

## CURRENT TRENDS IN FISCAL POLICY DEVELOPMENT IN UKRAINE: THEORY, METHODOLOGY, PRACTICE

**Ryabushka L.,**

*Ph.D., Associate Professor, Department of Financial Technologies and Entrepreneurship, Education and Research Institute of Business, Economics and Management Sumy State University, l.riabushka@biem.sumdu.edu.ua*

**Dekhtyar N.,**

*Ph.D., Associate Professor, Department of Financial Technologies and Entrepreneurship, Education and Research Institute of Business, Economics and Management Sumy State University, n.dekhtiar@biem.sumdu.edu.ua*

**Yusiuk A.,**

*Student, Education and Research Institute of Business, Economics and Management Sumy State University, mr.yusiuk@gmail.com*

*The work investigates the modern directions of the development of fiscal policy from the standpoint of theory, methodology, practice. It systemizes scientific approaches to the economic essence and the author's definition of fiscal policy characterized by a set of state measures to implement the concept of fiscal regulation of economic entities, providing revenue generation and financing of budget expenditures at all levels for sustainable socio-economic development. Further development of theoretical and methodological principles allowed to substantiate the conceptual basis of modern fiscal policy in ensuring socio-economic development of the state: subjects, objects, types of fiscal policy, functions, goals, objectives, principles, criteria, a fiscal mechanism (methods, levers, incentives, forms, tools, sanctions). The factors influencing the implementation of fiscal policy in Ukraine were systematized, i.e. economic, social, institutional, informational, gender, cultural, and spiritual. The work widely discloses information tools of digitalization, which allows the implementation of fiscal policy in Ukraine on the principles of transparency and digitalization. Despite the positive trends in the system of formation of state budget expenditures related to budget financing in priority areas of development, the analysis of the interdependence of fiscal policy and economic growth identifies current threats to the effectiveness of its implementation, including fiscal risks arising from under-execution of revenues, expenditures of the State budget, high level of budget deficit and public debt. Fiscal risks for the analyzed period ranged from 0.64% to 0.11% of GDP. Improving Ukraine's fiscal policy in modern conditions should be aimed at building a modern competitive socially-oriented market economy integrated into the EU, increasing aggregate tax revenues to all levels of budgets and state trust funds; conducting a balanced fiscal policy in the medium term. The paper emphasizes that the risk management system, used to assess fiscal risks in the budget process, should be integrated into the modern concept of fiscal policy, and the improvement of methodological tools should focus on the increase of the effectiveness of fiscal policy in ensuring financial and economic security.*

**Keywords:** *fiscal policy, fiscal regulation, taxes, state budget revenues, state budget expenditures, fiscal risks.*

DOI:10.21272/1817-9215.2022.1-13

### INTRODUCTION

Issues related to fiscal policy are quite relevant for Ukraine. They are especially evident during certain negative processes taking place in the state and have a direct impact on ensuring the sustainability of the public finance system. Modern fiscal policy must take into account the impact of various factors on the country's financial system. Accordingly, fiscal policy should ensure the implementation of socio-economic tasks entrusted to the state. Fiscal policy is a type of indicator and criterion of economic growth, the effectiveness of fiscal policy, and the organization of public finances in the country. Today, fiscal policy in Ukraine is in the process of transformation, both in the direction of formulation of new taxes and change of current ones and the entire tax system, which must fully realize its potential in revenue and financing budget expenditures and meet the needs of socio-economic development.

### ANALYSIS OF RECENT RESEARCH AND PUBLICATIONS

Issues governing fiscal policy are highlighted in the works of world-renowned scholars who have studied various aspects of the impact of fiscal policy on socio-economic development, including such prominent scholars as J. Keynes, A. Marshall, C. Tiebout,

A. Laffer, A. Wagner, and others. Researches in the domestic scientific space deserve attention as well: [1-5, 9-10, 12-26, 28, 30, 32-33]. Given that from an economic point of view, fiscal policy is the ability of the state to perform its specific functions and tasks that fulfil the needs of taxpayers and budget recipients in the public interest, further study of current trends in fiscal policy, both in theory and methodology and practical aspects of implementation, is necessary.

#### SETTING OBJECTIVES

Systematization and further development of theoretical principles, methodological substantiation of fiscal policy implementation in the direction of research of modern approaches to understanding the economic essence of fiscal policy; formation of a modern conceptual basis of fiscal policy in ensuring the socio-economic development of the state, analysis of the interdependence of fiscal policy parameters and economic growth.

#### RESEARCH METHODS

To achieve the set tasks the following research methods were used: abstract-logical, grouping and system-structural analysis in the systematization of modern scientific approaches to understanding the economic essence of fiscal policy, formation of the modern conceptual basis of fiscal policy, and its role in ensuring socio-economic development; calculation and an analytical method for the analysis of changes in budget indicators and assessment of fiscal risks, statistical methods for visualization of research results in tabular and graphical forms.

#### RESULTS OF THE RESEARCH

Fiscal policy (hereinafter FP), which is an active element of the financial mechanism of the state, provides an appropriate level of socio-economic development (SED). Therefore, ensuring an effective FP of the state is a key task in the implementation of its strategic socio-economic priorities.

To better understand the essence of the concept of FP, it is necessary to analyse its components separately. In the explanatory dictionaries of the modern Ukrainian language, the term “fiscal” is defined as one that is associated with taxation, expenditures, revenues, and expenditures from the budget [7]. As for the term “politics”, it comes from the Greek word “politikos”, which denotes a state activity [25]. The modern understanding of FP is largely based on the ideas of British economist J. Keynes, who first used the term FP in the study “The General Theory of Employment, Interest, and Money” and argued that economic downturns are due to shortages of consumer spending and business investment components of aggregate demand [18]. Mr. Keynes insisted that governments could stabilize the business cycle and regulate the economic situation by adjusting public spending and FPs to compensate for the shortcomings of the private sector. A. Marshall studied FP as a relationship between wealth and people [21]. C. Tiebout has paid a lot of attention to some aspects of FP in the context of fiscal decentralization [37]. Modern scientific discussions of the economic essence of FP, as a rule, focus on the analysis of changes in state budget indicators and assessment of their impact on the economy as a whole. Although changes in taxes or expenditures that are “revenue-neutral” may be construed as FP and may affect aggregate output by changing the incentives faced by enterprises or private entrepreneurs, the term FP is commonly used to describe the impact on the aggregate economy of general levels of government spending and taxation, and in particular the gap between them. This is the concept of the economic content of FP found in research [11].

