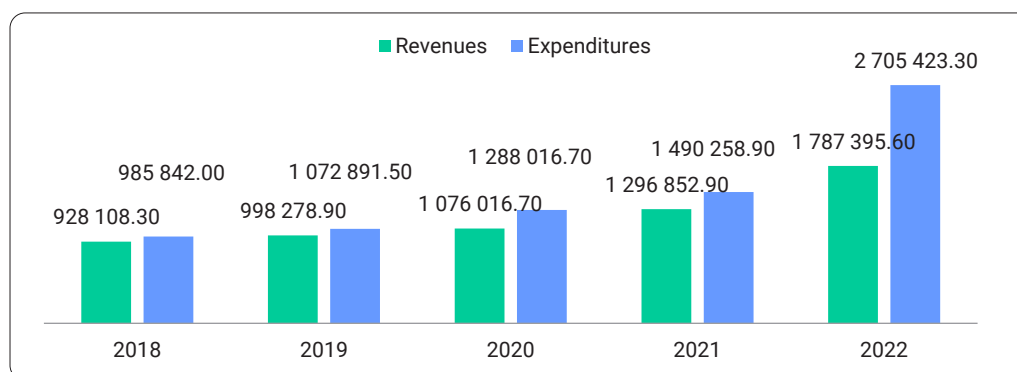


Figure 1. Dynamics of revenues and expenditures of the State Budget of Ukraine in 2018-2022, UAH million

Source: developed by the authors based on the Ministry of Finance of Ukraine (2018-2022)

As presented in Figure 1, over the five years, revenues and expenditures grew, but the budget deficit persisted. In 2018, the budget deficit amounted to UAH 57,733.7 million, in 2019 – UAH 74,612.6 million, in 2020 – UAH 212,000.0 million, in 2021 – UAH 193,406 million, and in 2022 – UAH 918,027.7 million. As evidenced, the greatest level of budget deficit occurred in 2022, an amount notably surpassing that of earlier years. This situation was caused by the outbreak of a full-scale war by Russia, which required a considerable amount of spending on defence.

In general, over the past five years, there has been a general upward trend in the volume of revenues of the State Budget of Ukraine. Over the period from 2018 to 2022, total revenues increased by UAH 859,287.3 million, i.e., from UAH 928,108.3 million in 2018 to UAH 1,787,395.6 million in 2022. Compared to 2021, in 2022 the volume of revenues increased by UAH 490,542.7 million (Ministry of Finance of Ukraine, 2018-2022). As for expenditures,

they also tended to increase year on year. Over the period from 2018 to 2022, total expenditures increased by UAH 1,719,581.3 million, i.e., from UAH 985,842.0 million in 2018 to UAH 2,705,423.3 million in 2022. Compared to the previous year, 2021, 2022 saw a rapid increase in expenditures by UAH 1,215,164.4 million (Ministry of Finance of Ukraine, 2018-2022).

In the overall structure of state budget revenues, the largest share is accounted for by tax revenues, which are the main source of budget formation and account for about 80% of the budget. In 2018-2021, tax revenues increased, as presented in Table 1. From 2018 to 2021, the amount of tax revenues increased by UAH 353,274.4 million. As for 2022, compared to 2021, there was a decrease in tax revenues in the amount of UAH 157,326.5 million, the share of which decreased by 32.23%. This trend can be explained by several factors (Table 1). Firstly, as a result of the outbreak of war, a considerable number of Ukrainians

moved abroad, which led to a reduction in the number of taxpayers. Accordingly, personal income tax (PIT) and VAT (value added tax) revenues declined. Secondly, a

large number of companies ceased operations, which resulted in a decrease in budget revenues from income tax and the unified social tax.

