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THREATS TO THE FINANCIAL AND ECONOMIC SECURITY OF AEROSPACE ENTERPRISES

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Abstract. *The study provides an analysis of modern challenges and conditions in which Ukrainian business operates during hostilities, and their impact on accounting and tax activities. An analysis of laws and regulatory documents developed by the state for the functioning and improvement of the situation of enterprises affected by hostilities was carried out. Scientific publications and monographic editions, magazine articles and materials of scientific and practical conferences became the methodological basis of the research. Content analysis of scientific periodicals was used during the research; comparative critical analysis of existing approaches and methods of analysis of financial stability and tax burden; analysis of economic activity of enterprises in the aerospace industry; statistical methods of analysis. The main hypothesis of the study was the assumption of the possibility of restoring the country's production potential due to the introduction of the latest accounting and tax technologies of digital transformation of Ukraine, national projects for the development of entrepreneurship, digital interaction platforms for business relocation assistance. Using the example of an enterprise belonging to the aviation industry, the influence of social and behavioral challenges on the accounting and tax activities of this enterprise, namely: on calculations with the budget, the amount of profit and on calculations of labor remuneration, was investigated. Measures to improve business promotion under martial law are proposed.*

Key words: *socio-behavioral challenges, accounting and tax activity, business entities, entrepreneurial activity under martial law.*

Introduction

The industry of Ukraine in 2023 feels the consequences of military actions, which caused the economic downturn, production stoppage, increase in unemployment and budget deficit. On the part of the state, at the legislative level, measures have been introduced to protect the interests of individual entrepreneurs working within Ukraine and to provide "tax holidays" for medium and large enterprises. Such realistic objective circumstances actualize the study of the impact of modern socio-behavioral challenges and their impact on the effectiveness of the accounting and tax activities of enterprises, and to introduce measures to improve the accounting and tax activities of enterprises in the conditions of martial law.

Update on issues of economic security of business

The impact of socio-behavioral challenges on accounting and tax activities can be carried out due to external and internal factors that directly affect the economic state of the country as a whole and individual business entities, and due to changes in tax legislation. Ukrainian enterprises have been suffering from the war for the past year. Due to constant active fighting and shelling in the East and South of Ukraine,



many enterprises were damaged or destroyed [9].

According to research by the Kyiv School of Economics for March 2023 [8] regarding direct physical damage to Ukraine from the consequences of the war, the loss of business assets amounts to at least 11.3 billion dollars. USA and continue to grow. Another 8.7 billion dollars. The USA has direct losses in the agricultural sector as a result of the war. In total, at least 426 large and medium-sized private enterprises, as well as state-owned enterprises, plus tens of thousands of small private enterprises, have been damaged or destroyed since the beginning of the war. However, it is impossible to say definitively, since complete information will become available only after the end of the war and the liberation of all occupied territories. Direct damages include: 1). Loss of fixed assets; 2). Loss of unfinished capital investments; 3). Loss of stocks of finished goods and intermediate materials.

The main conclusions regarding enterprise losses according to studies of the Kyiv School of Economics [8]: 1). Enterprise assets are the third largest item of direct infrastructure damage. It accounts for about 10% of the total amount of losses. 2). In terms of industries, metallurgy was the most affected. In particular, two enterprises were destroyed, which are the largest in the list of damaged/destroyed — Azovstal and MMK named after Ilyich. 3). In terms of regions, the Donetsk region was the most affected, accounting for almost half of the total amount of direct losses of enterprises.