In addition, the analysis of modern approaches to understanding the economic content of FP has shown that there is a pluralism of opinions about the concept under study among scientists. Some interpret it in a rather narrow sense, reducing everything to tax management, while others – to the general regulation of the budget. Statements of various authors on the interpretation of FP, as well as the author’s understanding of the term FP are shown in Figure 1.

The global strategic goal with which the state's FP is implemented in the direction of a sustainable SED objectively determines the priority goals and objectives of the state in the medium term. Thus, the budget declaration for the period 2022-2024, in particular, states [6]: ensuring fiscal stability in the direction of minimizing fiscal risks (including levelling the negative impact of the coronavirus pandemic), improving the efficiency of tax administration, compliance with tax rates with inflation, tax transformation legislation to EU standards (including excise tax, value-added tax), stimulating business development, the introduction of a new model of customs policy to EU standards, fiscal digitalization of society and increasing the level of transparency of budget and fiscal indicators, providing social support to certain groups.

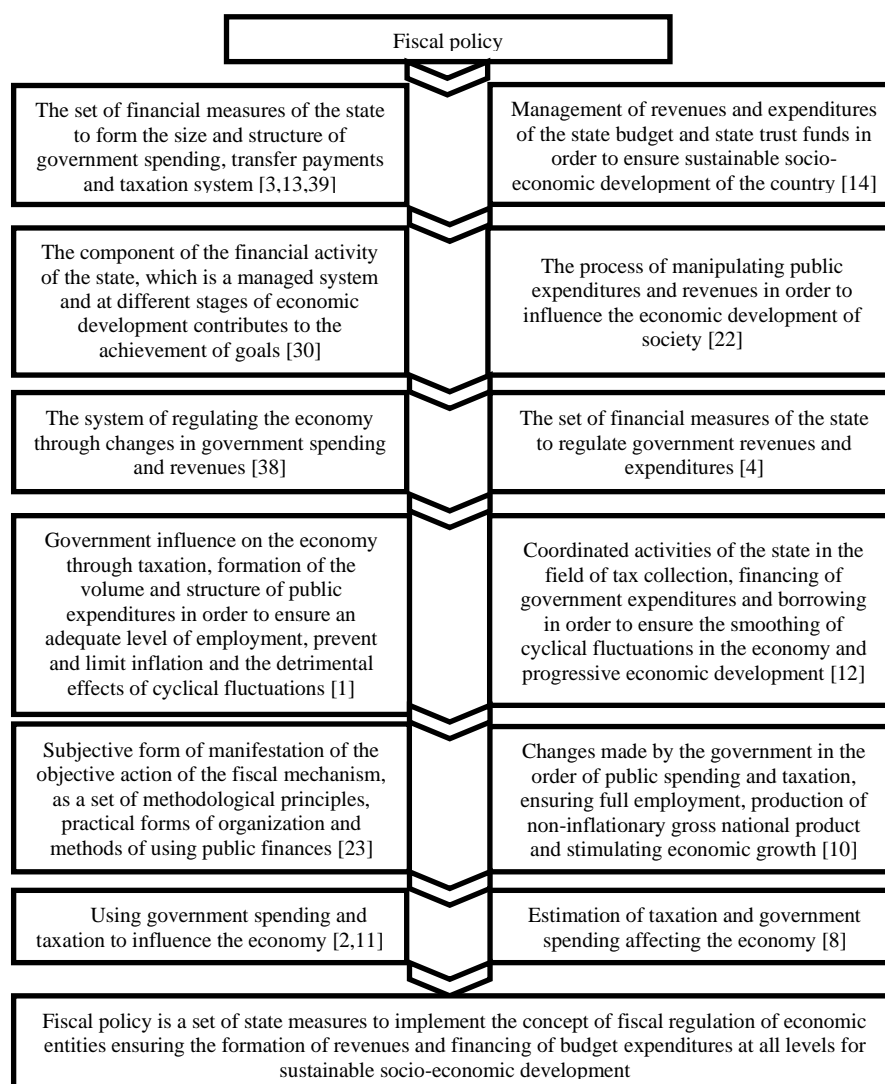


Figure 1 – Graphical representation of the term FP, Source: formed by the authors

The implementation of FP in Ukraine will be effective only when all the factors, influencing it at the current state's socio-economic development, are taken into account. Analysis of special literature allows to determine the economic factors influencing the FP [17,19-20,24,26,28-30]: the level of economic development; employment rate; inflation rate; national currency rate, investment climate; level of taxation, government deficit,

public debt, fiscal risks, foreign economic activity. The social factors influencing the FP include [17,19,20,24,26]: the level of social responsibility; maintaining the social balance of certain groups. Institutional factors of influence are the following [21,23-24]: creation, reorganization, and liquidation of institutions entrusted with the function of FP; a set of normative legal acts regulating the process of formation and implementation of FP. The information factors of influence include modern information and analytical databases built on Internet technologies. Classification of digital tools used in Ukraine, which directly or indirectly affect the process of formation and implementation of FP, are disclosed in the scientific work of L. Ryabushka [32]. The systematization of tools is presented in Table 1.