Table 1. Revenues of the State Budget of Ukraine in 2018-2022 (UAH million)

Indicators	2018		2019		2020		2021		2022	
	mln UAH	%	mln UAH	%	mln UAH	%	mln UAH	%	mln UAH	%
Tax revenues	753,815.6	81.22	799,776.0	80.12	851,115.6	79.10	1,107,090.9	85.37	949,764.4	53.14
Non-tax revenues	164,676.5	17.74	186,686.2	18.70	212,946.9	19.79	175,358.0	13.52	346,327.7	19.38
Income from capital transactions	657.5	0.07	183.0	0.02	79.4	0.01	328.7	0.03	611.0	0.03
Transfers	7,306.3	0.79	8,725.0	0.87	10,658.0	0.99	12,576.1	0.97	9,465.6	0.53
Trust funds	187.5	0.02	1,770.8	0.18	187.1	0.02	209.4	0.02	136.2	0.01
Total	928,108.3	100.00	998,278.9	100.00	1,076,016.7	100.00	1,296,852.9	100.00	1,787,395.6	100.00

Source: developed by the authors based on the Ministry of Finance of Ukraine (2018-2022)

For a more detailed analysis of tax revenue generation, it is worth considering the most significant tax indicators presented in Figure 2. In 2022, VAT on imported goods accounted for 14.2% of state budget revenues. The VAT on

domestic goods was equally significant at 11.97%, personal income tax at 8.3%, and corporate income tax at 6.55%. The tax on international trade and foreign transactions accounted for the least significant share of budget revenues, at 1.47%.

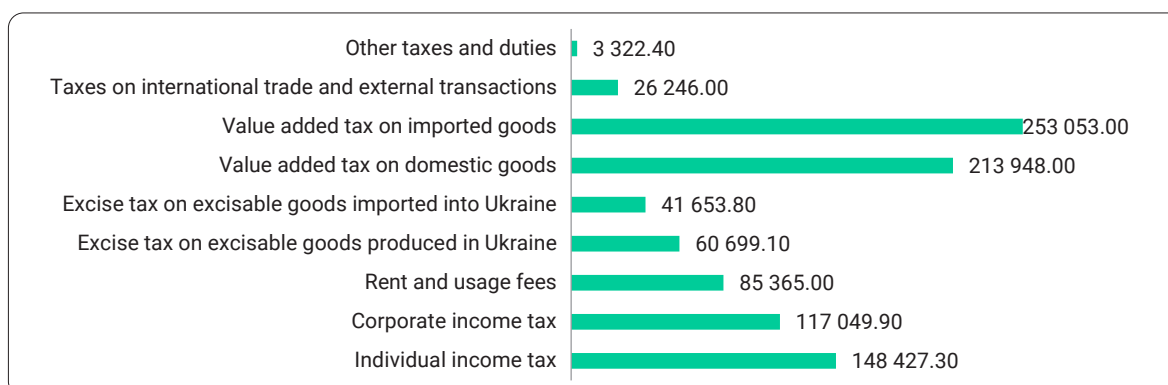


Figure 2. Structure of tax revenues to the State Budget of Ukraine in 2022 (UAH million)

Source: compiled by the authors of this study based on the Ministry of Finance of Ukraine (2018-2022)

Analysing the volume of non-tax revenues, there was an unstable dynamic, with an increase of UAH 48,271.4 million in 2018-2020. In 2021, there was a decrease in non-tax revenues by UAH 37,588.9 million compared to 2020, and in 2022, there was a rapid increase in non-tax revenues by UAH 170,969.7 million, and their total amount in the revenue structure was UAH 346,327.7 million.

In 2022, the largest share of non-tax revenues in the structure of non-tax revenues was accounted for by the government's own budgetary institutions, which accounted for 13.14%. Administrative fees and charges accounted for the smallest share of the total structure – 0.46%. Revenues from trust funds, official transfers, and capital transactions accounted for less than 1% of total budget revenues.

According to the Ministry of Finance of Ukraine, over five years, current expenditures increased by UAH 1,701,009.2 million, while capital expenditures increased by UAH 18,572.1 million, as presented in Table 2.

In the structure of expenditures, according to the key indicators of economic classification in 2022, the largest share was occupied by labour costs (36.8%), followed by expenditures on the use of goods and services (27.7%) and social security costs (18.8%). Capital expenditures took an insignificant place, at only 7.0%. The amount of expenditures by functional classification in 2018-2022 tended to increase year on year and increased by UAH 1,719,581.3 million over five years. Expenditures on general government functions increased by UAH 39,049.2 million and amounted to UAH 201,999.1 million in 2022. Defence expenditures accounted for the largest share in the structure of general government expenditures, with their share ranging from 9.35% to 42.25%, and their volume increased by UAH 1,025,848.4 million in 2018-2022 and amounted to UAH 1,142,872.4 million in 2022. These changes were caused by the outbreak of a large-scale war, which resulted in significant expenditures to improve the state's defence capabilities.