The Law of Ukraine "On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the application of norms for the period of martial law" [2] contains radical changes regarding the single tax, reduction of VAT and excise duty on fuel, tax incentives for big business and charity. In order to stabilize fuel prices, benefits have been provided, namely, the rate of value added tax on fuel has been reduced from 20% to 7%, and the excise tax has been abolished. Not only sole traders will be able to pay a single tax on the simplified taxation system, but also large enterprises at new rates. The law provides that for the period of martial law, the annual income limit for taxpayers in the 3rd group of the single tax has been increased from 7,600,000 hryvnias to 10 billion hryvnias, and there are no restrictions on the number of employees. The rate will be 2% of the turnover, regardless of the type of activity (the exception is activities related to excise goods, gambling business, currency exchange and extraction and sale of minerals, banks, insurance companies, FOP pawnshops, non-resident legal entities, etc.). VAT will not be charged or paid for this period. FOPs of 1.2 groups have the right not to pay a single tax. This norm is voluntary. During the martial law and 3 months later, fines and interest are not collected from the EUV, and inspections are not carried out. Fuel given to the military, forcibly seized for the needs of the state, or given as humanitarian aid is also exempt from paying taxes and excises. Also, in 2022, enterprises located in the territory of active hostilities will not pay environmental tax. Licenses for excise goods are extended. That is, licenses will not be canceled if the next payment for the license has not been paid or its term has expired. Obligations regarding the payment of regular payments and the extension of the validity of the license within 30 days after the end of martial law.



The Law of Ukraine "On Protection of the Interests of Subjects of Submission of Reports and Other Documents During the Period of Martial Law or a State of War" [3] provides that during the period of martial law or a state of war, as well as within three months after its termination, natural persons, natural persons - entrepreneurs, legal entities are not subject to administrative and/or criminal liability for non-submission or late submission of reports and/or documents.

According to the Law of Ukraine "On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the peculiarities of taxation and reporting during the period of martial law" [4], tax audits are not initiated, and audits that have been initiated are stopped.

The state also introduced an information section in the Diya Portal [1] about state and donor programs, private initiatives to support entrepreneurs in war conditions, which will help save business, jobs and support the economy of Ukraine. Under the initiative of the Ministry of Economy, with the support of the Ministry of Digital Transformation of Ukraine and the national project for the development of entrepreneurship and export Diya.Business, SE "Prozorro.Prodazhi" launched a digital interaction platform for business relocation assistance. The official website of the eRobota program has been launched, where you can familiarize yourself with the terms of participation for each grant competition and submit an application for receiving a grant from the state. This money will enable anyone with the desire, skills and plan to start their own business or expand their business. A credit program was introduced for companies that, because of the war, need additional financing for the implementation of export contracts.

The introduction of such steps by the legislation had positive consequences: 1). Stabilization of fuel prices. In the first months of the full-scale invasion in many regions of Ukraine, the cost of fuel was very high, but due to the abolition of the excise tax on the reduction of the VAT rate from 20% to 7%, prices fell again and became more stable. 2). Support of small business, as FOP groups 1 and 2 have the right not to pay the Unified tax. 3). Support for business entities that, due to military actions, are unable to pay the ESR on time, because during the state of war and 3 months later, fines and interest are not collected from the ESR, and checks are not carried out. 4). Job support is provided by the state paying the employer compensation in the amount of the minimum wage for 2 months. 5). Provision of grants and financial assistance for enterprises and additional lending for exporting enterprises - revitalizes the country's economy and export activity.

Analysis of economic security threats to Ukrainian business

According to research by the National Bank of Ukraine [6], which was conducted in the form of a survey of company managers in the 1st quarter of 2023, business entities have certain positive forecasts regarding doing business during the war. Business, despite active hostilities and shelling of civilian infrastructure, continued to mitigate negative expectations both regarding its own development and the dynamics of production volumes of goods and services in Ukraine in the next 12 months. At the same time, inflation estimates and exchange rate expectations improved. The index of business expectations of enterprises (IBI) increased to 91.2% compared to 83.5% in the 4th quarter of 2022. The improvement of assessments



occurred in enterprises of almost all types of economic activity, except for construction and trade.

Business significantly mitigated the negative expectations regarding the dynamics of the volume of production of goods and services in Ukraine in the next 12 months. The balance of responses was "minus" 16.7% compared to "minus" 32.3% in the IV quarter. Despite the softening of respondents' assessments of the current financial and economic condition of their own enterprises for the third consecutive quarter, the overall assessment remains negative: the balance of responses was "minus" 16.9% compared to "minus" 19.3% in the IV quarter.