*Table 1 – Classification of tools of digitalization of FP, Source: formed by the authors*

Name / Institution providing support	Opportunities and location
E-data / Ministry of Finance of Ukraine	The only open data platform of the Pension Fund, which is the entrance to the portals: Spending, Openbudget, Proifi ( <a href="https://edata.gov.ua/">https://edata.gov.ua/</a> )
Spending / Ministry of Finance of Ukraine, Ministry of Economic Development, Trade and Agriculture	The only web portal for the use of public funds, integration with the electronic platform Prozorro ( <a href="https://spending.gov.ua/new/">https://spending.gov.ua/new/</a> )
Openbudget / Ministry of Finance	State web portal, which gathers a digital database of indicators of the consolidated, state, and local budgets (interactive map), state funds, the system of Budget Main Distributors Boost (BMD) – analysis of the World Bank ( <a href="https://openbudget.gov.ua/">https://openbudget.gov.ua/</a> )
Proifi / Ministry of Finance	State web portal of the register of projects of social and economic development of Ukraine, International financial organizations ( <a href="https://proifi.gov.ua/">https://proifi.gov.ua/</a> )
E-contract / Ministry of Finance of Ukraine, Ministry of Economic Development, Trade and Agriculture	Single platform containing contract templates, machine-readable data, unified Open Contracting Data Standard (OCDS), PDF/A generation, digital signing, integration with State Customs Service of Ukraine (SCSU) and Spending, Prozorro
Logica / Ministry of Finance of Ukraine, SCSU	Information and analytical management system for planning and execution of local budgets ( <a href="https://xn--21-mlcukdib.xn--j1amh/">https://xn--21-mlcukdib.xn--j1amh/</a> )
Prozorro / Ministry of Economic Development, Trade and Agriculture Dozorro / Public control of public procurement	Official platform of electronic procurement of Ukraine ( <a href="https://prozorro.gov.ua/">https://prozorro.gov.ua/</a> ) Platform containing a system of tools and services for the analysis of public procurement ( <a href="https://dozorro.org">https://dozorro.org</a> )
Diia / Ministry of Digital Transformation	The only portal of public services: e-government, cybersecurity, e-democracy, e-business, e-court, e-health, e-education, e-transport system, smart cities, digital skills ( <a href="https://diia.gov.ua/">https://diia.gov.ua/</a> )
E-DEM / Foundation Eastern / Europe and Innovabridge / Foundatio (public initiative)	The only platform for e-democracy in local development and civic initiative in Budget Distribution ( <a href="https://e-dem.ua/about_us">https://e-dem.ua/about_us</a> ) opens access to: <ul style="list-style-type: none"> <li>○ Local Electronic Petitions Service;</li> <li>○ Public Budget service;</li> <li>○ Open City service;</li> <li>○ Service “Electronic public consultations”</li> </ul>

It is necessary to agree with the logic of the author [32] on the importance of implementing the principle of transparency and digitalization in public finance management, hence in the management of FP. Firstly, it fortifies trust in the Government; secondly, it is an effective tool for public influence in the planning and implementation of a results-oriented budget; thirdly, the use of digitalization tools increases the general information literacy of the population; fourthly, the implementation of the FP on a digital basis will contribute to the openness and transparency of the overall public finance management system.

An equally significant factor influencing the FP in today’s conditions is the consideration of the gender factor based on gender-oriented budgeting. According to experts [9,16] in the planning and implementation of budgets of state and amalgamated territorial communities (ATC), the authorities must simultaneously meet the needs of different social groups of women and men. In our opinion, gender-oriented budgeting should be applied at the stage of forming the general concept of FP when providing social

guarantees to the population, maintaining of institutions and establishments of the socio-cultural sphere, and developing of knowledge-intensive technologies. It is the program-target method of the budget process that allows to take into account the needs of women and men, and thus, focuses on the priority goals and objectives of the FP within a specific budget distributor. Spiritual and cultural factors of FP are primarily by virtue of traditions, customs, social stereotypes, historical past, cultural heritage of the nation. These are the factors that determine the tax culture of FP.

Given the above, we emphasize that the modern financial system should be based on a modernized concept of fiscal policy, which has a system of goals and objectives, the principles of its implementation, defining strategic priorities for sustainable economic growth, and ensuring the state's FES (Financial and Economic Security). Study of endogenous opportunities of social and economic development of the state based on increasing the fiscal capacity of the state budget and budgets of territorial communities, increasing the reserves of fiscal space of economic entities, and increasing innovation and investment potential of the country in decentralization should ensure the implementation of strategies for the development of cities, towns and villages, the priority development of depressed areas of the country by Article 10, paragraph 5 of the Law of Ukraine "On Principles of State Regional Policy" № 156-VIII of 05.02.2015 [27]. It is the increase of the fiscal capacity of the regions that should become a fundamental structural component of an effective FP of the state. Therefore, there is a need for research and development of a modern conceptual framework of FP to ensure FES of the state, substantiation of smart-areas of economic development and welfare through the use of mechanisms that increase the revenue base of state and local budgets, assess fiscal risks and analyse their impact on economic growth, implementation of measures that intensify the development of business structures by improving the investment climate.

Thus, the set of state measures that implement the concept of fiscal regulation of economic entities and ensure the formation of revenues and financing of budget expenditures at all levels for a sustainable SED should be on the basis of the modern concept of FP. Analysis of special literature [17,19,20,24,26,29] and systematization of scientific views allowed to form the author's approach to the formation of the conceptual basis of FP based on scientific methodology and practice (Fig. 2).

The fundamental basis of the concept of FP is such elements as an object, subjects of FP, its types, functions that it performs, the principles by which FP is implemented, and, according to which, priority goals, objectives, criteria are formed. The authors of scientific works [17,24,26,29] note such functions of the state's FP as fiscal, distributive, regulatory (redistributive, stimulating, restraining, stabilizing), and control. According to the nature of the impact on the economic development of the state, there are automatic (non-discretionary) and discretionary FPs, which in turn are divided into stimulating and restrictive [21]. Non-discretionary FP allows automatic changes in tax revenues to the budget through increased costs or reduced taxes. Discretionary FP is characterized by changes in government spending for economic growth. As for the stimulating FP, it increases demand through declining revenues and rising expenditures, and restrictive – on the contrary [21].