Table 2. State budget expenditures by economic classification in 2018-2022, UAH million

Indicators	2018		2019		2020		2021		2022	
	million UAH	%	mln UAH	%	mln UAH	%	mln UAH	%	mln UAH	%
Current expenditure	916,042.3	92.92	998,942.6	93.11	1,193,194.8	92.64	1,356,168.4	91.00	2,617,051.5	96.73
Payroll and payroll accruals	171,258.5	17.37	210,073.1	19.58	240,542.3	18.68	262,777.3	17.63	994,440.2	36.76
Use of goods and services	157,548.2	15.98	182,067.9	16.97	301,690.1	23.42	382,503.2	25.67	750,645.6	27.75
Debt servicing	116,297.3	11.80	119,933.8	11.18	120,693.4	9.37	153,051.8	10.27	159,772.5	5.90
Current transfers	297,695.2	30.20	255,326.7	23.80	201,281.9	15.63	195,338.4	13.11	188,543.4	6.97
Social security	166,624.8	16.90	223,458.3	20.83	322,472.0	25.04	343,498.1	23.05	509,480.9	18.83
Other current expenditures	6,618.3	0.67	8,082.7	0.75	6,515.2	0.51	18,999.6	1.27	14,218.8	0.53
Capital expenditure	69,799.7	7.08	73,948.9	6.89	94,821.9	7.36	134,090.5	9.00	88,371.8	3.27
Acquisition of fixed assets	32,668.5	3.31	30,868.0	2.88	25,826.9	2.01	32,018.6	2.15	57,776.4	2.14
Capital transfers	37,131.2	3.77	43,080.9	4.02	68,995.0	5.36	102,071.9	6.85	30,595.4	1.13
Total	985,842.0	100.00	1,072,891.5	100.00	1,288,016.7	100.00	1,490,258.9	100.00	2,705,423.3	100.00

Source: developed by the authors based on the Ministry of Finance of Ukraine (2018-2022)

Discussion

A significant amount of expenditures was allocated to social protection and social security, namely, in 2022, they amounted to UAH 425,987.0 million, while in 2018, only UAH 163,865.6 million was allocated to social protection and social security. Expenditures on economic activities in 2018-2021 tended to increase and grew from UAH 63,600.7 million to UAH 180,989.9 million, but in 2022 they decreased by UAH 85,621.5 million. The smallest amounts of budget expenditures were allocated to housing and communal services, ranging from UAH 88.5 to UAH 528.6 million over the period under study.

In the structure of expenditures by the key indicators of the functional classification in 2022, the largest share was accounted for by defence expenditures (42.2%), followed by expenditures on public order, security, and the judiciary (16.4%) and social protection and welfare (15.7%), while expenditures on general government functions (7.5%), healthcare (6.8%) and intergovernmental transfers (5.1%) were less important.

Under martial law, an important task of the state budget is to finance the country's defence capability. Prior to the outbreak of hostilities, expenditures were allocated based on the programme-targeted method, which means that expenditures are made according to budget programmes. But the invasion of the Russian Federation led to a review of the distribution and use of budget funds. The national security and defence sector was recognised as the key funding item, with UAH 30,170 million allocated to it, including UAH 18,070 million for the Ministry of Defence, UAH 10,750 million for the Ministry of Internal Affairs, UAH 300 million for the Defence Intelligence of Ukraine, and UAH 200 million for the Security Service of Ukraine (Ministry of Finance..., 2022).

The study analysed the revenues and expenditures of the State Budget of Ukraine under martial law and proved that there is a problem of imbalance between budget revenues and expenditures, the main negative consequence of which is the growth of public debt to cover the budget deficit. The conclusion about the existence of a budget deficit was also made by D.P. Kurodiedova & N.A. Plieshakova (2023), who also considered the budget in the context of a full-scale war. I. Chuhunov *et al.* (2022) investigated the specific features of budget revenues formation under martial law and concluded that tax revenues account for the largest share in the revenue structure. Therefore, fiscal and monetary policy should be improved to ensure sustainable budget revenues. This conclusion was also reached in the study conducted by the authors. This opinion is shared by foreign authors E. Ortiz-Ospina & M. Roser (2016), who characterised taxes as the main source of filling the country's budget. They concluded that developed countries receive a larger share of budget revenues in the form of taxes than developing countries. L.M. Yaniv & O.A. Zinchenko (2016) examined the causes of the budget deficit and concluded that the main reason is the decline in GDP growth and the decline in production, while in the present study, the authors argue that the budget deficit is primarily caused by the outbreak of a full-scale war.