At the same time, respondents' expectations regarding changes in the financial and economic condition of enterprises have come close to the equilibrium level: the balance of responses is "minus" 2.5% (in the IV quarter - "minus" 11.5%). Companies in the extractive industry expect improvement in the next 12 months; agricultural enterprises forecast their financial and economic status at the current level; the rest of the respondents (with the exception of construction enterprises) moderated their negative expectations.

For the first time in a year, respondents expect an increase in the volume of product sales, including on the foreign market: the balances of answers – 2.8% and 2.0%, respectively (in the IV quarter of 2022 – “minus” 7.3% and “minus” 6.3%, respectively). High interest rates remain the most significant obstacle to attracting new loans - 48.1% of responses. At the same time, there is an increase in the influence of the complexity factor of the document processing procedure - by 23.4%.

Such studies revealed certain problems related to the activities of business entities and the impact on accounting and tax activities. For example, high lending rates for business. This issue is very important for accounting and tax activities, because without credit, enterprises cannot purchase goods, equipment, and restore damaged assets. This, in turn, will affect the size of the company's profit and tax payments to the budget.

Based on the data of the enterprise, which is territorially located in the Kharkiv region and whose activity profile belongs to the aviation industry, we will determine the impact of socio-behavioral challenges on the accounting and tax activities of this enterprise: on calculations with the budget, the amount of profit and on calculations of wages. The enterprise under study suffered from military actions, part of the assets were destroyed, but the enterprise resumed its work in the summer of 2022.

The concept of regulation of economic security of business

In 2020 and 2021, the enterprise carried out its usual activities and received a profit, made calculations with the budget and with wages. In 2022, the company received almost 3 times less profit, this was affected by the destruction of the company's assets (fixed assets, finished products), damage to buildings and workshops, and a decrease in orders. A decrease in payroll accounts indicates a reduction in the number of employees.

Analyzing the given indicators, it can be stated that the economic condition of this enterprise has worsened, but it continues its activity. Since this company belongs to a rather narrowly specialized industry, a significant increase in the revenue part of the company's budget is possible under the conditions of the introduction of the latest



technological tools for accounting and tax policy, the cessation of hostilities and significant investment flows into the aviation industry of Ukraine. The most important thing now for aviation industry enterprises is to organize the effective work of qualified specialists who are ready and able to work in new economic conditions. A very promising project for the further development of an enterprise of this profile, in particular, is the creation of industrial parks on their significant territories.

Conclusions and proposals

The difficult economic situation in the country caused by the war has a significant impact on Ukrainian business and its accounting and tax activities. An analysis of laws and regulatory documents developed by the state for the functioning and improvement of the situation of enterprises affected by hostilities was carried out.

Development and revitalization of business is one of the most effective ways to replenish the country's budget through the payment of taxes and the recovery of Ukraine's economy. Therefore, I suggest: 1). Abolition of optional taxation with a single tax for individual entrepreneurs of groups 1 and 2 and VAT for group 3, and the introduction of preferential taxation only for regions located in the area of hostilities (the list of such regions is submitted by the VRU), as well as the preservation of benefits for business entities affected by hostilities, regardless of their location. 2). Cancellation of payment of the single tax and income tax (for entrepreneurs of the 3rd group) for a period of up to six months for business entities opening small and medium-sized businesses. 3). Continuation of measures that have already been introduced by the state, such as: preferential taxation of fuel, moratorium on checks by regulatory bodies, stimulation of employment of internally displaced persons.

As for the enterprises of the aerospace industry, it is precisely now that such business entities have significant chances to overcome the crisis situation and bankruptcy thanks to effective management decisions and a new approach to management affairs. An important step should be the restoration of the research and development technology bureau with the appropriate developer certificates. This opens the way to a completely new and very promising direction for the company. A very promising project for the further development of the enterprise is the creation of a specialized industrial park. Dnipro has 5 such parks, while Kharkiv has none yet. With the successful organization of the work of such an industrial park, it will annually provide 600-700 million hryvnias to the city budget, and will also form a platform for the implementation of innovative technologies and additional jobs.

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