The priority goals and objectives of fiscal policy objectively correspond to the strategic goals of the state's development in the medium term. Therefore, the implementation of the FP should be based on the principles that facilitate the performance of its functions and apply the type of FP (stimulating, restrictive or discretionary), which corresponds to the current stage of cyclical fluctuations of the economy. The author's approach in the research [26] to the distribution of the principles of FP is compelling. The principles of incentive FP are systematized separately and include: the principle of tax efficiency (the availability of instruments in the tax mechanism that stimulate economic growth); systematic and internal integrity (interrelation of key tax indicators); sufficiency (providing sufficient revenues to finance budget expenditures); tax capacity and a single tax (creation of a single tax depending on the level of welfare); equality of arms (the obligation to pay

the tax is set for all taxpayers); stability in taxation (establishing a tax system for several years). The research separately proposes the principles of forming a restrictive FP [26]: flexibility of taxation (tax mechanism may change according to the needs of the state); the principle of multiple taxes (interrelation of existing taxes); the inevitability of liability (in case of violation of the law) and neutrality of taxation (taxes do not affect the competitiveness of their payer). Logical analysis of the principles of FP proposed in the scientific literature [20,21,24,26], as well as the research topic, allows identifying the following principles of FP in ensuring FES of the state: general taxation, non-fiscal discrimination, fiscal sufficiency, economic feasibility, efficiency and effectiveness, fiscal stability, justice and objectivity, publicity and transparency.

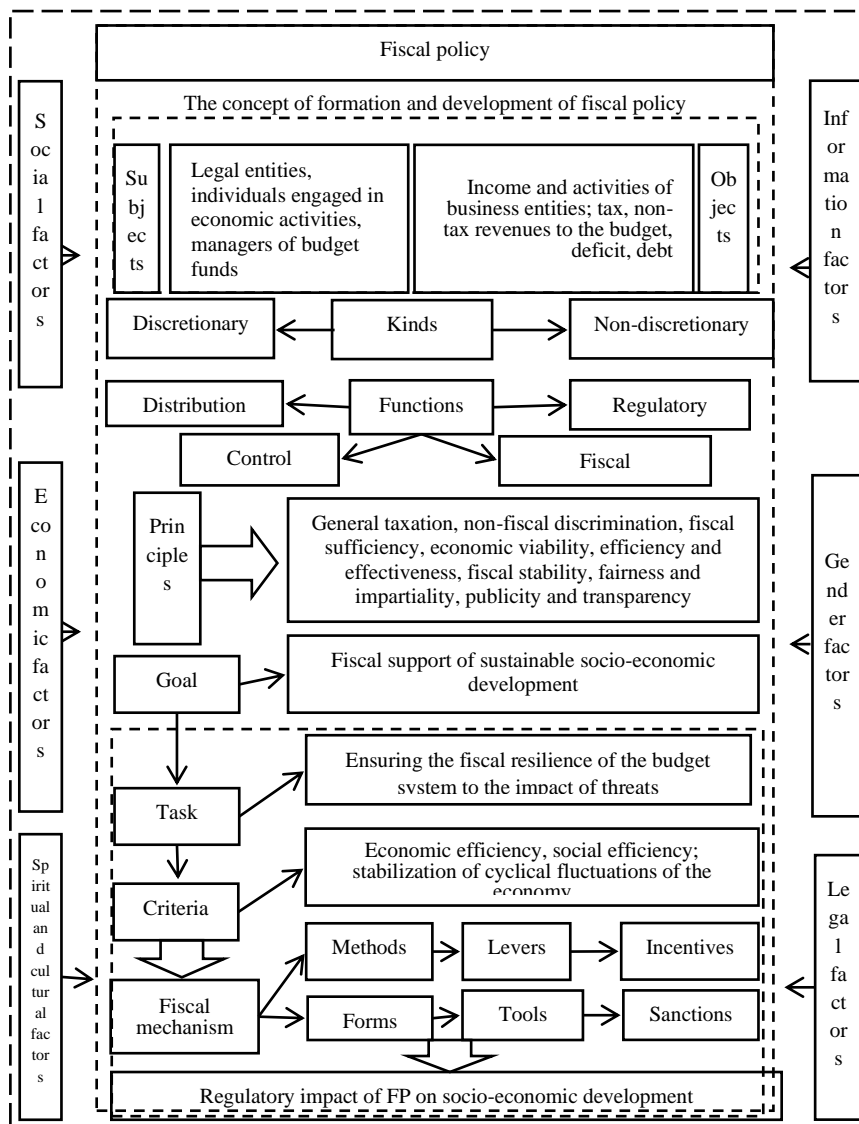


Figure 2 – Modern view of the conceptual basis of the FP in terms of providing the SED of the state

Source: formed by the authors on the basis 20,21,24,26

It should be noted that a powerful element of the modern concept of FP is the fiscal mechanism, which is a part of the budgetary and financial mechanism of the state. As might

be expected, an effective fiscal mechanism provides a set of such fiscal methods, forms, levers, tools, incentives, sanctions that will provide financial support for sustainable socio-economic development in the country. Thus, the analysis of scientific papers [21,24] allowed us to identify the methods of FP, which include budget planning, forecasting, programming, regulation, normalization, and control. We fully agree with the conclusions of scientists [7,8] that in contrast to the methods, forms of budget implementation, and hence, the fiscal mechanism associated with the movement of the budget fund, in particular, revenue mobilization, expenditure financing, redistribution of funds in the system of intergovernmental relations, it is impossible to use methods and forms without appropriate levers, such as budget revenues and expenditures, intergovernmental, official transfers, etc. In turn, each of the levers is endowed with a set of tools. The instruments include [17,19,21,24,26]: elements of taxes, depreciation rates, expenses, tax rates, mandatory fees, non-tax payments; wage rates; amounts of scholarships, social benefits; interest on loans, interest and other fees for the use of government loans, etc. Also, a specific role in the fiscal mechanism is played by incentives, which include [11,14,17,19,20,24]: tax benefits, budget loans, financial support and assistance, financing of certain types of expenditures, and more. At the same time, any system of incentives involves the application of economic sanctions. Therefore, sanctions apply to all types of liability for violations of fiscal, budget, customs legislation.