The classic of economic science D. Ricardo (1817), as well as in this study, preferred taxes as the main source of growth of state budget revenues, and he considered budget filling based on credit to be inefficient, as it leads to an increase in public debt. The English economist W. Heller (1967) argued that one of the key sources of increasing public expenditures is lending, and the existence of a budget deficit is a way of regulating economic relations.

American scientists W. Easterly *et al.* (1994) analysed the causes of the budget deficit and concluded that the main reasons for the deficit are inflationary processes in the country and fluctuations in the level of production of goods and services. The current study concludes that the problem of shadowing the Ukrainian economy and the presence of corruption at the top of the government have a considerable impact on the formation of the state budget.

G. Glomm (1997) examined the formation of expenditures and ways to improve the efficiency of their use. The analysis showed that the largest amount of budgetary expenditures in developed countries is directed towards social security, healthcare, education, and economic activity. The study found that the largest amount of expenditure was spent on national defence.

V.A. Buleshna *et al.* (2020) provided recommendations for overcoming the budget deficit, including the following: increasing budget revenues by raising tax rates, promoting entrepreneurship; reducing the expenditure side of the budget by reducing the cost of financing management structures; improving control over the use of funds and the implementation of legislation. These suggestions were also made in the current study. O.R. Zakhidna *et al.* (2020) proposed somewhat different recommendations to balance the revenue and expenditure sides of the state budget. The authors emphasised the need to attract foreign investment and to make domestic and foreign loans by issuing government securities. In the study, the authors proposed the following recommendations: improving the tax system to ensure the optimal level of tax revenues; developing an effective policy for servicing the country's public debt; and implementing strategic planning and forecasting of budget indicators.

L. Vdovenko *et al.* (2023) emphasised that for effective budget execution, first of all, it is necessary to establish a system of strict state control over the budget, as is practiced in foreign countries, which prescribe property and criminal liability of budget funds managers for non-compliance with the law.

This study argues that it is worth using international practices in budget planning in Ukraine. V. Reitano (2021) examined the budget process in different countries and concluded that all developed countries use medium-term budget planning, which is focused on 3-4 years. Reitano also asserted that it is necessary to allocate expenditures based on the programme-targeted method, which is based on the achievement of results by assessing the use of budget funds and making expenditures according to the state budget programmes. A. Smith & J.L. Jensen (2017) considered the advantages of medium-term budget planning based on the program-target method.

The study concludes that Ukraine should adopt foreign practices and improve the system of medium-term budget planning, as this will ensure efficient use of budget funds and reduce the risk of their misuse.

Conclusions

The conducted analysis strongly suggests that the state budget is a vital component of the country's economy and one of the main instruments of state regulation.

Over the past five years, there has been a general upward trend in revenues and expenditures. In the overall structure of budget revenues, tax revenues accounted for the largest share, being the main source of budget formation and accounting for about 80% of the budget. In the structure of expenditures, the largest share was occupied by expenditures on general government functions and social security, and in 2022, national defence became the top priority item of funding. Having analysed the revenues and expenditures of the State Budget of Ukraine, it can be argued that the budget is unbalanced, with expenditures significantly exceeding revenues, indicating a budget deficit.

The main problems that adversely affect the formation of the state budget revenues and expenditures are the slowdown in GDP growth and the decline in production, higher tax rates, which leads to tax evasion by business entities, the shadow economy, in which entrepreneurs evade taxes, the lack of an effective strategy for budget preparation and execution, and imperfect control over the implementation of budget programmes. Therefore, to avoid these problems, it is necessary to establish a balanced tax policy, create appropriate economic and legal conditions for the functioning of all business entities in the state, counteract the development of the shadow economy, strengthen control over cash flow and responsibility for the use of budget resources, carry out strategic planning and forecasting of budget indicators, public expenditures should be based on the amount of available revenues and distributed in such a way as to maximise the effect and ensure proportionality.