Improving Ukraine's FP in modern conditions should be aimed at building a modern competitive socially-oriented market economy integrated into the EU, increasing aggregate tax revenues to all levels of budgets and state trust funds; conducting a balanced fiscal policy in the medium term [17]. The implementation of the above is possible only if the implementation of a balanced state fiscal policy is aimed at achieving a balance of interests of the state and taxpayers. Therefore, to determine the level of impact of FP on economic growth, we should mention the effect of A. Laffer. It was A. Laffer who emphasized that an increase in taxation leads to a decrease in interest in productive activities and a reduction in tax payments [21]. Reductions in payments lead to underfunding of budget expenditures, increasing the deficit and public debt.

To determine the relationship between FP and the socio-economic development of the country, we analysed the structural indicators of the state budget according to [15,31,34-36]. Thus, the share of budget revenues and expenditures in GDP characterizes the degree of state influence on distribution processes and socio-economic development. It should be noted that for the period from 2010 to 2020 the share of redistribution of GDP by income ranged from a minimum of 21.68% in 2010 to a maximum of 26.73% in 2015, while the average annual level of this indicator in Ukraine was 24.6% of GDP. In turn, the average share of State budget expenditures in GDP during the analysis period was at the level of 20.35% and shows the positive consequences of fiscal decentralization in the country.

The analysis of revenue indicators of the State Budget of Ukraine (excluding intergovernmental transfers) for the period 2010-2020 showed a clear trend of their growth in absolute terms. At the same time, the average growth rates of planned and actual indicators of total income for the analysis period were 16% and 17%, respectively, compared to the previous period, except for 2013, which showed a decrease in both absolute and relative indicators of the level of centralization of government revenues through GDP. However, to assess the financial risks on the revenues of the State budget, it is necessary to analyse the level of implementation of targets. In general, it should be noted that the overfulfilment of planned budget revenues was observed in 2011 in the amount of 1251.3 million UAH, or 0.10% of GDP, the number of budget resources increased by 3684.5 million UAH, or 0.19% of GDP in 2015. The largest overfulfilment occurred in 2020 – by 8,828.1 million UAH, or 0.21% of GDP. In the remaining years, the planned indicators of the revenue side of the State Budget were not met, which indicates the inability of the state to generate the necessary funds to meet its obligations. This situation may also indicate imperfections in the system of budget planning and forecasting of revenue sources (Fig. 3).

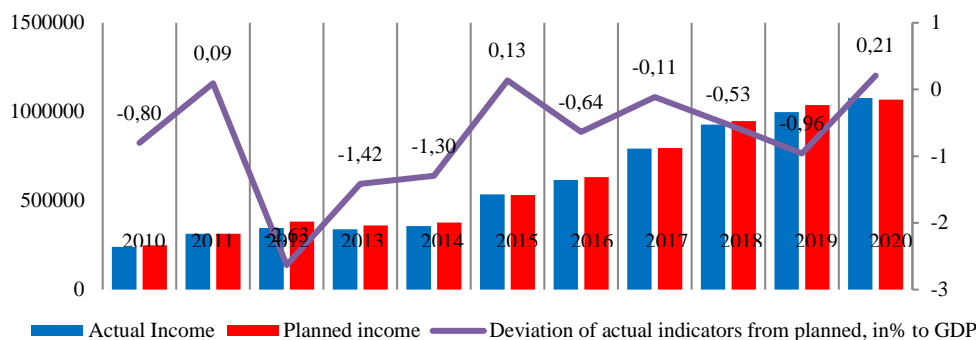


Figure 3 – Dynamics of State Budget revenues for the period 2010-2020,  
Source: formed by the authors on the basis 15,31,34-36

It should be noted that in the structure of state budget revenues on average for the period 2010-2020, 79% are tax revenues. Assessing the fiscal risks of filling the budget with tax revenues, it is necessary to note the following situation regarding the implementation of targets. Thus, 7 years out of 11 analysed periods were characterized by negative trends in the implementation of targets. At the same time, the state failed to receive taxes of 36,438.8 million UAH, or 2.56% of GDP, in 2012 and 46,952.4 million UAH, or 1.18% of GDP, in 2019. The shortfall in tax revenues in 2019 indicates the negative impact of financial risks due to the COVID-19 pandemic, economic downturn, rising unemployment, inflation, and more. However, in 2020 we note a positive dynamics of tax revenues to the State budget at the level of 24,851.7 million UAH, which indicates, first of all, the adjustment of targets taking into account the effects of severe quarantine restrictions in a global pandemic economic activity (Fig. 4).

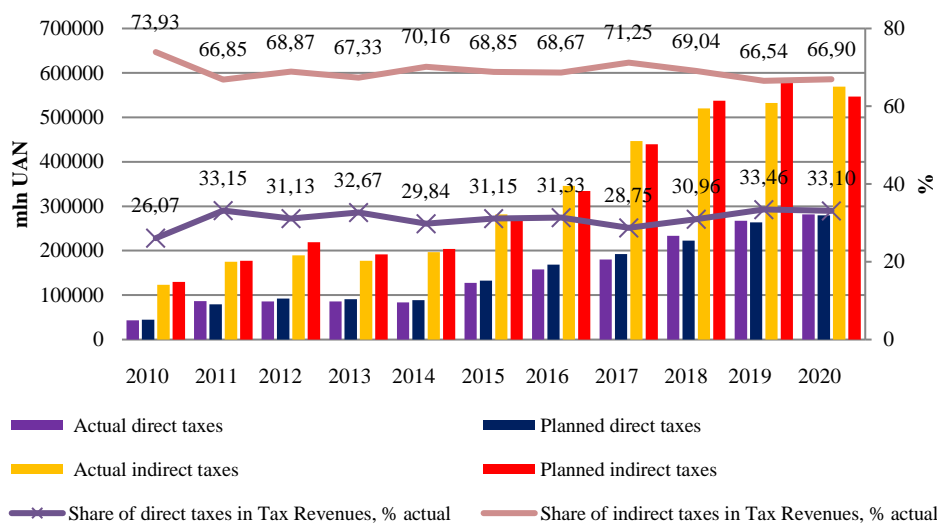


Figure 4 – Dynamics of direct and indirect taxes to the state budget f  
or the period 2010-2020  
Source: formed by the authors on the basis 15,31,34-36

Despite the positive trends in the system of State budget expenditures related to the implementation of budget financing by the priority areas of development of the country, it is necessary to note significant financial risks associated with underfunding by targets (Fig. 5).



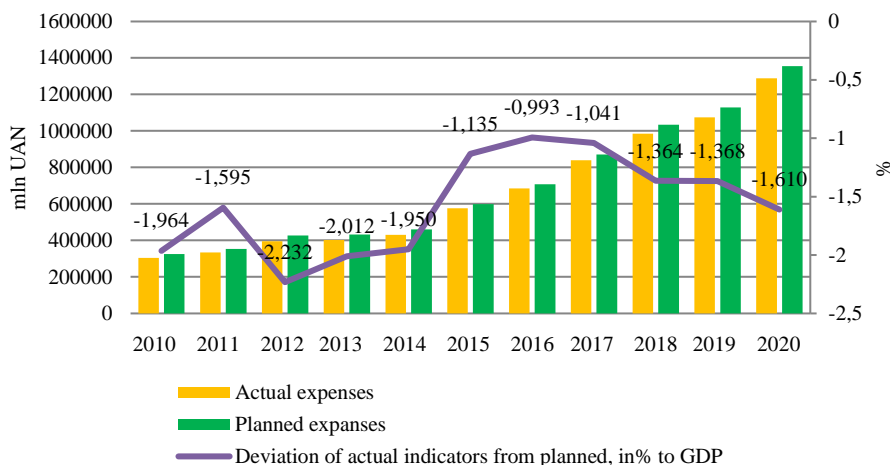


Figure 5 – Dynamics of indicators of planned and actual expenditures of the State budget and their deviations

Source: formed by the authors on the basis [15,31,34-36]

It is also interesting to mention the law of A. Wagner. In the modern interpretation, Wagner’s law acquires the following meaning: the growth of gross domestic product is accompanied by accelerated growth of government spending. In the scientific works of foreign economists R. Armi and R. Rana, it is proposed to take into account the Armi-Rana effect, according to which the positive effect of increasing government spending on GDP growth is observed until reaching some optimal value of the state budget share in GDP. This effect can be represented as a parabolic function with its characteristic maximum point (Scully point) [5].

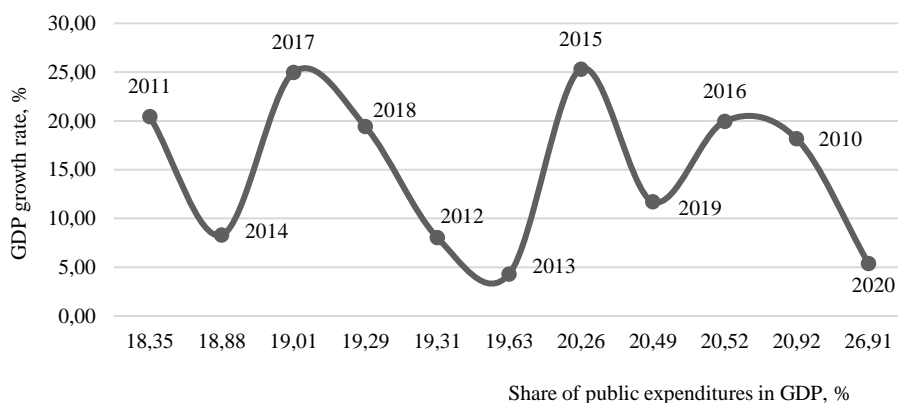


Figure 6 – Visualization of A. Wagner's law

Source: formed by the authors on the basis [15,31,34-36]

The data obtained in Figure 6 show that there is a relation between the share of State budget expenditures in GDP and the growth rate of GDP. It can be concluded that when the share of public expenditures in GDP exceeds the point of 20.26%, Ukraine’s GDP growth rate decreases. The maximum value of Ukraine’s GDP growth was achieved in 2015, the minimum value at 4.31% in 2013, while the share of State budget expenditures in GDP was 19.63%.

Therefore, an essential part of analysis and assessment of the relationship between fiscal policy and socio-economic development is to take into account fiscal risks (shocks).

Indeed, fiscal risks in terms of government coverage for natural disasters, emergencies, and other force majeure circumstances have a significant negative impact on the fiscal stability of the budget system.

As the authors of the study [33] rightly point out, each country wants to have a systematic view of financial risk management in public finance based on probability and, if possible, assessment of potential fiscal losses. Given that the methodology for assessing fiscal risks in Ukraine has been introduced since 2018, we emphasize the dynamics of state budget indicators that have led to fiscal risks in recent years. Thus, the most striking period for assessing fiscal risks was 2016-2020. The dynamics of fiscal risk indicators are calculated according to [15,31,34-36] and are presented in Table 2.