The scientific originality of this study lies in the assessment of the state budget revenues and expenditures in the context of martial law and the economic crisis to provide recommendations for balancing and optimising the revenue and expenditure parts of the budget to achieve economic development of Ukraine.

Only by achieving a balance between state budget revenues and expenditures can the budget deficit, which is the main obstacle to the development of the national economy, be avoided. Diagnostics and monitoring of the state budget of Ukraine to identify the deficit and timely adoption of necessary measures constitute an area for further research.

Acknowledgements

None.

Conflict of Interest

None.

References

- [1] Bazylevych, V.D., & Balastryk, L.O. (2004). *State finances: Educational manual*. Kyiv: Atika.
- [2] Buleshna, V.A., Humeniuk, R.V., & Buchkovska, Ya.H. (2020). Budget deficit: Problems, causes and ways of overcoming. In *Priority ways of development of science and education (part I): Materials of the II international science and practice conference* (pp. 13-15). Lviv.
- [3] Chuhunov, I., Pasichnyi, M. & Nikitishyn, A. (2022). Revenues of the State Budget of Ukraine under martial law. *Scientia Fructuosa (Bulletin of Kyiv National University of Trade and Economics)*, 145(5), 124-137. doi: 10.31617/1.2022(145)08.
- [4] Dobrianska, N.A., Halytskyi, O.M., & Lukianchuk, K.P. (2022). The concept, structure and statistical analysis of the state budget of Ukraine. *Economics: Time Realities. Scientific Journal*, 3(61), 33-39. doi: 10.15276/ETR.03.2022.4.
- [5] Easterly, W., Alfredo Rodriguez, C., & Schmidt-Hebbel, K. (1994). *Public sector deficits and macroeconomic performance*. Oxford: Oxford University Press.
- [6] Glomm, G. (1997). *Productive government expenditures and long-run growth*. *Journal of Economic Dynamics and Control*, 21(1), 183-204. doi: 10.1016/0165-1889(95)00929-9.
- [7] Heller, W. (1967). *New dimensions of political economy*. New York: Norton.
- [8] Keynes, J.M. (1936). *The general theory of employment, interest and money*. New York: Springer International Publishing.
- [9] Kurodiedova, D.P., & Plieshakova, N.A. (2023). The state budget of Ukraine under martial law. *Collection of Scientific Works "SCIENTIA"*, 47-51.
- [10] Liutyi, I.O., Borynets, S.Ia., & Varnalii, Z.S. (2017). *Finances: Teaching methodological manual*. Kyiv: Lira-K Publishing House.
- [11] Ministry of Finance of Ukraine. (2018-2022). Retrieved from <https://mof.gov.ua/uk/budget-policy>.
- [12] Myskiv, H. (2020). *Budget system: Theoretical and practical aspects (in diagrams and tables): Teaching manual*. Lviv: Rastr-7.
- [13] Official website of the State Statistics Service of Ukraine. (2018-2022). Retrieved from <https://www.ukrstat.gov.ua/>.
- [14] Official website of the State Treasury Service of Ukraine. (2019-2022). Retrieved from <https://www.treasury.gov.ua>.
- [15] Omelianovych, L.O. (2008). *Budget system: Integrated educational complex*. Donetsk: DonNUET.
- [16] Ortiz-Ospina, E., & Roser, M. (2016). *Taxation*. Retrieved from <https://ourworldindata.org/taxation>.
- [17] Oshpishchev, V.I., Lachkova, L.I., & Blyzniuk, O.P. (2008). *Finances: Educational manual (2nd ed., revised and additional)*. Kyiv: Znannia.
- [18] Petyk, L.O., Ihnatyshyna, V.M. & Skydan, U.I. (2020). The current state and problems of the formation of the State Budget of Ukraine. *A Young Scientist*, 11(87), 193-196. doi: 10.32839/2304-5809/2020-11-87-41.
- [19] Reitano, V. (2022). State Budgeting Practices. In Farazmand, A. (Eds.) *Global encyclopedia of public administration, public policy, and governance*. Cham: Springer. doi: 10.1007/978-3-030-66252-3_391.
- [20] Ricardo, D. (1817). *The principles of political economy and taxation*. Ontario: Batoche books.
- [21] Smith, A., & Jensen, J.L. (2017). *An assessment of factors important to legislators in budget decisions; how much impact can agencies have?* *Public Budgeting & Finance*, 37(3), 112-133.
- [22] Smith, A. (1976). *The welfare of nations. An inquiry into the nature and causes of the welfare of nations*. Oxford: Oxford University Press.
- [23] Smyrnova, A. (2019). *Theoretical foundations of the formation of the State Budget of Ukraine*. *Economic Sciences. Student Scientific Bulletin*, 2(19), 181-188.
- [24] Yaniv, L.M., & Zinchenko, O.A. (2016). Problems of the deficit of the state budget of Ukraine and ways to solve them. *Bulletin of Dnipropetrovsk University*, 6, 12-14. doi: 10.15421/191615.
- [25] Vdovenko, L., Ruda, O., Koval, O., Horlachuk, M., & Herasymchuk, V. (2023). Strategy of investment attraction for the development of rural areas for the economic restoration of the agricultural sector. *Scientific Horizons*, 26(5), 137-150. doi: 10.48077/scihor5.2023.137.
- [26] Zakhidna, O.R., Ihnatyshyna, V.M., & Skydan, U.I. (2020). *Problems of imbalance of the State budget of Ukraine*. *A Young Scientist*, 11(87), 159-163. doi: 10.32839/2304-5809/2020-11-87-34.
- [27] Zubenko, V.V. (2017). *Modern budget system: Rules and procedures: Educational manual*. Retrieved from https://www.ibser.org.ua/sites/default/files/170x240_preview_0.pdf.

Державний бюджет України: діагностика в умовах воєнного стану

Олена Василівна Циганенко

Кандидат економічних наук

Класичний фаховий коледж Сумського державного університету

41600, вул. Садова 39, м. Конотоп, Україна

<https://orcid.org/0000-0001-5706-5620>

Ганна Іванівна Самусь

Кандидат економічних наук

Класичний фаховий коледж Сумського державного університету

41600, вул. Садова 39, м. Конотоп, Україна

<https://orcid.org/0000-0002-6962-5450>

Аліна Олександрівна Медвідь

Студентка

Класичний фаховий коледж Сумського державного університету

41600, вул. Садова 39, м. Конотоп, Україна

<https://orcid.org/0009-0008-4062-9192>

Анотація. На сучасному етапі розвитку ринкової економіки ефективність функціонування держави залежить від якості побудови та виконання бюджету, оскільки він виступає головним інструментом мобілізації та витрачання державних ресурсів. Метою даної статті є діагностика доходів та видатків Державного бюджету України в умовах воєнного стану, виокремлення основних проблем, які перешкоджають ефективному формуванню та виконанню бюджету та надання рекомендацій щодо їх усунення. Під час проведення дослідження було використано емпіричні, теоретичні та статистичні методи дослідження, зокрема, опис та порівняння; синтез, аналіз та узагальнення. У статті розглянуто сутність державного бюджету згідно з поглядами зарубіжних та вітчизняних вчених. На основі статистичних даних охарактеризовано сучасний стан державного бюджету, проведено аналіз динаміки доходів та видатків бюджету протягом 2018-2022 рр. Досліджено структуру податкових та неподаткових надходжень до державного бюджету. Проаналізовано структуру видатків державного бюджету у розрізі економічної та функціональної класифікації. Проведено аналіз наявності бюджетного дефіциту. Визначено основні проблеми, які пов'язані з формуванням та виконанням державного бюджету, а саме: військові дії на території країни, які призводять до відпливу капіталу; зменшення темпів зростання внутрішнього валового продукту та спад виробництва; недостатнє наповнення резервного фонду; підвищення ставок податків, що призводить до ухилення суб'єктами господарювання сплати податків; нестабільність національної валюти; відсутність ефективної стратегії складання та виконання бюджету; недосконалий контроль за виконанням бюджетних програм. Запропоновані рекомендації щодо подолання перелічених проблем та сприяння оптимізації дохідної та видаткової частин державного бюджету. Отримані результати дослідження несуть практичне значення, оскільки саме на основі аналізу показників державного бюджету визначено стан бюджету та визначено шляхи збалансування доходів та видатків Державного бюджету України

Ключові слова: доходи та видатки; фінансові ресурси; державний дефіцит; збалансування державного бюджету; соціально-економічний розвиток