*Table 2 – Dynamics of fiscal risks of the State Budget of Ukraine for 2016-2020 Source: formed by the authors on the basis 15,31,34-36*

Indicator	2016	2017	2018	2019	2020
Revenue plan, % of GDP	26,50	26,71	26,61	14,33	25,45
Income fact, % of GDP	25,86	26,60	26,08	14,10	25,66
Fiscal income risks, % of GDP	-0,64	-0,11	-0,53	-0,23	0,21
Expenditure plan, % of GDP	29,73	29,18	29,05	28,40	32,25
Expenditures fact, % of GDP	28,74	28,14	27,70	27,05	30,71
Fiscal risks of expenditures, % of GDP	-0,99	-1,04	-1,35	-1,35	-1,54
Government deficit, % of GDP	-2,94	-1,60	-1,66	-1,96	-5,18
Public debt, % of GDP	81 69	71,80 61	60,90	50,20	60,80

Thus, fiscal risks for the analysed period ranged in income in the range of 0.64-0.11% of GDP. The greatest value since 2016, with a positive value of fiscal risk (as the difference between plan and fact), was in 2020. The dynamics of fiscal risks by expenditures had a negative trend, indicating the low quality of planning and forecasting of fiscal and fiscal policy indicators. The indicators of the state deficit have almost doubled; the rather high level of the state debt is characterized by the lack of an effective fiscal policy in ensuring the state's FES.

Summing up, we note that the risk management system for assessing fiscal risks in the budget process should be, in our opinion, integrated into the tools of the modern concept of FP, and improving methodological tools should focus on improving the effectiveness of FP in ensuring FES in the state, namely: balancing revenues and expenditures of the state budget, the effective use of financial resources in the performance of state functions by maintaining the fiscal stability of the budget system to the impact of threats.

## CONCLUSIONS

The study systematizes scientific views on the economic essence of FP and proposes its author's understanding as a set of state measures to implement the concept of fiscal regulation of economic entities providing revenue generation and financing of budget expenditures at all levels for sustainable socio-economic development. It is noted that the global strategic goal with which the state's FP is implemented in the direction of sustainable socio-economic development objectively determines the priority goals and objectives of the state in the medium term. Implementation of FP in Ukraine will be effective if all factors influencing it at the current stage of socio-economic development of the state are taken into account: economic, social, institutional, gender, informational, spiritual, and cultural.

The study proposes a modern view of the conceptual basis of fiscal policy as well. The fundamental basis of the concept of FP is such elements as object, subjects of FP, its types, functions, principles, due to which the implementation of FP and, according to which, the priority goals, objectives, criteria are formed. An active element of the FP is the fiscal mechanism. The work outlines the role of FP in ensuring FES of the state. Thus, the FP in providing the state's FES is a special state of the government's solvency, which guarantees the following: balance of revenues and expenditures of the state budget and ATC budgets;

effective use of financial resources of the budget system in the performance of state and local self-government functions (public security, international activities, financing of science, education, culture and health; national security and defence, investment and environmental policy) by supporting fiscal sustainability of the budget system to the impact of threats.

To determine the relationship between FP and the socio-economic development of the country, the paper analyses the structural indicators of the state budget. Despite the positive trends in the system of formation of state budget expenditures related to the implementation of budget financing by the priority areas of development of the country, it is necessary to note significant financial risks associated with underfunding by targets. Fiscal risks for the analysed period ranged from 0.64% to 0.11% of GDP. Their greatest importance, with a positive value of fiscal risk (as the difference between plan and fact), were in 2020. The dynamics of fiscal risks by expenditures had a negative trend, indicating the low quality of planning and forecasting of fiscal policy indicators. The indicators of the state deficit have almost doubled; the rather high level of the state debt is characterized by the lack of an effective fiscal policy in ensuring the state's FES. Summing up, we note that the risk management system for assessing fiscal risks in the budget process should be, in our opinion, integrated into the tools of the modern concept of FP, and improving methodological support should focus on improving the effectiveness of FP.

#### АНОТАЦІЯ

**Рябушка Л.Б., Дехтяр Н.А., Юсюк А.М. Сучасні тенденції розвитку фіскальної політики в Україні: теорія, методологія, практика.**

В роботі досліджені сучасні напрямки розвитку фіскальної політики з позиції теорії, методології, практики. Систематизовані наукові підходи до економічної сутності і запропоновано авторське визначення фіскальної політики, що характеризується сукупністю заходів держави щодо реалізації концепції фіскального регулювання діяльності суб'єктів господарювання, що забезпечує формування доходів і фінансування видатків бюджетів всіх рівнів з метою сталого соціально-економічного розвитку. Подальший розвиток теоретичних та методологічних засад дозволив обґрунтувати концептуальну основу сучасної фіскальної політики у забезпеченні соціально-економічного розвитку держави: суб'єкти, об'єкти, види фіскальної політики, функції, мету, завдання, принципи, критерії, фіскальний механізм (методи, важелі, стимули, форми, інструменти, санкції). Також були систематизовані фактори, що впливають на реалізацію фіскальної політики в Україні: економічні, соціальні, інституційні, інформаційні, гендерні, культурно-духовні. Широко розкриті інформаційні інструменти диджиталізації, які дозволяють реалізовувати фіскальну політику в Україні на принципах прозорості та цифровізації. Незважаючи на позитивні тенденції в системі формування видатків державного бюджету, пов'язаних із здійсненням бюджетного фінансування за пріоритетними напрямками розвитку країн, проведений аналіз взаємозалежності параметрів фіскальної політики та економічного зростання дозволив ідентифікувати сучасні загрози, які впливають на ефективність її реалізації, серед яких слід зазначити фіскальні ризики, що виникають внаслідок недовиконання доходів, видатків Державного бюджету, високий рівень дефіциту бюджету та державного боргу. Фіскальні ризики за аналізований період становили від 0,64% до 0,11% ВВП. В роботі акцентовано увагу на тому, що система ризик-менеджменту, яка застосовується до оцінки фіскальних ризиків в бюджетному процесі повинна бути інтегрована до сучасної концепції фіскальної політики, а удосконалення методичного інструментарію повинно мати фокус на підвищення ефективності фіскальної політики у забезпеченні фінансово-економічної безпеки держави.

**Ключові слова:** фіскальна політика, фіскальне регулювання, податки, доходи державного бюджету, видатки державного бюджету, фіскальні ризики.

#### REFERENCES

1. Avedyan, L. (2005). *Economy*. KHNEU.
2. Azarov, M., Yaroshenko, F., & Efimenko, T. (2004). *State Financial Policy and Budget Revenue Forecasting*, 712 p.
3. Banton, V., & Tarangul, V. I. (2010). *Fiscal policy and the mechanism of its implementation*. Investments: practice and experience, p. 30.
4. Borisov, E. (1999). *Economic theory*. Yurayt..
5. Boyarko, I. M. (2013). *Public spending in the economy*. Sumy publishing house PVKP "Korpunkt", p. 109.
6. Budget declaration for 2022-2024 (2021). Ministry of Finance of Ukraine. <https://mof.gov.ua/storage>
7. Busel, V. T. (2005). *Large explanatory dictionary of the modern Ukrainian language*, WTF "Perun".
8. *Business Standard*. Business Standard Mobile offers what is fiscal policy, fiscal policy definition, fiscal policy news. Retrieved from <https://wap.business-standard.com/amp/about/what-is-fiscal-policy>

9. Chernetskaya, S. (2022). *Gender-based budgeting: how it works. Women are 50% of Ukraine's success*. Retrieved from <https://50vidsotkiv.org.ua/genderno-oriyentovane-byudzhetuvannya-yak-tse-pratsyuye/>
10. Chistyakova, L. A. (1998). Relationship between macroeconomic dynamics and fiscal policy. *Bulletin of the Financial Academy*, 3, p. 8-15.
11. David, N. (2015). *Weil Fiscal Policy*. Fiscal Policy, by David N. Weil.
12. Demyanchuk, I.A. (2005). Theoretical foundations of fiscal policy in an economic downturn. *Global and national economic problems*,(4), 822-825.
13. Dovbenko, M. V. (2005). *Modern economic theory (Economic Nobel Prize)*. VC "Academy".
14. Horton, M., El-Ganainy, A. (2016). Fiscal policy: Taking and giving away. *International monetary fund*.
15. *Indices of State Budget of Ukraine*. Ministry of Finance. Retrieved February 28, 2022, from <https://index.minfin.com.ua/ua/finance/budget/gov/>
16. Ivanina, T., Kiselyova, O., Kolodiy, M., Ostapchuk, O., & Tsyupa, O. (2020). *Gender-oriented approach in the budget process*. Kyiv: Vivario, p. 88.
17. Kantsur, I. (2016). *Fiscal mechanism: essence, tools and principles of its operation*. World of Finance
18. Keynes, J. M. *The General Theory of Employment, Interest, and Money*. Retrieved from [https://www.files.ethz.ch/isn/125515/1366\\_Keynes\\_TheoryofEmployment.pdf](https://www.files.ethz.ch/isn/125515/1366_Keynes_TheoryofEmployment.pdf)
19. Konina, M.O. (2018). Tax levers of the state's anti-crisis policy, 18 (2). *Scientific Bulletin of Uzhhorod National University*.
20. Kozakevich, O. (2018). Features of fiscal policy in the system of levers to stimulate the national economy of Ukraine. *Papers SSRN*, 4(7).
21. Krysovaty, A., Kyrylenko, O., et al. Modern tendencies of fiscal policy in European economic space . In A. Krysovaty (Ed.).
22. Kutsenko, T.F. (2002). *Fiscal policy*. KNEU.
23. Maslichenko, S.O. (2002). Fiscal mechanism in the system of state regulation. *Economic theory*, p. 19.
24. Miskin, Y.I. (2019). Socialization of budget policy of Ukraine. *Agrarian Media Group*.
25. Morozov, S.M., & Shkaraputa, L.M. (2000). *Dictionary of foreign words*, 680 p.
26. Ogirko, O., & Kurilin, I. (2018). Fiscal policy of the state at different phases of the economic cycle: the essence, types and principles of formation.. *Path of Science*, 4 (7), 1007-1012. doi: 10.22178/pos.36-4
27. *On the principles of state regional policy*. Official web portal of the Parliament of Ukraine. Retrieved February 28, 2022, from <https://zakon.rada.gov.ua/laws/show/156-19#Text>
28. Pasichny, M.D. (2021). Fiscal incentives for economic development in a pandemic COVID - 19. *NDIFP* Retrieved from <https://www.ndifp.com/1472/>
29. Petchenko, M.V. (2017). The impact of a set of levers of fiscal policy on economic growth of the country through the definition of its stages. *Effective Economy*, (12).
30. Petlenko, Yu., & Milovanova, E. (2017). Theoretical and methodological aspects of fiscal policy of the state. *Bulletin of the Taras Shevchenko National University. Economics*, p. 28-35.
31. *Public debt of Ukraine*. Ministry of Finance. Retrieved February 28, 2022, from <https://index.minfin.com.ua/ua/finance/debtgov/>
32. Ryabushka, L.B. (2021). *New dimensions of PCM application - Budgeting in Ukraine. Priorities of development of the financial system of Ukraine in the conditions of European integration processes*. [Monography, Sumy State University].
33. Ryabushka, L.B., Kubah, T.G., & Pavlenko, I.M. (2021). Modern approaches to fiscal risk management: methodology and practice. *Business Inform*, (5).
34. *Statistics*. Ministry of Finance of Ukraine. Retrieved February 28, 2022, from <https://www.mof.gov.ua>
35. *Statistics*. National Bank of Ukraine. Retrieved February 28, 2022, from <https://bank.gov.ua/ua/statistic>
36. *Statistics*. State Statistics Service of Ukraine. Retrieved February 28, 2022, from <http://www.ukrstat.gov.ua>
37. Tiebout, C. *An Economic Theory of Fiscal Decentralization*. NBER, *Public Finances, Needs, Sources and Utilization*. Retrieved from <https://www.nber.org/system/files/chapters/c2273/c2273.pdf>
38. Zabarnaya, E. N. (2003). *Modern economic policy*, 336 p.
39. Zhovtanetsky, O.M. (2002). *Fiscal policy in the transition economy of Ukraine*, 199 p.